

## The Indian EXPRESS

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IN 1932

BECAUSE THE TRUTH INVOLVES US ALL

### On ethanol, make haste slowly

THE CENTRE is apparently going slow on implementing ethanol blending in petrol beyond the current 20 per cent. The rethink, as reported by this newspaper, comes even as the Finance Ministry, only last month, exempted petrol containing 22, 25, 27 and 30 per cent ethanol from excise duty after the Bureau of Indian Standards had issued specifications for these higher blends. The move to not hurry the transition to 20 per cent-plus blends makes sense. The all-India average ethanol-petrol blending ratio rose from 5 to 10 per cent between 2019-20 and 2021-22. It has since further doubled to 20 per cent, with this blend (E20) being made mandatory for all petrol sold from April 2026. Given how fast it has happened — well before the originally planned 2030 deadline — a pause isn't a bad thing from a policy or practical standpoint.

The pause period should be used by the government to address genuine concerns of motorists. The first has to do with lower mileage because of ethanol's calorific value being 30-35 per cent less compared to that of pure petrol. The second is on account of ethanol's hygroscopic (moisture-absorbing) property, which can lead to corrosion of steel fuel tanks and internal metal components. As it is, only vehicles sold in India after April 2023 have full material compatibility with E20. Handling fuel with ethanol blends may require major overhaul of internal combustion engines and auto parts to resist any potential ethanol-related degradation. Not surprisingly, it's the older car and two-wheeler owners who are feeling short-changed; reduced mileage and wearing of engine parts from ethanol is something they were not told about at the time of purchase before April 2023. All the more reason for transparent communication before embarking on E20 or E30. The government can even consider fiscal measures that would make the higher ethanol-blended fuels cheaper than E20, which will make consumers more receptive to them.

That said, the focus on biofuels and electrification of transport must continue. The risks of 90 per cent crude petroleum import dependency are too high — and the Iran war will not be the last of the global oil supply shocks. India needs a clear, calibrated and forward-looking roadmap for higher ethanol blends that avoid the abruptness of the earlier rollouts. Equally important is the feedstock for producing ethanol. It's certainly not desirable to make ethanol from water-guzzling rice. More effort is required to promote sweet sorghum, bajra and other millets as sustainable feedstocks, with breeding of varieties/hybrids with higher starch content and fermentation efficiencies comparable to maize or sugarcane.

Free Telegram Channel: [https://t.me/+2RvD\\_RG9mJm2g1](https://t.me/+2RvD_RG9mJm2g1)

### The safety net and the trade-off

IN RECENT years, several states have introduced cash transfer schemes aimed at women. From the Ladli Behna Yojana in Madhya Pradesh to the Matya Samman Yojana in Jharkhand and the Magalir Urimai Thogai scheme in Tamil Nadu, these typically involve transfers in the range of Rs 1,000 to Rs 2,500 per month. The quantum of funds channelled through these schemes has increased significantly. In 2025-26, 12 states were estimated to spend Rs 1.68 lakh crore on unconditional cash transfers, as per a report by PRS Legislative Research. To put this in perspective — the Union government allocated Rs 86,000 crore for the MGNREGA in 2025-26.

Unconditional cash transfers have emerged as an instrument of social welfare and empowerment for women, and as an electoral strategy for political parties. A new study — 'Unconditional Women Cash Transfer Programmes in India', EAC-PM Working Paper Series — provides evidence to support these. Examining such schemes in Maharashtra and Odisha, it finds that they have led to improvements in consumption and savings of beneficiaries, raising household welfare, with more being allocated for medical, educational and lifestyle purposes. These are welcome trends, and underline the reasons for the spread of such schemes.

Over the last few years, however, concerns have been expressed that as states allocate more resources for such schemes and populist measures such as free electricity, their ability to spend on other areas gets affected. The central bank has echoed these concerns, saying that they "run the risk of crowding out" investments. This shift to cash transfers has also come at a time of mounting disquiet over state finances. As per a report from Axis Bank, the resources for these schemes are garnered through expenditure switching and higher deficits. While the consolidated debt of states has fallen from 31 per cent in March 2021 to 29.2 per cent in 2026 (budget estimates), there is a marked variation across states. For instance, Punjab has debt burden of 46.4 per cent of the GDP, West Bengal 38.9 per cent and Bihar 36.8 per cent. "High debt levels, growing contingent liabilities from guarantees and cash transfer schemes pose risks to state finances," the RBI noted. This requires closer attention.

### The end of football superpowerdom

WORLD FOOTBALL'S beloved giant Brazil is sinking. When the new Vikings from Norway casually flicked them aside as their star forward Erling Haaland literally scored in walk-in-the-park fashion, Brazil seemed to fade into a sad sunset. The Brazilian sambas had been drowned by Norway's celebratory rowing echoes. In a World Cup where tiny nations like Cape Verde and Curaçao showed that even they can compete, and where Germany and Holland went home early while Italy were a no-show, Brazil's exit was the cue for the end of the notion of a football superpower. The signs date back to 2002 when the original Ronaldo — Nozario — had his last World Cup. While Neymar was force-fitted into a must-finish role of Brazilian raw talent, he never really could nail down a World Cup. The main reason was the quality of men around him and the lack of seamless service and creative delivery. The void left behind by Ronaldinho, Rivaldo, Roberto Carlos, Leonardo was glaring. Norway had more players at the Champions League than the South Americans. Their coach, Carlo Ancelotti from Italy, wasn't wrong in saying the "chasing pack" of countries had caught up.

The players in the present team have the win-again-in-bits and pieces, but neither the swagger nor the savaness of Haaland or Mbappe to turn matches on their own. Or maybe, like Morocco fans claimed earlier, Brazil's streets just don't have the hunger and humour or desperation to produce champions of yore. Ancelotti has great faith in turning things around. But Neymar was touted as the injection of new blood 15 years back. Maybe Brazil needs half a dozen of those, just like 2002 or before.

# The Editorial Page

## For the Indo-Pacific, a 'G Minus 2' strategy



RAJA MANDALA

BY C RAJA MOHAN

PRIME MINISTER Narendra Modi's eastward journey this week — from Indonesia to Australia and New Zealand — marks the consolidation of a new Indo-Pacific approach that might be called 'G Minus Two'. The idea of a US-China condominium in Asia has always made Indian strategists uneasy. President Donald Trump's occasional references to a G2, along with his administration's decision to discard the Indo-Pacific terminology, have reinforced those anxieties.

Delhi is responding to the new dynamic between Washington and Beijing by expanding its cooperation with the rest of Asia. This is similar to the ways in which several Asian powers are dealing with the changes in US-China relations. The unfolding Asian pattern of 'G Minus Two' should help shift India's Indo-Pacific debate away from sterile slogans about American intentions or Chinese ambitions. The more practical question is what India can build with the rest of Asia.

The visits to Delhi by Japanese PM Sanae Takaichi this month and South Korean President Lee Jae-myung in April underlined the urgency in Tokyo and Seoul, two key Asian allies of Washington, to widen their Asian ties. Modi's visits to Jakarta, Melbourne and Auckland point to the same logic — the Indian Free WhatsApp Channel: <https://whatsapp.com/channel/0029Vaz2R6RG6J0K6H6d0F>

portance of expanding the geopolitical room for manoeuvre by strengthening cooperation among themselves.

'G Minus Two' is not about Asia turning its back on America. Quite the contrary. Most Asian countries recognise that there can be no stable balance of power in Asia without a sustained US strategic presence. China's rising military weight cannot be balanced by the rest of Asia, even if they act in concert. That is why Japan, South Korea, Australia and New Zealand continue to build on their security partnerships with Washington. If anything, uncertainty under Trump has increased the incentive to bind the US more closely to Asian security.

India and Indonesia, despite their non-aligned tradition, have reached similar conclusions. As China flexes its military muscle, both have intensified defence cooperation with the US. Their 'strategic autonomy' under China's shadow rests not on keeping America at arm's length, but on working with it and navigating Trump's mercurial diplomacy. Both Delhi and Jakarta are now 'major defence partners' of Washington.

If 'G Minus Two' is not about distancing from the US, neither is it about containing China. Every major Asian nation, including India and the three countries Modi is visiting this week, knows that Chinese power in Asia and the Indo-Pacific is a reality that must be managed. They also have to deal with the extraordinary economic interdependence with China.

The Asian objective is to 'de-risk' Beijing's weaponisation of interdependence. India's annual trade with China is now at \$150 billion. Comparable figures for America's Asian partners are in the same reality. South Korea's trade with China is now at \$150 billion. Comparable figures for America's Asian partners are in the same reality. South Korea's trade with China is now at \$150 billion. Comparable figures for America's Asian partners are in the same reality.

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trades roughly \$300 billion with China, Japan more than \$300 billion, Australia over \$200 billion, while ASEAN's trade with China has crossed the trillion-dollar mark. Commercial decoupling is not a realistic option. The Asian imperative for deeper economic cooperation among the regional powers has been reinforced by Trump's tariff wars. This logic was evident during President Lee's visit, which emphasised strategic economic cooperation, and during PM Takaichi's visit, which expanded the agenda on economic security. Similar themes of economic resilience and defence cooperation will dominate Modi's discussions in Indonesia, Australia and New Zealand.

The objective is neither an anti-China coalition nor an alternative to the American alliance system. Nor is it an attempt to create an independent bloc of middle powers. It is a practical effort to strengthen India's partnerships with the major industrial, technological and maritime powers of Asia.

Japan brings advanced manufacturing, defence technology and infrastructure finance. South Korea offers world-class capabilities in shipbuilding, semiconductors and defence production. Australia has become indispensable in critical minerals, maritime security and the stabilisation of the eastern Indian Ocean. New Zealand offers important opportunities in trade, higher education, agriculture and advanced technologies.

Whether Washington uses the term Indo-Pacific or not, Indonesia remains the geographical and geopolitical heart of that concept. Sitting astride the confluence of the Indian and Pacific Oceans, it occupies one of the most consequential strategic locations in the world.

Greater economic integration between two of Asia's largest markets and deeper security cooperation between Delhi and Jakarta have long been missing links in the regional search for peace and prosperity. Taken individually, India's partnerships with Japan, South Korea, Indonesia, Australia and New Zealand each advance important national interests. Collectively, however, they create something larger. They widen the strategic space available to all these countries between the US and China.

That is the essence of 'G Minus Two'. Asia now has a remarkably capable group of industrial, technological and maritime powers. Together, they account for a substantial share of global manufacturing, innovation, shipping and trade. Their mutual cooperation cannot replace either Washington or Beijing. It can, however, widen Asia's strategic horizons beyond the constricting imagery of a G2 world.

Ultimately, the success of India's 'G Minus Two' will depend less on Modi's summit diplomacy than on the country's urgency for internal economic reform and defence modernisation. The more competitive India's economy becomes, and the stronger its defence industrial base grows, the deeper its partnerships with the rest of Asia can be. That, more than the endless speculation about US-China relations and their consequences, will determine India's place in the emerging Asian order.

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## RSS deliberately chooses opacity, that becomes its shield



D RAJA

RSS-BJP leader Ram Madhav's recent defence of the RSS ('Needless controversy over the RSS', IE, June 20) seeks to portray the organisation as a transparent association that has operated openly within the framework of Indian law. However, he relies on a selective reading of history. The central claim of Madhav's article is that the RSS voluntarily adopted a written constitution in 1949. The historical record tells a very different story. The framing of the RSS constitution was not a voluntary act; it was the outcome of a prolonged confrontation between the RSS leadership and the Government of India following the assassination of Mahatma Gandhi and the ban imposed on the organisation in 1948. The RSS constitution emerged as part of a bargain that M S Golwalkar arrived at with the Nehru-Patel leadership. Far from being a document organically evolved within the RSS, it was virtually drafted by Congress leader D P Mishra and practically shoved down Golwalkar's throat.

Since its formation in 1925, the RSS's structure, decision-making mechanisms and internal functioning remained opaque. From its inception, the RSS cultivated ambiguity regarding its organisational structure and its relationship with political activity. The frustration of the then-government over this opacity is evident in the official correspondence of that period. After repeated flip-flops by Golwalkar, the Union Home Ministry under Sardar Patel wrote to him, "The government of India has expected that you would appreciate the constructive approach which they made to the draft constitution of the RSS but find that you have either misunderstood that approach or are deliberately adhering to the objectionable features of your constitution in the hope that they will enable you to carry on the activities of the RSS on the same undesirable lines as in the past." (see Golwalkar, *The Myth Behind the Man, The Man Behind the Machine* by Dharendra K Jha, p. 258). This context is crucial because Madhav presents the eventual adoption of the constitution as an amicable and mutually agreeable process.

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The RSS also attempts to dilute contemporary concerns regarding transparency by invoking technical expressions such as "body of individuals", which obscure more than they reveal. The issue is not whether the RSS can be identified as a legal category under tax law. The issue is whether an organisation exercising immense influence over public affairs should remain shielded from the levels of transparency expected of comparable institutions. The organisation claims to be cultural whenever questions of accountability arise. Yet its ideological influence extends deeply into political institutions, public policy and electoral mobilisation. It claims distance from politics even as its members occupy high offices in the state. This pattern of doublespeak has persisted for decades.

The RSS's office in Delhi has reportedly been constructed at a cost running into many crores of rupees. Yet, consistent with the organisation's longstanding preference for opacity, such assets are often held through other bodies and affiliated entities rather than directly in the name of the RSS. This organisational fragmentation enables the RSS to exercise influence while avoiding accountability. Resources can be accumulated without meaningful public scrutiny. Activities can be coordinated while maintaining formal distance. Responsibility can be dispersed whenever difficult questions arise. This absence of transparency, the deliberate cultivation of organisational ambiguity, has repeatedly allowed the RSS to distance itself from some of the most consequential and heinous episodes of violence and communal mobilisation in Indian history. This concern is not just contemporary. It was articulated by the Government of India in the immediate aftermath of Gandhi's assassination.

If political parties must disclose finances, if charities and religious trusts must maintain records, if companies must submit audited accounts and if public institutions are expected to operate under regulatory oversight, there is no democratic justification for exempting the RSS from similar standards.

The writer is general secretary, CPI

## Our right to walk is broken — just like our footpaths



ANURADHA MASCARENHAS

THE LITTLE girl in a T-shirt and cotton trousers gently opened her umbrella to avoid one loose spoke tearing into the polyester. She pranced about on the footpath, twirling the umbrella to send the raindrops at the end of the spokes scattering around.

It brought me back in time, reliving memories of the time when I received my first umbrella, a pink one, from my dad. Would I shed inhibitions and join the little girl with my umbrella? I would have loved to, but I have snapped ligaments in one ankle. It forces me to tread with care on broken footpaths. I'm particularly wary of the dislodged interlocking tiles on our footpaths, gingerly sidestepping them lest the ankle buckle again. Walking on our footpaths is certainly no pleasure. Worse, the absence of the footpath itself can have serious consequences. In a recent ruling, the Supreme Court recognised the need for safe, demarcated footpaths as a fundamental constitutional right while hearing a man's plea for compensation after his five-year-old son was killed by a tanker while walking on the road.

According to recent news reports, as many as 36,000 pedestrians were killed in accidents on Indian roads in 2024. And as per the Road Safety Network's white paper for 2025, India continues to lose 1.7 lakh lives annually to road accidents, with pedestrians, cyclists and two-wheeler riders at greatest risk. Remember when the ignored footpath of today was a muse for filmmakers and lyricists? Raj Kapoor as Raju in the 1950s romanticised the footpath in *Awaraz*. Later, in *Chhoti Si Baat*, South Mumbai's footpaths witnessed the heartwarming courtship of Arun (Amol Palekar) following Prabha (Vidya Sinha) around, hesitant to profess his love but not knowing that she knew about his interest. In *Rajnigandha*, Deepa (again Vidya Sinha) contemplates her two suitors on the footpath.

Over time, the footpath has been lost to traffic congestion, encroachment and unplanned infrastructure. In many cities it becomes a gateway for two-wheelers in heavy traffic, works as a parking bay or hosts makeshift chai *tapis*. While municipal squads have been acting against illegal shop extensions and mobile hawkers to ensure footpaths remain encroachment-free, city administrators have taken the SSC's ruling seriously by initiating measures to ensure the pedestrian's right of way.

The UK's National Health Service (NHS) recently initiated its Movement 36.2 challenge in which adults walking 30 minutes a day for a month are eligible for rewards and discounts. The NHS is concerned that one in six deaths in the UK is due to lack of physical activity. Here, we aren't even asking for such incentives — all we want is good footpaths to walk on.

With better implementation of existing policies, we could perhaps ensure that the monsoon gambol of the little girl with the umbrella on the footpath is no longer an exception.

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### 40 YEARS AGO

July 8, 1986



### Jagjivan Ram cremated

WATCHED BY thousands of misty-eyed people, the mortal remains of Jagjivan Ram were consigned to flames here in his native village as per his wish after a state funeral attended by President Zail Singh and Prime Minister Rajiv Gandhi. Among other mourners at the funeral were Bihar Governor P Venkatasubbaiah and CM Bideshwari Dubey. Sixteen-year-old Anshul Awjint, son of Meira Kumar, MP, daughter of Jagjivan Ram, died in funeral pyre at an amidst rendering of 'Ram dhun' and chanting of Vedic hymns.

### Punjab boycotts Desai panel

THE PUNJAB Chief Minister, S S Barnala,

had a 90-minute meeting with Justice D A Desai and informed him formally that his cabinet had decided to boycott the Desai Commission. Therefore, he said, he was unable to present Punjab's case before him.

### TULF leaders meet GP

THE SECRETARY-general of the Tamil United Liberation Front, A Amirthalingam, met the policy advisory committee chairman, G Parthasarathy, and the Minister of State for Administrative Relations, P Chidambaram, to discuss the discrepancies in the latest Sri Lankan proposals sent to the TULF through the Government of India and Sri Lankan President J R Jayewardene's statement at the June 25 conference of

political parties in Colombo. Amirthalingam said after his meetings with Parthasarathy and Chidambaram, "We made our points clear to the Government of India."

### Bus falls into ravine, 14 killed

FOURTEEN PEOPLE were killed and 23 injured when a tourist bus from Andhra Pradesh fell into a 60-metre-deep chasm in Bheerugut, near Manapur on the Bombay-Agra national highway. According to police, the injured were taken to Maharaja Yashwantrao Hospital in Indore. Hospital sources said the condition of three of the injured was serious. The bus belonged to Vijaykrishna Travel, Masulipatnam district in Andhra Pradesh.



## Now, more than ever, the strategic legacy of Imam Khamenei can be a guide



MOHAMMAD FATHALI

THE history of nations, certain concepts transcend the lifespan of governments and rulers, becoming inseparable from the very spirit and identity of a people. For the Iranian nation, independence is one such concept — an ideal rooted in centuries of resistance against foreign domination. Yet, it was Imam Khamenei who transformed this longstanding historical aspiration into a living and guiding principle governing every sphere of national life. Throughout four decades of leadership, he treated independence not as a slogan but as the backbone of policymaking in security, diplomacy, economics, and science — a pillar that never bent, even amid the fiercest storms of international pressure.

Strategic independence, in its precise sense, is a nation's ability to determine its own destiny according to its own interests and values. What made this concept an enduring doctrine in Imam Khamenei's thought was its remarkable consistency and steadfastness over time. He stood as immovable as a mountain against every temptation toward dependency, regardless of the direction from which it came.

Within the discourse founded and uniquely articulated by Imam Khamenei, independence was never confined to resistance against the West. With the same determination, he rejected strategic dependence on the East. He warned that strategic dependency — even when presented in the language of cooperation or technical partnership — would ultimately become a chain. For the martyred Imam, self-reliance in the defence industry, the flourishing of indigenous technologies, and economic resilience were all manifestations of a single truth: National dignity. Looking far beyond the horizon of day-to-day politics, he saw independence as the continuation of Iran's ancient narrative of survival and permanence — a narrative in whose service he considered himself a loyal soldier and faithful guardian. This historical vision, in Imam Khamenei's

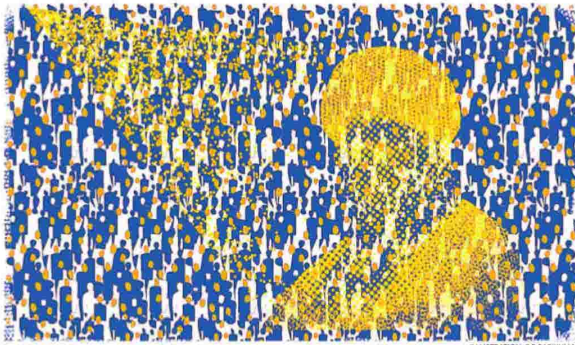


ILLUSTRATION: CA SAKSHAM

thought, was profoundly intertwined with the spiritual grandeur of Ashura. He viewed the tragedy of Karbala not as a distant historical memory, but as an ever-burning beacon illuminating the path of resistance against oppression and the willingness to pay any price in the cause of faith. The words of the martyred Imam were imbued with this Ashura-inspired spirit — a spirit that translated resistance, independence, and sacrifice into the contemporary language of the Iranian nation. From the union of the historical glory of ancient Iran and the spiritual magnificence of Islam, Imam Khamenei formulated the concept of the Iranian-Islamic Civilisation — which, in his view, presented Iran not merely as a political entity but as the rightful heir to two of humanity's greatest civilisational legacies. His life was devoted to the strengthening of this dual identity.

Within this elevated vision, strategic independence was never merely a political instrument. Security, scientific advancement, and international dignity all derived their meaning from it

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nurtured by the blood of the martyrs of the Islamic Revolution and the Sacred Defence. For this reason, he considered it a sacred responsibility that must never be surrendered under any circumstances or at any cost. It was this unwavering conviction that enabled Iran to withstand some of the harshest international pressures of modern history, emerging as a resilient and dignified nation that chose steadfastness over submission.

Yet what transformed Imam Khamenei's legacy from a political philosophy into an enduring epic was not merely his words or his statesmanship, but the grandeur of his final chapter. At the moment when an overt foreign act of aggression targeted the land of Iran, the very man who had devoted his life to speaking of independence and resistance through the sincerity of his convictions proved his own conduct. He remained in his homeland, beneath the sky whose independence he had spent a lifetime defending, standing firm in the place where he believed duty required him to stand.

In the final hours of his blessed life, he was fasting and engaged in service to the people for whose security and dignity he had devoted his entire life. Such martyrdom can never represent a mere ending in

the enduring memory of a nation. It is the culmination of a lifelong journey — the moment when a leader's words and deeds become forever inseparable. By remaining among his people at a time when fleeing has so often become the familiar course for many leaders around the world, Imam Khamenei left behind an image of leadership that will live forever in the memory of a nation that carries within itself one of the world's oldest civilisations. The blood of the martyred Imam was poured upon the roots of the very tree he had spent a lifetime nurturing — the mighty tree of Iran's independence and national dignity.

Nations ultimately judge their leaders not by the measure of fleeting achievements, but by the breadth of their vision and their steadfastness before the judgement of history. The manner in which Imam Khamenei forged an enduring connection between security, independence, progress, and national dignity — and ultimately sacrificed his own life in their defence — has created an image that will remain alive and honoured in Iran's historical memory.

Today, as the world confronts great-power competition, rapid technological transformation, and increasingly complex forms of economic dependency, Imam Khamenei's doctrine of strategic independence has acquired greater global relevance than ever before. It is no longer confined to the borders of a single country; rather, it has become a model for any nation seeking to preserve its dignity and sovereignty amid the pressures of international politics. From this perspective, Iran's experience during Imam Khamenei's leadership offers a lasting lesson to all those who regard national freedom of decision as more precious than any short-term advantage.

Ultimately, it must be said that, in Imam Khamenei's thought, independence was never merely a policy or an administrative programme. It was the very essence through which the history, culture, faith, and collective will of a nation were brought together. The legacy of the martyred Leader is today, more than ever, a guiding light for Iran's future — a light that, through his blood, will burn brighter and endure more steadfastly than ever before.

The writer is the Ambassador of the Islamic Republic of Iran in India

## In growing India-Japan ties, an opportunity for Bihar



SANJAY KUMAR JHA

THE VISIT of Japanese Prime Minister Sanae Takahashi to India comes as the two countries are preparing to celebrate 75 years of diplomatic relations in 2027. Over the past decade, this partnership has expanded to include defence, technology, infrastructure, semiconductors, resilient supply chains and the Indo-Pacific. This is also the right occasion to make a strong case for Bihar.

Last year, I had the privilege of leading an all-party parliamentary delegation to Japan. During our interactions with political leaders, scholars and members of the Indian diaspora, I was struck by the warmth and affection with which Bihar was spoken of. The reverence for Bodhi Gaya, Nalanda and Rajgir remains deeply embedded in Japanese consciousness. This civilisational goodwill deserves to be translated into stronger economic and developmental partnerships. In New Delhi, the strategic anchor of India-Japan relations, Bihar is their civilisational foundation. No other Indian state shares such a deep historical, spiritual and cultural bond with Japan. Yet, Bihar has remained on the margins of the modern India-Japan economic story. That deserves to change.

For millions of Japanese people, Bihar is the land where Lord Buddha attained enlightenment. Bodhi Gaya has a sacred place in the hearts of Japanese Buddhists. Rajgir, where the Buddha spent several years and delivered many sermons, and Nalanda, one of the greatest ancient centres of learning, are equally revered. Every year, thousands of Japanese pilgrims travel to these sites in search of spiritual fulfilment and cultural understanding.

The Vishwa Shanti Stupa at Rajgir, built by the Japanese Buddhist order Nipponzan Myohoji, is one of the most enduring symbols of friendship between India and Japan. Japanese monks have maintained close ties with Bihar for decades, while scholars continue to engage with Nalanda and Buddhist studies. It is a matter of pride for Bihar that the Mihita Museum in Tokamachi, Niigata Prefecture, has showcased the rich tradition of Mihita paintings, creating yet another enduring cultural bridge.

Japan has also been among Bihar's oldest development partners. It has supported infrastructure and tourism projects connected with the Buddhist

Circuit. These investments have strengthened pilgrimage tourism and demonstrated Japan's longstanding commitment to preserving a shared heritage. Yet, when viewed against the scale of India's economic engagement with Japan today, Bihar has received only a modest share of Japanese investment.

Prime Minister Narendra Modi has elevated India-Japan relations to unprecedented heights. The goal announced during PM Takahashi's visit of increasing Japanese investment in India and expanding the presence of Japanese firms reflects the confidence both countries have in each other's future. Bihar is well placed to build on this momentum. Greater Japanese participation in tourism, urban infrastructure, heritage conservation, skill development and sustainable mobility would not only benefit the state but also complement the broader national vision of stronger India-Japan ties.

In Bihar, better roads, improved connectivity, expanding airports, growing urban centres and improvements in governance have created conditions far more conducive to investment than before. Bihar's young population, strategic location in eastern India and growing consumer market make it an attractive destination for long-term partnerships.

The Buddhist Circuit can be developed into a premier spiritual tourism destination. Japanese participation in heritage conservation would be a natural extension of the existing relationship. As Bihar urbanises, Japanese expertise in public transport, water supply, waste management and urban planning can contribute significantly. Agriculture, food processing, healthcare equipment, renewable energy and skill development are promising sectors where partnerships can deliver lasting benefits.

Former chief minister Nitya Kumar understood the importance of Japan for Bihar. His government consistently promoted the Buddhist Circuit, improved connectivity to pilgrimage sites and encouraged closer engagement with Japanese institutions. His vision recognised that Bihar's civilisational heritage is an economic and diplomatic asset capable of generating tourism, employment and international partnerships.

Every enduring partnership also draws strength from its civilisational roots. For India and Japan, those roots lie in Bihar. India and Japan first met through the Buddha. Seventy-five years after establishing diplomatic ties, it is time they discovered Bihar once again as the meeting point of their shared past and future.

The author is Member of Parliament (Rajya Sabha) and national working president of IDJU

## LETTERS TO THE EDITOR

### WhatsApp row

WHILE THE authors have rightly argued that the government should regulate digital harms, not individual software features, their comparison of email and WhatsApp is somewhat flawed ('Don't scrap WhatsApp app', *IE*, July 7). It should be noted that the use of email is largely limited to formal communication. WhatsApp App is used by people regardless of education or economic status. While efforts to maintain privacy are commendable, they must be undertaken with caution because of WhatsApp's widespread presence among the masses.

Monika Rathore, Faridabad

### Trump's overreach

IS IT not ironic that Donald Trump's bullish and whimsical attitude has now transgressed into the sports arena too ('FIFA lets Donald Trump, the bully, win', *IE*, July 7)? What else could explain his making multiple calls to FIFA over the referee's decision to show a red card to US striker Folarin Balogun in the match against Bosnia and Herzegovina? It is hardly surprising if those calls eventually culminated in FIFA lifting the suspension. Notably, the FIFA President conferred a 'Peace Prize' on Trump in December last year, though it had nothing to do with the world of sports.

S K Gupta, via email

### Folk icon

LEGENDARY PANDAVANI exponent Teejan Bai transformed Chhattisgarhi's oral retelling of the Mahabharata into a globally recognised performing art, bringing its characters to life with little more than a tambura and her powerful voice ('Teejan Bai claimed her right to sing', *IE*, July 7). With her passing, India has lost one of the finest custodians of its oral traditions. Teejan Bai showed that a civilisation endures through the storytellers who keep its heritage alive.

S S Paul, Nadia



SUSAN THOMAS AND CHIRASHREE GHOSH

ON JULY 1, Cappemini shut down its on-campus daycare in Bengaluru after viral videos allegedly showing toddlers being abused surfaced. The shocking allegations are a warning about a larger childcare system that remains unregulated, undervalued, and often invisible. The Cappemini episode is a symptom of a much deeper crisis: The urgent need to build a safe, accountable, and dignified childcare ecosystem.

A robust childcare system will ensure children grow in a secure, nurturing, and developmentally rich environment. It enables women to enter and stay in the workforce. It converts care work from an invisible burden into a formal profession with standards, training, and fair wages. Despite rapid progress, 86 million children under six still lack access to quality early care at the very age when 85 per cent of brain development is most rapid. At the same time, female labour force participation remains distressingly low, especially in urban India where mothers are often forced to choose between earning and caregiving. This is not only a social problem; it is a drag on productivity, economic growth, and inclusion.

Other countries have shown that childcare is not a peripheral welfare scheme but core infrastructure. Singapore, for instance, expanded preschool capacity, subsidised Free Telegram Channel [https://t.me/+2RvD\\_RG9mJmZgl](https://t.me/+2RvD_RG9mJmZgl)

This calls for the expansion of childcare services, crèches, maternity and parental benefits, skilling of childcare workers, and family-friendly workplace policies to reduce women's unpaid care burden

disseminated centres, and tightened safety and wage standards as part of a strategy to support working families and national productivity.

India has a legal framework that recognises the importance of workplace crèches. The Maternity Benefit (Amendment) Act, 2017 and the related crèche guidelines set out standards for staffing, monitoring, safety, and training. However, it is important to implement the guidelines to avoid such tragedies. What requires proactive action is responding to the needs of women workers in the formal and informal sector.

A crèche is not a convenience room where children are merely supervised until parents finish work. It is a space where nutrition, health, safety, early learning, and emotional well-being must come together. Children need more than watchfulness; they need responsive care from trained adults.

Childcare is still treated as a low-status extension of unpaid domestic labour. Workers are paid meagre wages, and their skill is not a priority. This calls for the expansion of childcare services, crèches, maternity and parental benefits, skilling of childcare workers, and family-friendly workplace policies to reduce women's unpaid care burden.

Such measures enable women to participate equally in economic, social, and political life while ensuring the well-being and development of children. Every parent deserves confidence that their child is in capable hands. And every economy that hopes to prosper must recognise that care is not a private burden to be absorbed silently by women. It is public infrastructure, and it belongs to the centre of national development.

Thomas is committee member, and Ghosh is national coordinator, FORCES Free WhatsApp Channel <https://whatsapp.com/channel/0029Va2VRb6RGJOKH6oB0dF>

## A football lesson from Brazil's defeat



MIHIR VASAVDA

BRAZIL'S DEFEAT to Norway was more than another World Cup upset. It was a reminder that several of football's traditional powers are wrestling with the same question. Brazil no longer quite looks Brazilian. Germany no longer feels unmistakably German. The Netherlands, once the great innovators, are no longer setting the tactical agenda.

Their decline has often been explained by the rest of the world catching up. That is undoubtedly part of the story. Coaching, sports science and tactical ideas have spread across continents, shrinking the gap between football's elite and everyone else. But another possibility is worth considering. In

trying to keep pace with modern football, some of the game's biggest nations may have drifted away from the qualities that made them successful in the first place.

The best international teams have always evolved with the game. But the most successful ones have usually adapted without becoming copies of somebody else. Brazil perhaps illustrates that best. Over the past decade, Brazil has become more structured, more tactically disciplined and, in many ways, more European in their approach. Yet, somewhere along the way, Brazil seem to have misplaced some of the instincts that once made them unique. The irony is that Brazil's greatest teams were never tactically naive. The 1970 side had structure. The 2002 World Cup winners were exceptionally well organised. But those systems existed to maximise Brazil's

creativity, not to restrain it.

Germany's story leads to a similar conclusion. Football was designed by clarity, efficiency and competitiveness. Even when Germany modernised under Joachim Löw, culminating in the 2014 World Cup triumph, those qualities remained intact. In the years that followed, however, their football became more elaborate, but the ruthless directness gradually faded. Dutch football earned its reputation because it consistently changed how foot-

Football has always evolved by borrowing ideas, but the strongest teams have rarely succeeded by becoming imitations of someone else

ball itself was played. Today, the Netherlands still produces excellent footballers and coaches, but it no longer feels like football's principal laboratory.

This is not a problem unique to football. For years after artificial turf transformed the sport, Indian hockey tried to emulate the European and Australian model. But India could never become a better version of Europe than Europe itself. The revival came only when Indian hockey found a balance.

For decades, England remained attached to an outdated version of English football built around physicality and direct play, even as the Premier League became increasingly shaped by continental ideas. Their improvement has come by embracing tactical flexibility without abandoning traditional strengths. England have also become one of the most consistent teams in recent years,

reaching two European Championship finals, a World Cup semifinal and two World Cup titles in the last eight years.

Perhaps that is becoming the defining challenge for international sport. Globalisation has made teams tactically smarter. Young players across continents learn similar positional principles. Inevitably, national styles have become less distinct. That makes identity even more valuable. Football has always evolved by borrowing ideas, but the strongest teams have rarely succeeded by becoming imitations of someone else. They have taken new ideas and moulded them around their own culture, history and strengths. That may be the lesson for many of football's traditional powers.

The writer is deputy associate editor, The Indian Express. [mihirvasavda@expressindia.com](mailto:mihirvasavda@expressindia.com)



NBFCs' GOLD LOAN OUTSTANDING HAS RISEN 136% IN THE LAST TWO YEARS

## Jewellery-backed loans soar 70% lead NBFC retail credit growth

George Mathew  
Mumbai, July 7

GOLD LOANS are glittering as never before, driving a surge in credit growth for non-banking financial companies (NBFCs) and emerging as the fastest-growing segment of retail credit amid high gold prices.

Outstanding NBFC loans against gold jewellery surged by 69.9% year-on-year to Rs 3.29 lakh crore by the end of May 2026 from Rs 1.94 lakh in May 2025, far outpacing the 19.5% growth in overall retail loans, according to the latest Reserve Bank of India data.

Gold loan outstanding of NBFC players has jumped by 136% from Rs 1.4 lakh crore in the last two years.

As a result, gold loans by NBFCs accounted for a much larger share of retail credit, reflecting increased borrower preference for secured lending backed by rising gold prices.

In a country where household gold holdings are significant, the rapid growth of gold loans is enabling households to convert a traditionally held asset into a source of accessible finance. This is supporting greater financial inclusion while enabling consumers to meet a wide range of personal and livelihood needs, said Free Whatsapp Channel https://whatsapp.com/channel/0029v2Rb6RGJOKH6oBd0f

Manish Jain, Country Managing Director of Experian India.

The growth story is also becoming increasingly broad-based across the country.

While Southern India continues to remain an important market for gold loans, strong sourcing growth in FY26 was seen in states such as Uttar Pradesh (138%), West Bengal (112%), Rajasthan (108%) and Maharashtra (102%), highlighting growing acceptance of gold-backed lending beyond its traditional regional concentration and indicating a broader pan-India expansion trend, Experian said.

There is evidence that gold loans are becoming an increasingly important gateway to formal credit for a wider spectrum of consumers. By unlocking the value of household gold, priority sector gold loans are helping convert dormant assets into productive capital, especially supporting women-led households, micro-enterprises, livelihood generation and greater participation in the formal financial ecosystem.

While companies have not yet reported any signs of stress in the segment, the practice of rolling over gold loans by making partial payments to extend the tenure and reset the loan period has become widespread.

### • NBFC LOAN GROWTH DRIVERS

**THE GROWTH** story is increasingly becoming broad-based. Loans against gold jewellery surged by 138% in Uttar Pradesh, in West Bengal it rose by 112%, in Rajasthan by 105% and in Maharashtra by 102%.

**IT HIGHLIGHTS** growing acceptance of gold-backed lending beyond its traditional regional concentration.

**COMMERCIAL REAL** estate also emerged as the one of fastest-



growing mainstream categories in credit growth with outstanding credit to the segment surging 40.2% to Rs 1.196 lakh crore in May 2026 from Rs 85,317 cr a year ago.

Free Telegram Channel https://t.me/FreeIndiaNews

However, latest RBI guidelines have placed strict limits on such rollovers. Borrowers are now required to fully repay bullet loans within 12 months, and lenders are barred from "evergreening" loans by repeatedly extending the tenure without conducting fresh appraisals, said an industry player. Muthoot Finance, the largest player in the segment, reported Rs 1.65 lakh crore worth of gold loans and 196 tonnes of gold as security from customers in FY26.

The industry portfolio, including banks, also expanded substantially from Rs 6.3 lakh crore in FY26.

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Commercial real estate has emerged as the one of fastest-growing mainstream categories in credit growth in the

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### Rajesh Exports: NFRA begins its investigation

Mumbai: The National Financial Reporting Authority (NFRA) is looking into the revenue misstatements case at Rajesh Exports, but it will not be possible to share a timeline on the probe, a top official at the auditors' watchdog said Tuesday.

"Yes, we have started our processes," NFRA chairperson Nitin Gupta said on the sidelines of an event organised by Fict here.

Last month, capital markets regulator SEBI issued an order in which Rajesh Exports was found to have indulged in misstating revenues over a long period, pegging the overall discrepancies at Rs 15.5 lakh crore.

As per subsequent reports, SEBI had written to NFRA seeking examination of the errant entity's auditors. Gupta also called for greater independence in promoter-driven companies, pointing out that as AI influences corporate decision-making, a critical look at an issue may be essential, PTI

### • BRIEFLY



Finance Minister Nirmala Sitharaman on Tuesday addressed an event organised by the Toy Association of India in New Delhi. She asked manufacturers to aspire to capture at least a one-fourth of the global toy market share. PHOTO: Y. NATHAN/ANAND/ANAND

### Release services production index within 60 days: Panel

New Delhi: An expert panel recommended compiling sectoral indices monthly and releasing the Index of Services Production (ISP) within 60 days after the reference month. Earlier, the Statistics Ministry constituted a Technical Advisory

### BHEL partners with German firm for green hydrogen project

New Delhi: Bharat Heavy Electricals on Tuesday said it has tied up with thyssenkrupp nucera India for industrial electrolysis and local manufacturing of alkaline electrolyser systems for green hydrogen projects. It will enable phased indigenisation and local manufacturing of Alkaline electrolyser systems for green hydrogen projects in India, PTI

### SBI Life ties up with IIT Mumbai

Mumbai: SBI Life Insurance has signed a Memorandum of Understanding with the IIT, Mumbai, to establish 'Bharat's AI & Cyber Innovation Hub for Insurance', a joint research and innovation centre dedicated to building deep technology defences for the insurance sector. ENS

### India flags flaws in US' Section 301 tariff probe

Mukesh Jagota  
New Delhi, July 7

INDIA HAS flagged several flaws in the way the US has initiated and conducted its investigation into alleged forced-labour content in Indian imports. It also suggested bilateral dialogue to address any specific concern of the US in this regard.

In its formal response to the Report in Section 301 investigations on imports of goods with forced labour that has proposed 12.5% additional tariffs on India, the Ministry of Commerce and Industry has said the office of US Trade Representative (USTR) has issued a sweeping, generalised determination across 60 economies without performing an economy-specific or product-specific analysis of India's actual laws and practices.

The USTR probe covers 60 economies, including the European Union (EU). India has also sought reconsideration of the proposed tariffs.

Separately, the USTR is investigating India, the EU, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, South Korea, Vietnam, Taiwan, Bangladesh, Mexico and Japan over policies that allegedly enable export manufacturing capacity



The USTR probe covers 60 economies, including EU, Reuters

and undermine the US industrial base. The findings could pave the way for another round of additional tariffs.

The investigations are seen as part of Washington's efforts to rebuild its tariff architecture following the US Supreme Court's verdict on reciprocal tariffs. The Section 301 investigations are also part of the ongoing India-US trade agreement negotiations.

Public hearings on the forced-labour investigation began on Tuesday, with the Indian government and industry scheduled to present their arguments on Wednesday.

India argued that the USTR has failed to meet the legal threshold under Section 301(d) of the Trade Act by concluding that India's acts, policies or practices relating to imports are unreasonable. FE

### Domestic air traffic soars to 1.54 cr in May: DGCA

New Delhi: After losing momentum in April, when domestic passenger traffic declined both sequentially and year-on-year amid softer travel demand and rising operating costs, the domestic aviation sector regained altitude in May, driven by strong summer travel demand and airlines focusing capacity on high-demand routes.

According to data released by the Directorate General of Civil Aviation (DGCA), domestic airlines carried 1.54 crore passengers in May 2026, up 9.2% from 1.41 crore in the corresponding month last year. Passenger traffic also rebounded from 1.38 crore in April 2026, reversing the previous month's slowdown.

For the first five months of 2026, domestic carriers flew 7.29 crore passengers, compared with 7.16 crore during the same period last year, registering an annual growth of 1.9%. On a month-on-month basis, passenger traffic rose 9.4% in May, highlighting the sharp recovery in travel demand during the peak summer holiday season.

The rebound suggests domestic travel demand remained resilient despite operational headwinds that had weighed on airlines in recent months, including elevated operating costs, aircraft shortages and airspace disruptions. Airlines also continued to optimise network deployment by prioritising higher-yielding routes as demand picked up.

Market leader IndiGo retained its dominant position, although its market share slipped marginally to 64.9% in May from 65% in April. FE

### • MARKETS

|        |           |           |           |
|--------|-----------|-----------|-----------|
| Sensex | 78,180.72 | NIFTY     | 24,398.70 |
|        | -104.35   |           | -31.65    |
|        | -0.13%    |           | -0.13%    |
| Gold   | ₹1,44,083 | US Dollar | ₹94.97    |
| Silver | ₹2,27,200 | Oil       | \$68.69   |

NOTE: GOLD, SILVER RATES AS PER BULLION AND JEWELLERS ASSOCIATION GOLD PER 100, SILVER PER 1KG, CRUDE OIL (INDIAN BASKET) AS OF JULY 7, 2026

## How a price surge fuelled gold loans, sparked talk of behavioural change

Akash Mandal  
Mumbai, July 7

THE UNPRECEDENTED rise in gold prices over the last one year — albeit one that has cooled in recent months — has led to such an increase in loans against the yellow metal that experts think Indians are now willing to pawn what they hold of it more easily than before even as prices have moderated.

Over the last few years, the people taking gold loans have been increasingly more credit-worthy, with Simranjeet Singh, Chief Executive Officer of the SME and retail verticals at Anand Rathi Global Finance, saying that prime and above-prime borrowers' participation has risen from 43% to 52%. This, according to Singh, suggests "a structural shift in that borrowers now consider gold loans as a major financial tool rather than an emergency last resort option."

What are gold loans being used for? Experts note financing business growth, travel, and even higher education, while the Reserve Bank of India noted last week in its Financial Stability Report that existing borrowers have used higher gold prices to secure larger loans and roll over their debt.

The growth in gold loans has indeed been extraordinary. According to new data from the RBI on Tuesday, loans given by non-banks against gold jewellery rose by 40.2% to Rs 1.196 lakh crore in May 2026 from Rs 85,317 cr a year ago. Bank credit to NBFCs rose 33.7% year-on-year to around Rs 20.88 lakh crore by May 2026. This has improved NBFCs' ability to extend loans to sectors where they have enjoyed a competitive edge, including commercial real estate.

FULL REPORT ON [WWW.INDIANEXPRESS.COM](http://WWW.INDIANEXPRESS.COM)



NBFCs' gold loan growth was 70% in May, while for banks it stood at 105%, REUTERS

the end of May. And while non-banks saw the share of gold loans almost double in two years, for banks the increase has been almost 4x: from 0.64% in May 2024 to 2.4% in May this year.

### Gold-backed credit

To put these gold loan growth numbers in context, non-banks' total loans were up 14% year-on-year as at the end of May, while credit growth for banks was 18%.

Initis Financial Stability Report, the RBI also noted that the rapid growth in gold loans has coincided with a decline in the increase in outstanding personal loans for borrowers who have both personal loans and gold loans. "This trend is particularly pronounced among sub-prime borrowers, whose outstanding personal loan balances and loan accounts have declined," the central bank said.

According to TransUnion CIBIL, the share of gold loans in banks and non-banks' total loans had increased to 11.1% in December 2025, second only to housing loans, from 5.9% in March 2022. And this was before the January 2026 price surge that saw global gold prices hit all-time highs of around \$5,500 per ounce. But what happens now that gold prices are closer to \$4,000/oz? For the RBI, elevated price volatility "merits continued vigilance." A prolonged correction in gold prices could weaken collateral protection, increase borrower stress, and result in higher delinquencies, the central bank said.

FULL REPORT ON [WWW.INDIANEXPRESS.COM](http://WWW.INDIANEXPRESS.COM)

An analyst tracking gold at a domestic brokerage said the precious metal "is not just for hoarding for a rainy day" anymore but is also "a good option for leveraging in a society where wage growth has been sluggish". With gold loans becoming more and more popular, it could lead to a behavioural change.

The public's increased willingness to borrow against their gold also hits a sweet spot for lenders, with Singh of Anand Rathi pointing out that the preference for secured lending by financial institutions indicates that "the rise in the gold loan segment is here to stay and is not just a cyclical spike". The rate of expansion may moderate, but in the long-term, Singh said, the segment is set to grow even more.

FULL REPORT ON [WWW.INDIANEXPRESS.COM](http://WWW.INDIANEXPRESS.COM)

## ECLGS 5.0 sanctions cross Rs 1.55 lakh cr within 2 months of launch

ENS Economic Bureau  
New Delhi, July 7

THE CENTRAL government has issued guarantees worth Rs 1.55 lakh crore under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 within two months of its launch, reflecting the scheme's rapid absorption across the lending ecosystem.

Approved by the Union Cabinet on May 5, 2026, the scheme has issued 4,14,197 guarantees so far.

MSMEs (micro, small, and medium enterprises) account for 98% of all guarantees issued (by number), and 82% of the total guaranteed amount is also towards MSMEs, the government data showed.

The scheme aims to facilitate additional credit of Rs 2.55 lakh crore to existing borrowers by March 2027.

By extending 100% guarantee coverage to additional loans of MSMEs and 90% to other business segments, the scheme has allowed financial institutions to lend more confidently, ensuring liquidity reaches the needy sectors.

The scheme provides 100% guarantee coverage for MSMEs and 90% for non-MSMEs, to facilitate additional credit of Rs 2.55 lakh crore to existing borrowers.

Wide participation by banks and non-banking financial companies (NBFCs), customer outreach initiatives, and government-led awareness programmes have contributed to its swift uptake across sectors. The results from ECLGS 5.0 reflect the government's

continued commitment to building a resilient, responsive credit ecosystem. As the scheme evolves and outreach expands, it is expected to further strengthen liquidity support for businesses including MSMEs and enable entrepreneurs to meet their liquidity needs in the times of external challenges.

To maximise awareness and adoption, the Department of Financial Services (DFS) has led a structured outreach campaign across the country.

These outreach programmes are intended to ensure that eligible borrowers are aware of the Scheme and are able to access its benefits, while Member Lending Institutions (MLIs) are equipped to facilitate its effective implementation. FE

**KONKAN RAILWAY CORPORATION LIMITED**  
(A Government of India Undertaking)

**NOTICE INVITING OPEN-E-TENDER DATED 07.07.2026**

On behalf of Konkan Railway Corporation Ltd, Senior Divisional Engineer, Ratnagiri is inviting Open E-Tender For the following work: **Ten No. KR-RN-W-2026-07. Name of work:** Deep screening shallow screening, sleeper replacement, distressing of track etc under SSE/IV/valde section. **Estimated cost:** Rs. 179.14, 184/- **EMD:** Rs. 3,58,300/- **Last date and time of depositing of tender on line:** 30/07/2026, till 15:00 hrs. For further details, contact office of Electrical Railway Engineering Office, MIDC area, Mirjole, Ratnagiri. (Web site: [www.ireps.gov.in](http://www.ireps.gov.in))

**OFFICE OF THE DIRECTOR GENERAL, MEDICAL HEALTH & F.W.**  
Danda Lakshound, Sahasradhara Road, P.O. Gujra, Dehradun, Uttarakhand

Letter No. 27P/PPP/05/2024/TC/2024-25 Dated: 07/07/2026

**Government of Uttarakhand Short Tender Notice**

1. Name of WORK-OPEATION & MAINTENANCE CONTRACT OF EMERGENCY RESPONSE SERVICES IN UTTARAKHAND 168 Ambulance Service.

2. Date and time of publishing of tender: 09/07/2026 till 14:00 PM

3. Pre-Bid Meeting: 23/07/2026 till 14:00 PM

4. Closing date of online submission of Tender: 30/07/2026, till 14:00 (IST)

5. Opening date of technical bid tender: 30/07/2026, till 15:00 (IST)

6. Details of subsequent addendum/clarification/cancellation etc may be obtained from the website [www.bidders.gov.in](http://www.bidders.gov.in)

7. Portal Registration: The bidder intending to participate in the tender is required to register in the bidder active portal on the website [www.bidders.gov.in](http://www.bidders.gov.in) as higher Login id and attach valid digital signature certificate (DSC) to his/her unique login.

8. Pre Bid meeting will be held in the office of the Director General, Medical Health & F.W. Danda Lakshound, P.O. Gujra, Sahasradhara road, Dehradun, Uttarakhand.

For further queries, the bidders may contact through email: [sahasradhara2024@gmail.com](mailto:sahasradhara2024@gmail.com) and at Room No. 32, Office of the Director General, Medical Health & Family Welfare, Danda Lakshound, P.O. Gujra, Sahasradhara road, Dehradun, Uttarakhand

**Director (PPP)**  
Medical Health & F.W. Dehradun, Uttarakhand

**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
(e-Procurement, Tender Notice (Paper Notification))

TSPDCL intends to float tender for procurement of (a) 33KV 3305 service lines and Whatsapp message messaging & rule based chat bot services (b) 11 KV 200A (TT) GOAB Switches with Polymer Insulators (c) 34.5 mm AAA Conductor (d) Laseel/Primer (e) 35KV 34500 Sporm Heat Shrinkable Insulator End Termination Kits (f) 11 KV 24185 Sporm Heat Shrinkable Straight Through Joining Kits (g) MS Channel 75x40 mm (h) Test benches-4 position on e-procurement platform.

For further details of each item above, please visit: [www.tspowerpower.com](http://www.tspowerpower.com)

[www.telanganapower.co.in](http://www.telanganapower.co.in) [www.action.telanganapower.co.in](http://www.action.telanganapower.co.in)

Phone: 040-23431360, 1033, 1035, 1026

Sd/- CHIEF ENGINEER (P&M)  
TSPDCL, Hyderabad

**Guwahati Metropolitan Development Authority**

STAFFED Building, Bhanganagar, Guwahati - 781005

Website: [www.gmda.co.in](http://www.gmda.co.in) Guwahati: 0361-2529650/9824

Email: [ceo\\_gmda@yahoo.com](mailto:ceo_gmda@yahoo.com) Fax: 0361-2529991

No. GMDA/DEV/40/2026/05 Date: 06-07-2026

**NOTICE INVITING REQUEST FOR PROPOSAL (RFP)**

Guwahati Metropolitan Development Authority (GMDA), Guwahati, Assam invites Request for Proposal (RFP) in prescribed standard format from empaneled consultants/ firms under GMDA to participate in the RFP process for selection of most suitable among all the participated agencies to provide "Consultancy Services for the Development of a Children's Park at the Bank of Brahmaputra River at Garal, Guwahati". Interested participants can apply online through the Govt. of Assam, e-tender portal [e.assam.tenders.gov.in](http://e.assam.tenders.gov.in) from 08-07-2026 to 29-07-2026.

Sd/- (Anbanthum M.P., IAS)  
Chief Executive Officer  
Guwahati Metropolitan Dev. Authority  
Bhanganagar, Guwahati - 5






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If there are questions of current or contemporary relevance that you would like explained, please write to [explained@indianexpress.com](mailto:explained@indianexpress.com)

## HISTORY

## Arches that lead to Charminar: Plans to restore the Char Kaman

Nikhila Henry  
Hyderabad, July 7

HYDERABAD IS known for its iconic Charminar, the Old City structure that bears the signature of the Qutb Shahi dynasty's architectural majesty. But what's lesser known are the four ornamental gateways that lead to it, called the Char Kaman.

The Telangana government has announced that the gateways will soon get a facelift.

## History and significance

The Charminar was built between 1589 and 1591 by Muhammad Quli Qutb Shah, the fifth ruler of the Qutb Shahi dynasty. According to Mohammed Saifullah, a Hyderabad historian and honorary managing trustee of Deccan Heritage Trust, the Kams could have been built around 1594.

The 20th-century historian Syed Ali Asghar Bilgrami writes that after the completion of the Charminar, Shah commissioned the construction of four ornamental arches or gateways around the Charminar.

According to Bilgrami's book *Landmarks of Deccan* (1927), the four arches had names differing from their present nomenclature. The west arch was first named Daulat Khana Ali, or the gate of the royal residence; whereas the one on the east was named Naqar Khana, or gate of the palace where drums are beaten.

"Generally the central area of the four arches was termed Jilau Khana or the royal vestibule," Bilgrami writes.

The Kaman to the north under which "a huge elephant with a canopied litter can easily pass" were later called Machli Kaman, or the fish arch. This is because, Bilgrami writes, "a big fish made of bamboo and paper resembling a miniature aeroplane is suspended in the centre of the arch on every lunar new year".

The rest of the arches were called Charminar Arch (south); Kail Kaman or Kaman of Shambhu Pershad (east), which stands for the black arch; Kaman Sher Dil or Shih Rati (west), meaning gateway for the lion hearted or the magic breaker. These names are still in use in Hyderabad.

Bilgrami writes: "Formerly the Qutb Shahi palaces were situated towards the western arch, but the relentless hand of time has totally obliterated them." The arches marked the entrances to the city of Hyderabad. According to Bilgrami, the arches saw immense traffic during the Qutb Shahi period as "the adjoining outposts were used as a sitting place for the nobles and officials. These noblemen used to come every morning with their retinue and attendants and after reaching the royal vestibule which was in the centre of the four arches, the suite and retinue were left behind and they used to proceed unattended for the audience of the king."

## Restoration plans

The restoration work is expected to focus on structural repairs and conservation of heritage features. The work would aim to improve the overall condition of the monuments while retaining their historical character. Heritage conservationists have long called for the preservation of the Char Kaman, pointing to the damage caused over the years by growing urbanisation and resultant pollution.

Hyderabad MP Asaduddin Owaisi announced last week that the restoration project has received a major boost, with the government granting administrative sanction to invite tenders and appoint a consultant for the work.

Free Telegram Channel [https://t.me/+2RvD\\_RG9mJ/Mzgi](https://t.me/+2RvD_RG9mJ/Mzgi)

## RAM TEMPLE CONTROVERSY

## With CEO post, how Ram Temple Trust is changing



DEEPTAM TIWARY

THE RAM TEMPLE Trust has accepted the resignations of its two most influential office-bearers, General Secretary Champat Rai and trustee Anil Mishra, and announced that it will appoint a Chief Executive Officer (CEO) for the first time. The move marks the biggest administrative overhaul of the body that runs the Ayodhya temple since it was constituted in 2020.

## How did the Trust come into being?

The Shri Ram Janmabhoomi Teerth Kshetra owes its existence to the Supreme Court's November 2019 Ayodhya judgment. The Court directed that the government formulate a scheme within three months for setting up the trust and transferring the disputed land to it. Acting under the Acquisition of Certain Area at Ayodhya Act, 1993, the Centre constituted the Trust on February 5, 2020, and transferred the acquired land to it through a Gazette notification.

Unlike Tirupati, Jagannath, Vaishno Devi or Kashi Vishwanath, the Ram Temple is not governed by a dedicated statute enacted by a state legislature. Its legal foundation is a combination of the Supreme Court's 2019 judgment, the 1993 Ayodhya Acquisition Act, the Central government's scheme and notification, and the trust deed of the Shri Ram Janmabhoomi Teerth Kshetra. The trust is therefore neither a conventional private religious trust nor a statutory temple board established by legislation. It occupies a unique institutional position: a public religious trust brought into existence by executive action in implementation of a judicial mandate.

## Who runs the Trust?

The 15-member Trust is the temple's highest decision-making body. It is chaired by Mahant Nritya Gopal Das, although because of age and ill health, day-to-day leadership gradually came to rest with Rai, who emerged as the institution's public face.

The trust deed provides for permanent members, nominated members and ex-officio representatives, ensuring representation from the religious community as well as the Centre and the Uttar Pradesh government. Construction has been supervised by a committee headed by former Principal Secretary to the Prime Minister, Nripendra Mishra, as ex-officio member.

The Trust also includes senior advocate K.P. Suresh, IAS officer Prashant Lokhande as Central government representative, and IAS officers Sanjay Prasad and Shashank Tripathi as UP government representatives. Rest of the members are revered seers from the Hindu community associated with the Ram Janmabhoomi movement.

Unlike statutory temple boards headed by executive officers or chief administrators, the Ram Temple's administration has so far largely been driven by trustees and office-bearers themselves.

## Who manages the temple every day?

Unlike Tirupati or Vaishno Devi, the Ram Temple has not had a professional chief executive. Instead, administrative responsibilities have been divided among individual office-bearers.

## KEY FACES OF THE TRUST



GOVIND DEV GIRI, TRUST TREASURER

A religious speaker from Maharashtra. Involved in maintaining audited records of Trust income and expenditure.



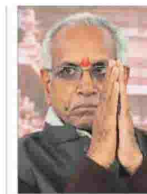
MAHANT NRITYA GOPAL DAS, TRUST PRESIDENT

Also the head of Maniram Das Chavani in Ayodhya. Long been associated with the Ram Janmabhoomi movement.



KRISHNA MOHAN, INTERIM GENERAL SECRETARY

RSS office-bearer, ex-Indian Forest Service officer. Became trustee in 2025 after the death of a founding member.



CHAMPAT RAI, EX-GENERAL SECRETARY

RSS and VHP member who was the person in charge. Has resigned following the recent theft row.



ANIL MISHRA, EX-MEMBER

RSS member who supervised all sales and purchases. Has resigned following the theft row. ST probe has raised questions about his role.

## STRUCTURAL CONTRAST: RAM TEMPLE TRUST VS OTHER MAJOR SHRINES

| Temple                               | Ram Temple                                     | Tirupati                                                                                               | Mata Vaishno Devi                                                                                                  | Jagannath Temple                                                                                                | Siddhivinayak Temple                                                                                       | Kashi Vishwanath Temple                                                                                            |
|--------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Governing legislation                | Supreme Court judgment + 1993 Act + Trust Deed | AP Charitable & Hindu Religious Institutions Act, 1987                                                 | J&K Shri Mata Vaishno Devi Shrine Act, 1988                                                                        | Shri Jagannath Temple Act, 1955                                                                                 | Shree Siddhivinayak Ganapati Temple Trust Act, 1980                                                        | UP Sri Kashi Vishwanath Temple Act, 1983                                                                           |
| Legal nature of management           | Independent public charitable trust            | State government endowments board                                                                      | Autonomous statutory managing committee                                                                            | Autonomous statutory managing committee                                                                         | Government-controlled public trust                                                                         | Statutory board of trustees                                                                                        |
| Executive head / Chief administrator | Proposed CEO / General Secretary               | Executive Officer (EO): A senior, active IAS officer posted by the state government to run operations. | Chief Executive Officer (CEO): An active IAS or KAS (Civil Services) Officer deployed by the state administration. | Chief Administrator: A senior bureaucrat (usually IAS or senior OAS) appointed directly by the Odisha Law Dept. | Executive Officer: A state-appointed government officer who acts as the ex-officio Secretary to the Trust. | Chief Executive Officer (CEO): A senior state-vetted bureaucrat/PCS officer appointed under Section 16 of the Act. |
| Financial audit grid                 | Private auditing                               | State audit department                                                                                 | Statutory audit                                                                                                    | State Law Dept oversight                                                                                        | State vetted                                                                                               | State monitored                                                                                                    |
| RTI status                           | Exempt                                         | Fully bound                                                                                            | Fully bound                                                                                                        | Fully bound                                                                                                     | Fully bound                                                                                                | Not known                                                                                                          |

Rai oversaw overall administration, Mishra supervised donations and recruitment linked to the counting system, retired banker Subhash Srivastava managed the counting process, while former RSS *pracharak* Gopal Rao looked after day-to-day temple operations.

The donation controversy exposed the limitations of this model. What had worked during the construction of the temple came under strain once it became one of the country's busiest pilgrimage centres, receiving around one lakh devotees every day.

With a significant number of trustees and office-bearers connected with the RSS — Rai, Mishra, Rao and Srivastava are all from the RSS — a "Sanghecosystem" virtually runs the temple, sources said.

The Temple's recruitment rules are not public, but police investigations into the case have found that quite a few people in the temple were engaged for daily work in an ad hoc manner and appointment letters for many have not been found yet. The six outsourced counting agents, who were supposedly hired by the State Bank of India for counting donations, were actually recommended to the bank by Trust office-bearers. One of them is the relative of Rai's driver Tinnu Yadav.

Yadav, who is under arrest, was entrusted with the keys to the donation boxes. The Trust has not yet made it clear under what rules he had been given that responsibility. Investigations have also revealed that while a standard operating procedure (SOP) was drafted under Mishra's leadership for temple operations, its implementation left a lot to be desired.

## Limited information

Unlike other major temple bodies, much of the Ram Temple Trust's internal rulebook remains outside public domain.

By contrast, the governing Acts, rules and administrative structures of other institutions are publicly available.

The *Indian Express* had earlier reported that a private internal audit commissioned in 2020 had described the management at the execution level as "highly unprofessional" and flagged the absence of SOPs, systematic financial records, defined reporting hierarchies, HR processes and maker-checker controls.

## Why appoint a CEO now?

The Trust's decision marks its biggest administrative restructuring since 2020. Unlike the existing arrangement, where trustees directly supervised several operational functions, the CEO is expected to oversee day-to-day administration, leaving the Trust to focus on policy decisions.

The move brings the Ram Temple closer to the governance model followed by several other temple institutions (see table). The appointment comes in the backdrop of the donation controversy and the RSS's call for "transparent financial management and efficient administrative systems" to restore public confidence.

## What does the rulebook say?

Unlike most other major temple bodies, much of the Ram Temple Trust's internal rulebook remains outside public domain. While the Centre notified the Trust's creation in February 2020, the detailed government scheme under which it was constituted and the Trust Deed have not been publicly released. An RTI applicant seeking these records was denied access after the Ministry of Home Affairs told the Central Information Commission (CIC) that the documents formed part of a "confidential file" because of the matter's sensitivity. The CIC also held that the Trust is not a "public authority" under the RTI Act and is therefore not obliged to disclose its internal documents.

Consequently, many aspects of the Trust's functioning have entered the public domain only during controversies.

The donation row led the Trust to publicly explain its counting process, inventory registers and handling of donated valuables. Following the resignations of Champat Rai and Anil Mishra, another internal rule became public when senior trustee K Parasaran clarified that under the Trust's constitution, a resignation takes effect immediately upon being submitted and does not require formal acceptance.

Earlier litigation over land purchases similarly brought into court parts of the Trust's internal framework to explain the powers of office-bearers and committees. By contrast, the governing Acts, rules and administrative structures of other institutions are publicly available. The Ram Temple's institutional architecture has instead become visible largely through litigation, official statements and crises rather than through an accessible rulebook.

That distinction has acquired greater significance in the wake of the donation controversy. In its first public statement on the issue, the RSS itself called for an end to the "confusion and uncertainty" surrounding the temple's administration. The proposed appointment of a CEO appears to be part of that broader effort to institutionalise the administration of a temple that has rapidly grown into one of the country's biggest religious institutions.

## SCIENCE

## Birds' words: Why a scientist won Rs 95-lakh prize for work on zebra finches



## EXPERT EXPLAINS

ANTONIO JOSE OSUNA-MASCARÓ  
ANIMAL COGNITION RESEARCHER, UNIVERSITY OF VETERINARY MEDICINE, VIENNA

AN AMERICAN scientist has won a \$100,000 prize for her work on how zebra finches communicate with each other. Dr Julie Elie at the University of California, Berkeley, won the Collier-Dolittle Challenge for Two-Way Interspecies Communication for discovering that "zebra finches classify their calls according to meaning more so than accents," the UK-based Collier Foundation said in a statement. Elie identified 11 different calls that the birds make, and their meanings.

Dr. Antonio Jose Osuna-Mascaró explains how scientists study birds' "language," and why Elie's work is significant. He spoke to *Yashvee*.

Scientists have long known that animals use distinct calls in different situations. What is new in Elie's work? Traditionally, humans observe animals, record their calls, examine their acoustic structure and the circumstances in which

they are produced, and then divide them into categories. But that leaves an important question unanswered: do those categories also exist for the animals themselves?

These researchers trained zebra finches to distinguish the different call types in their repertoire, using many examples. The birds were remarkably good at doing so.

The strongest result, in my opinion, comes from their mistakes. The researchers compared the birds' pattern of errors with what would be expected purely from acoustic similarity. The birds were more likely to confuse different calls associated with similar meanings (behavioural functions) rather than sound similarity. This suggests that their perceptual organisation reflects not only what calls sound like, but also something about what those calls are used for.

## What are the main methods to investigate whether a call carries specific information or meaning?

There are several complementary approaches. The starting point is usually naturalistic observation: researchers ask when a call is produced, who produces it, who is present and what happens afterwards. Acoustic analysis can then determine whether sounds produced in different situations are structurally distinct.

Playback experiments have been especially important. Researchers play a recorded call in the absence of the original event and ask whether receivers respond appropriately. Classic studies of alarm calls, for



Elie identified 11 different calls that zebra finches make. WIKIMEDIA COMMONS

example, showed that animals can produce different responses to calls associated with different predators. Studying alarm calls is the most common and easiest approach to study vocal communication in the animal world, since we can perceive the trigger, the vocalisation, and the response.

What is unusual about this study is its systematic scale and the use of the birds' own classification errors. Data. They compare two things: which calls an acoustic classifier tends to confuse, and which calls the birds themselves tend to confuse. The fact that these two error patterns are not identical is central to the argument. The birds' additional errors appear to group calls according to behavioural function, to their "meaning".

So, the study asks: how is the entire repertoire organised in the bird's perceptual space?

## What can machine-learning tools detect that earlier generations of researchers could not, and their risks?

I would actually use this study as a good example of why we should not confuse machine learning with understanding.

Machine-learning tools are enormously useful because they can process quantities of data that would be impossible for a human. They can identify subtle combinations of acoustic features, detect structure in large repertoires, distinguish individuals, discover graded variation and find statistical regularities across millions of vocalisations.

But a machine finding categories does not mean that those categories matter to the animal.

This study illustrates that distinction very nicely. The researchers use computational tools to characterise the acoustic relationships among calls, but the crucial evidence comes from comparing those computational classifications with the behaviour of the birds. The birds' perceptual organisation contains structure that cannot be completely predicted from acoustics alone.

That is, in my view, the correct relationship between AI and experimental biology. Machine learning can reveal patterns and generate hypotheses, but we still need experiments to establish whether animals perceive those patterns, use them and respond to them flexibly.

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The major risk is anthropomorphism by algorithm. If an AI system discovers 47 statistically separable vocal clusters, it is tempting to call them 47 "words". But clusters may reflect individual identity, sex, emotional arousal, or microphone characteristics.

## Some researchers now speak of two-way interspecies communication rather than simply decoding animal signals.

There is a large conceptual distance between decoding a signal and having a conversation.

At the simplest level, two-way communication requires that information genuinely passes in both directions. A human or machine-generated signal should change the animal's behaviour in a predictable way, and the animal should also be able to produce signals whose interpretation changes our subsequent behaviour.

But a convincing case for something resembling conversation would require considerably more. The exchange should be contingent: the meaning of one contribution should depend on what happened immediately before.

It should also be flexible, rather than a fixed chain of trained responses. Ideally, the system should allow some form of generalisation to new situations or new combinations, because otherwise it is difficult to distinguish communication from an elaborate sequence of conditioned behaviours.

Personally, the most convincing evidence would be an exchange in which an

animal spontaneously provides information that the human does not already possess. The human responds on the basis of that information, and the animal then adjusts its subsequent communication according to that response.

If scientists eventually manage to communicate meaningfully with certain animals, what are the biggest implications—for animal welfare, conservation, farming, or laboratory research?

That would be fantastic, of course, like science fiction to me. We have been close to that in the past, with Alex the parrot and with Kanzi the bonobo, but those were interactions far from what a naïve perspective would expect from a conversation between species.

I think we should be careful not to imagine a future in which animals simply tell us in human-like sentences that they are frightened or in pain. Communication systems are adapted to the ecological and social problems faced by each species. What matters to a zebra finch, an elephant or a cuttlefish may be structured in ways that do not map neatly onto human categories.

It's important to free ourselves from trying to "force" other species into our own way to understand the world. It's extremely interesting to learn about the vocal communication of other species, of course, and there might be many surprises waiting to be discovered. We have had to reshape our understanding of animal communication multiple times, and we should be open to it again in the future.





## Grand ambitions

India's cooperative sector can serve as a worker-centric model of development

**H**ypercompetitive business models that dominate the economic lives of people have undesirable social consequences. The cooperative model offers an alternative, albeit with its own imperfections. India's Ministry of Cooperation, which completed five years on July 6, is a bold experiment in harnessing the potential of this approach. Traditionally confined largely to agriculture, cooperatives now have the opportunity and a requirement to expand into other sectors, particularly services. Cooperatives, by their very character, are relatively small-scale and fragmented; organising them, and connecting them to the broader economy that disproportionately rewards hyper-scalers is a balancing intervention – an economic, political and social imperative. The Ministry aims to transform the cooperative landscape by bringing policy coherence across agriculture, dairy, fisheries, banking, housing, consumer cooperatives, and exports. This requires collaboration with States and national federations, capacity building, wise use of digital technology, and market linkages. Primary Agricultural Credit Societies (PACS) are the foundation of rural cooperatives. Through a reformed legal framework, they have been empowered to undertake over 25 business activities, transforming them into multifaceted institutions delivering many economic services in rural India.

The Ministry has facilitated new national-level multi-State cooperative societies, expanding market access for members and strengthening cooperative value chains from production to global markets. Cooperative enterprises are being encouraged to grow and compete, and a National Cooperation Policy is in the making. But there are challenges amid the opportunities. Corruption and inefficiency eroded the potential of India's cooperative sector, and the fear of local communities and States losing control of cooperatives to a national-level mechanism needs to be assuaged. The task is in finding the sweet spot of consolidation and decentralisation; localisation and nationalisation; technology and human labour, for boosting the sector. Union Home Minister Amit Shah, who holds the portfolio, is pushing the cooperative sector to expand into production and marketing, beyond agricultural credit and input facilitation, which could help mitigate the sector's endemic crisis. A well-coordinated, yet federated, cooperative sector can offset the social, environmental and political costs of global capitalism, which is the default model of the economy. Government and business leaders worldwide are viewing cooperatives with renewed interest, as the pitfalls of hypercapitalism become pronounced. India can develop its cooperative sector as a global model.

## Deceptive dispute

Courts should not waste their time in examining figments

**I**n 2015, a civil suit sought to declare the Taj Mahal a Hindu temple. This April, after an Agra trial court refused the petitioners' request to appoint an Advocate Commissioner to survey the monument, the Allahabad High Court – hearing the petitioners' challenge – has sought responses from the Centre and the ASI before deciding whether the lower court's refusal should stand. The legal position aside, the matter is both frivolous and vexatious. The idea today that the Taj Mahal was 'originally' a Hindu temple is associated with the late 20th century writings of P. R. Shrivastava and Nagesh Oak. Professional historians and archaeologists have repeatedly rejected his claims because they bank on speculative linguistic arguments and unsupported historical assertions. On the other hand, evidence that Shah Jahan built the Taj Mahal is rooted in contemporary chronicles, administrative records, European travellers' accounts, architectural histories, and archaeology. No archaeological study has produced evidence of a medieval Hindu temple beneath the Taj. Even though the ASI has previously submitted in affidavits that some rooms are locked because they are structurally vulnerable, supporters of the temple idea have alleged that they conceal Hindu idols. A Bharatiya Janata Party leader also unsuccessfully filed a PIL in 2022 and activists tried to offer 'gangajal' in 2024. Given the right historical, political, economic, and social conditions, an idea can persist long after its origins from pseudohistory.

The ongoing case resembles aspects of the Gyanvapi and Mathura disputes, where requests for ostensibly objective surveys were also platforms to advance revisionist political narratives. Courts are empowered to reject pleadings that disclose no sustainable cause of action – even as they are not commissions of historical inquiry and should not treat every speculative historical hypothesis as sufficient grounds for a supervised investigation. Equally, civil procedure should not tolerate re-litigating claims lacking any real evidentiary foundation. All major monuments accumulate materials of additions and alterations over time but heritage scholars draw a line between studying a monument's evolution and redefining its identity outright. The Taj Mahal became a UNESCO World Heritage Site in 1983. Repeated attempts to redefine its identity can also muddy international perceptions of India's stewardship of the monument and disrupt the region's tourism-based economy. The High Court may ultimately agree with the trial court's order after due examination, but the claim deserves not a breath of air. The petitioners have not advanced any new evidence, even as heritage institutions continue to face sustained legal pressure to manufacture controversies from figments.

# India's economic prospects after the West Asian crisis

**T**he United States and Iran agreed to a 14-point preliminary Memorandum of Understanding (MoU) towards ending the West Asian crisis and reopening the Strait of Hormuz. Although there have been initial hiccups, it is expected that, with the reopening of the Strait, global crude oil supply will stabilise and prices will normalise at a lower level. Following these developments, India should adjust its strategies, keeping in mind both the 2026-27 outlook and medium-term growth prospects.

The West Asian crisis had resulted in a period of relatively higher crude prices. The monthly average price of the Indian crude oil basket was \$114.5 per bbl in April 2026. It declined to \$106.2 per bbl in May 2026 and further to \$86.3 per bbl as of June 24, 2026. For the remaining three quarters of 2026-27, crude oil prices are expected to remain below this level, provided the truce continues.

### 2026-27 growth prospects

The National Statistical Office's provisional estimates of GDP growth of 7.7% for 2025-26 confirm India's strong post-COVID-19 pandemic recovery. This was preceded by real GDP growth rates of 7.2% and 7.0%, respectively, in 2023-24 and 2024-25 as per the new GDP estimates. Real Gross Value Added (GVA) growth was even more impressive at 7.9% in 2025-26, with the manufacturing, trade, transport, and financial and real estate sectors recording growth rates exceeding 10%. With nominal GDP growth at 8.9%, the implicit price deflator-based inflation rate stood at 1.1% in 2025-26.

For 2026-27, growth prospects are likely to be impacted because of the disruptions in crude supply and higher prices affecting the first quarter, and due to a deficiency in rainfall associated with the onset of El Niño. The India Meteorological Department has estimated a 10% shortfall (as compared with the Long Period average). Up to June 24, 2026, the estimated shortfall is nearly 43%.

The combination of El Niño and fertilizer shortages pose a potential risk to India's agricultural output in 2026-27. In particular, in the immediate term, the *khari* crop is likely to be affected. There may also be an impact on the *rabi* crop which is to follow. Therefore, it is important to build up fertilizer reserves and address issues



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of potential shortages when it comes to important crops, which may warrant a reconsideration of crop-specific import and export policies. The Reserve Bank of India (RBI) has projected real GDP growth of 6.6% for 2026-27.

### Fiscal prospects, petroleum economy

One important feature of 2026-27 growth is the likelihood of relatively higher nominal GDP growth as compared to 2025-26. This is because the implicit price deflator (IPD), which depends on Wholesale Price Index (WPI) and Consumer Price Index (CPI) inflation, is likely to be higher than the 2025-26 level of 1.1%. The RBI's June 2026 Professional Forecasters' median projections for WPI and CPI inflation for 2026-27 are 8% and 4.9%, respectively. With a resolution of the West Asian crisis, we consider WPI and CPI inflation rates for the full year to be lower at 6% and 4.5%; using weights of 60% and 40%, respectively, we can broadly estimate IPD-based inflation to be 5.4%. Combining this with a real GDP growth of 6.6%, we may have a nominal growth of about 12.4% in 2026-27, higher than the budgeted growth of 10.1%. This would have a positive impact on tax revenues. The Government of India should be able to realise its budgeted estimate of tax revenues absorbing the adverse revenue impact of any excise duty cuts. On the expenditure side, however, subsidies may be higher than budgeted.

The RBI has given a dividend of ₹2.69 lakh crore to the Government. This amount covers a significant portion of the budgeted 'Dividends and profits from RBI and Financial Institutions' in 2026-27 at ₹3.16 lakh crore. Given these developments, we expect the 2026-27 budgeted fiscal deficit at 4.3% of GDP to be either realised or only marginally exceeded.

The evolution of India's petroleum economy has been characterised by certain notable features. First, India's dependence on imported crude oil has increased to more than 90% in 2025-26 from 54.9% in 1998-99. Second, the volume of domestic production of crude oil has fallen over time to 26 million metric tons (MMT) in 2025-26 from a peak of 35.9 MMT in 2011-12. Third, demand for petroleum

products/petroleum, oil, and lubricants (POL) has increased, thereby generating the need for larger imports. Fourth, domestic consumption of POL

products has increased to 243.2 MMT in 2025-26 from 90.6 MMT in 1998-99. Fifth, India has developed an impressive capacity for refining crude to produce various POL products. This capacity has improved over time. Sixth, the energy intensity of India's output, as well as the intensity of use of POL products in GDP, has fallen over time. This augurs well for sustaining an energy-efficient growth at a reasonably high level for a relatively longer period.

India may continue to augment its refining capacity, which has helped save refining costs compared to the situation if it had directly imported refined petroleum products. The trend towards growing dependence on imported crude oil needs to be reversed by emphasising the exploitation of domestic crude resources while accelerating the transition to greener and alternative energy sources, including nuclear power.

### Build reserves

With a lowering of global crude prices and normalisation of supplies, the government should shore up its fertilizer reserves and reserves for other critical primary commodities including crude. There is a need to further diversify sources of imported crude and also reduce reliance on imports through the Strait of Hormuz. A policy for building strategic reserves of key primary commodities, along with estimates of the required volumes and needed infrastructure, should be put in place.

The current account deficit was 0.6% of GDP in 2025-26, with the fourth quarter showing a surplus of 0.7% of GDP. Prospects for 2026-27 indicate a deterioration in this magnitude. The RBI's June 2026 Survey of Professional Forecasters had estimated a current account deficit of 2.1% of GDP for 2026-27, as per their median estimate. With normalisation of the global oil market and the opening of the Hormuz Strait, we expect this to be lower at about 1.5% of GDP.

The prospects of the Indian economy outlined above is on the assumption that peace will prevail in West Asia from now on. If this assumption turns out to be incorrect and if the war continues, India along with many other countries will face an extremely difficult situation.

*The views expressed are personal*

Changing dynamics present opportunities and challenges for the economy

# Beyond three Cs, the new lexicon of India-Australia ties

**D**uring his visit to Australia in May 2023, when the Comprehensive Strategic Partnership between India and Australia was almost three years old, Prime Minister Narendra Modi had characterised India-Australia ties as having entered T20 mode. He also stressed that the relationship had gone beyond the conventional three Cs – of Commonwealth, Cricket and Curry – and the subsequent three Ds – Democracy, Diaspora and Dosti. As Mr. Modi undertakes his third visit to Australia this week, it would be instructive to look at some of the recent progress in two other important dimensions, the Ds of Development and Defence.



**Gopal Baglay**  
Former High  
Commissioner of  
India to Australia

### Expanding trade and investment

Growing bilateral economic cooperation has brought dividends like never before for both countries. All Indian exports to Australia now have duty free access under the Economic Cooperation and Trade Agreement (ECTA), benefiting textiles, pharmaceuticals, chemicals, engineering goods, gems and jewellery. Preferential access to 90% of Australia's trade value has facilitated Australian exports of critical minerals, resources, wool, avocados, and macadamia. There is the shared ambition to raise bilateral trade from \$33 billion in 2025 towards \$100 bn by 2030.

The two-way cumulative investment is approaching \$50 billion. Australia's AirTrunk recently announced plans to invest \$30 billion by 2030 to develop digital infrastructure and Artificial Intelligence (AI)-ready data centre.

Australian funds are increasingly active in India. At the same time, India is an important source of investment and technology. Indian investment in Australia's resources sector is well known.

According to reports, Perdanam Chemicals & Fertilizers, founded by an Indian, is establishing Australia's largest urea plant in western Australia, with \$4.5 billion. This largest ever investment in Australia's fertilizer industry has also created millions of man hours of work in India where over 98% of the plant's modules are manufactured.

Defence represents perhaps the fastest growing sector of bilateral cooperation. In a clear signal of the importance of India as a reliable partner, Australia's Deputy Prime Minister and Defence Minister Richard Marles visited India in his first foreign tours in both the terms of the Albanese government. Before his most recent visit for the Annual Defence Ministers' Dialogue last month, Mr. Marles had hosted Defence

Minister Rajnath Singh in Australia last year, marking the first visit by an Indian Defence Minister to the country in 12 years. Regular leadership and other senior level exchanges involving all the three Services and participation in bilateral and multilateral military exercises such as AUSINDEX, Malabar and Talisman Sabre foster operational understanding and coordination, significant especially in the maritime domain.

There are growing opportunities for defence industry cooperation in cyber, AI, drone, and in view of India's expanding ship-building capabilities.

### The 'E' factor

Beyond the Cs and the Ds, there are also enriching Es: Energy and Education. India-Australia Renewable Energy Partnership is implemented through a Solar Taskforce and a Green Hydrogen Task Force, and guided at the ministerial level.

India's unprecedented renewable energy targets present immense potential for clean energy cooperation across critical minerals and materials, manufacturing, laboratory research, commercial-scale deployment, industrial use, and solar rooftops.

Very recently, Australian media mentioned that arrangements for future Australian uranium exports to India might be finalised shortly. Were that to happen, India's ambitious civil nuclear programme will receive a significant boost, as would Australia's uranium exports.

The India-Australia education and skills partnership is steadily contributing to creation of an enduring base for future-ready youth, innovators and entrepreneurs. While more than one lakh Indian students are enrolled in Australia, world class and affordable education is now available in India itself through Indian campuses of a growing number of Australian universities. Joint research in priority areas such as advanced computing, energy, health care, space and defence promises to create both intellectual assets and networks. Specific visa programmes have created new avenues for educated Indian youth seeking employment opportunities in Australia and await better utilisation.

Australia's global leadership in imparting vocational skills is being tapped in areas such as solar rooftop and mining, including in Gujarat, Uttar Pradesh and Odisha. Practical solutions can pave way for meeting Australia's huge workforce

shortfall and spur its economy with Indian workers temporarily assigned to Australia.

Sport has emerged as a new priority. Focused and broad based strategy can propel cooperation in sport education, training, medicine, goods, infrastructure and organisation of large-scale events, such as Commonwealth Games 2030 and Brisbane Olympics in 2032. With the growing Indian diaspora in Australia, now over ten lakh and rightly called the living bridge, Indian traditional sports such as kabaddi and kho kho are gaining popularity, even beyond the diaspora community.

### Building multilateral partnerships

The upward trajectory of the bilateral relationship owes itself to a high degree of mutual trust, understanding and respect. Broad convergence of values and interests expands the format of cooperation to trilateral, such as India-Indonesia-Australia and India-France-Australia. The Australia-Canada-India Technology and Innovation Partnership, launched in November 2025, the India-Japan-Australia Supply Chain Resilience Initiative and a possible triad with the United Arab Emirates could play important roles in countering supply chain disruptions and market dominance and distortions in crucial areas such as critical minerals, rare earths, semiconductors and new technologies.

The shared vision of India and Australia for a free, open, safe, peaceful and prosperous Indo-Pacific manifests in their work through fora such as the Quad and the Indian Ocean Rim Association (IORA). The foreign visits this week by Mr. Modi and Australian Prime Minister Anthony Albanese bring out the geopolitical logic for ever-growing cooperation between India and Australia at regional and global levels. Their existing ties with Pacific Island Countries provide a good basis for leveraging their respective strengths to the benefit of the region in areas such as education, health, technology, fintech, capacity building and disaster relief.

Mr. Albanese never tires of mentioning his connection with India as a young backpacker. His understanding of the significance of a consequential relationship with today's India and the close chemistry between the two leaders have set the perfect stage to progress bilateral ties in T20 mode but in the long format, and to multiple win-win outcomes for both.

*The views expressed are personal*

A growing partnership now spans trade, defence, energy, education and innovation

## LETTERS TO THE EDITOR

### The U.S. at 250

The United States has reached a milestone in its democratic journey, guided by its cherished values of secularism and liberalism. As a land of immigrants who propelled its economic prosperity and technological advancements, the U.S. has

now positioned itself as the major superpower, though it faces significant challenges from China. However, all is not well, with the current incumbent of the White House undermining the foundations on which the American story was built. It is hoped that the

independent democratic institutions of the U.S. will protect and preserve the core ideals enshrined in the country's Constitution.

**M. Jayaram**,  
Sholavandan, Tamil Nadu.

### Ensure transparency

The report, 'Karnataka BLOs on SIR duty not

visiting homes, says NDA' (July 7), highlighting allegations of procedural lapses in the Special

Intensive Revision (SIR) of electoral rolls, is deeply concerning. Whether the claims that Booth Level Officers bypassed mandatory door-to-door visits are accurate or

politically contested, they warrant a swift and impartial investigation by the Election Commission. Electoral roll revision must remain free of institutional shortcuts and partisan bickering. To sustain public trust in the democratic process, the Chief Electoral Officer should ensure strict

adherence to door-to-door verification guidelines. Administrative transparency is essential to safeguard every eligible citizen's voting rights without bias.

**Andrea Anthony**,  
Hyderabad

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



## Linking women's incomes and healthcare

India is experiencing two revolutions at once. The first is economic. Female labour force participation has risen sharply over the past few years, supported by greater formalisation, digital payments, and government efforts to increase women's participation in the workforce.

The second is epidemiological. India is no longer fighting only infectious diseases. Diabetes, hypertension, cardiovascular disease, obesity and mental health disorders are now becoming defining public health challenges. These chronic conditions already account for most deaths in the country and place increasing pressure on both households and public finances.

Most policy discussions assume that these two are unrelated. However, new research, forthcoming in the *Oxford Open Economics* journal, suggests that they may be deeply connected.

**Looking beyond hospitals** India has traditionally measured progress in healthcare through familiar indicators such as more hospitals, more doctors, more insurance coverage, and higher healthcare expenditure. These investments remain indispensable; schemes such as the Ayushman Bharat have expanded financial protection for millions of households, while improvements in primary healthcare infrastructure continue to save lives. But healthcare expenditure is only one way of producing health. Many of the biggest determinants of health lie outside hospitals – better nutrition, healthier lifestyles, timely preventive care, education, sanitation, and informed household decision-making. If households began investing more in these activities, healthcare expenditure may fall, not because health deteriorates, but because health improves.

In the forthcoming research, a natural experiment created by India's 2018 reform of the



**Chirantan Chatterjee**

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Employees' Provident Fund was examined. The reform reduced the mandatory provident fund contributions for newly employed women in the formal sector from 12% to 8% during their first three years of employment. In effect, women experienced an unexpected increase in take-home salary without any change in their gross wages. This created an unusually clean opportunity to study how women allocate additional income.

Using nationally representative household panel data, it was observed that female-led households that benefited from the policy reduced overall healthcare expenditure by roughly 16%. Spending on medicines and doctors' consultations declined, while expenditure on activities associated with improving health (including nutrition and physical fitness) increased.

The research also analysed electronic medical records from one of India's largest eye hospital systems. Even after accounting for women who were already accessing healthcare, expenditure remained lower among women receiving the income shock.

This does not imply that women value healthcare less. Instead, it suggests that women may be using their additional income to reorganise household priorities in ways that reduce future dependence on healthcare.

Economists have long recognised that it matters who brings in the income. Research by Esther Duflo and Abhijit Banerjee has repeatedly shown that directing resources towards women changes household spending patterns. Transfers to women often generate greater investments in education, nutrition, and children's wellbeing. Banerjee and Niehaus have similarly shown that the identity of the income recipient influences how households allocate resources.

The new findings extend this insight into healthcare. Women appear to think about health over

a longer horizon. Rather than waiting until illness occurs, they seem more likely to invest in reducing health risks before they become expensive medical problems. That behavioural shift has important implications for a country where out-of-pocket expenditure still accounts for a substantial share of total healthcare financing.

**Why this matters for India** India's demographic dividend depends not only on creating jobs for women but also on ensuring that greater economic participation translates into healthier families. If increasing women's incomes changes household investments in nutrition, preventive care and healthier lifestyles, then employment policy becomes health policy. Policies that improve women's economic agency may generate benefits that extend well beyond labour markets. They may also reduce pressure on India's already stretched healthcare system.

For decades, economists have debated whether healthcare is a necessity or a luxury. Perhaps, a more relevant question is whether households are investing in creating health rather than merely purchasing healthcare. That separation matters because healthcare expenditure is an imperfect measure of health. Lower spending on medicines or consultations is not automatically a sign of neglect. Sometimes it reflects fewer illnesses requiring treatment. Other times it reflects better prevention.

India's development strategy emphasises preventive healthcare and healthier lifestyles. This new evidence suggests another ingredient belongs in that conversation: the economic empowerment of women. When women earn more, they may not simply spend more; they spend differently. And those different decisions could quietly become one of India's most important investments in public health.

## An Opposition ridden with factions

The Karnataka State BJP unit is dealing with groupism and increasing mistrust

### STATE OF PLAY

**B.S. Satish Kumar**

As the new dispensation led by D.K. Shivakumar completes one month in office in Karnataka, there is a feeling that the faction-ridden principal Opposition, the Bharatiya Janata Party (BJP), is unable to match the "no holds barred" functioning style of the new Chief Minister.

The BJP was hoping to cash in on the heartburn and dissidence in the ruling Congress that would follow a change of guard. But though there were disgruntlements, they are yet to snowball into dissidence as the leadership change in the Congress was a relatively smooth affair.

And just when the BJP started realising that it had been robbed of a political opportunity, there came the biennial elections to the Legislative Council. The BJP and its alliance partner Janata Dal (S) fielded an additional candidate though they were marginally short of the required numbers to ensure his victory. However, the results shocked the alliance partners. Much against their plans of eating into Congress votes, an estimated 11 members from their own camp had voted in favour of the Congress, causing huge embarrassment.

### A shocking cross-vote

The alliance partners are of the view that of the 11 cross-voters, four were from the BJP. But a fact-finding committee of the party that looked into the issue could not identify who these MLAs actually were, as the polling was via a secret ballot system. This episode of cross-voting not only exposed the chinks in the



BJP's armour, it also gave the new Chief Minister his first political victory.

This was highly discouraging for the BJP as it intensified suspicion and mistrust in the party that was already gripped by groupism. Instead of focusing on exposing political and administrative shortcomings of the new dispensation, the BJP State unit was busy trying to set its own house in order as the rival groups in the party started blaming each other for the cross-voting.

Things came to such a head that the BJP State President B.Y. Vijayendra even announced his intention to hold a legislature party meeting in the pilgrimage centre of Dharwad for an informal "truth test". Though it was cancelled through the intervention of some senior leaders of the party, it left a bitter taste among the cadre.

State leaders of the party then held a meeting on the cross-voting issue with central leaders who advised them to focus on strengthening State organisation. However, this has not stopped groupism and the trend of publicly criticising party colleagues. Just recently, Yelahanka MLA S. R. Vishwanath and Chikkaballapur MP K. Sudhakar provided fodder for the media by indulging in a public spat. Later, party leaders confirmed that both the leaders have agreed to patch up and that the state core committee, which is the

highest decision-making body, will deal with any such indiscipline in a stern manner. However, the party cadre is worried that its efforts to counter the new dispensation over various contentious issues is not turning out to be effective due to mistrust within the party.

### Issues galore

Currently, the BJP has raised the issue of an alleged procedural violation in the Special Intensive Revision of electoral rolls by stating that it is being held in community halls instead of being done through door-to-door visits. Other important issues include the delayed and deficient monsoon that has threatened to affect agriculture and the drinking water situation, as well as the political conflict that has unfolded over the acquisition of vast tracts of farm lands in Bidadi, near Bengaluru. This is in addition to the alleged irregularities in implementing the Gruha Lakshmi scheme.

Above all, is the issue regarding the delay in ministerial expansion. Thus, though there is no dearth of issues before the BJP as an Opposition party, it is clear that the party cannot put up an effective fight when it is ridden with mistrust and groupism.

With less than two years left for the next Assembly polls, party cadre are eagerly looking towards the central leadership to set the State unit in order. They are hoping that the party high command would take measures to not only set the house in order, but also ensure better coordination between the coalition partners in order to instil confidence among the leaders, cadre and supporters well ahead of the next Assembly polls scheduled in 2028.

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## India's EV transition cannot afford to ignore retrofitment

The country needs a comprehensive retrofitment framework which can democratise EV transition and support a circular mobility economy

### DATA POINT

**Jaideep Saraswat**  
**Ashish Dokania**

The conflict in West Asia has once again reminded the world of an uncomfortable truth – severe energy dependency is a structural vulnerability, not a temporary inconvenience. For emerging economies such as India, which imports more than 85% of its crude oil requirements, such events can quickly test energy security and economic resilience.

Over the past decade, the government has placed enormous emphasis on transport-sector decarbonisation, with multiple schemes rolled out to support Electric Vehicles (EVs) and create long-term demand.

These efforts are beginning to show results, with EVs now accounting for 8.5% of total new vehicle sales in India in FY25-26 (Chart 1). However, the transition is happening in new vehicle sales, while the existing pool of over 30 crore Internal Combustion Engine (ICE) vehicles on Indian roads continue to run entirely on imported petroleum (Chart 2 and 3).

That is where vehicle retrofitting enters the picture. It is the process of replacing a vehicle's engine, exhaust system, and related components with an electric battery pack, motor, and control systems to convert it into an EV.

The case for retrofitting is strongest when viewed through India's own cultural and economic lens. India has always valued repair, reuse, refurbishment, and life extension. Even when it comes to household appliances and electronics, the instinct has traditionally been to maximise utility before replacement. Retrofitting fits naturally within that ethos.

The logic is simple. Instead of forcing millions of functioning petrol two-wheelers into premature retirement, existing vehicles can be converted into EVs through cer-

tified retrofit kits. The chassis remains. The identity remains. The emotional connection remains. Only the powertrain changes.

Many middle-class households do not see a vehicle that still works as scrap merely because policy language categorises it as "old". In many cases, the structure is sound, the frame is usable, and the vehicle still has years of service left. What becomes burdensome is the rising fuel cost, maintenance pressure, and declining reliability of an ageing engine. Retrofitment addresses this gap.

It is cheaper, not just compared to buying a new EV, but also compared to purchasing a new ICE vehicle. More importantly, it democratises the EV transition for consumers who may otherwise remain excluded from India's new-age electric market. So, retrofitment is more than a technical or economic solution. It is a social intervention. The environmental case is just as compelling. When functioning vehicles are discarded, the result is not merely lost utility, but also avoidable waste, disposal pressure, and resource intensity. Retrofitting extends the life of existing assets, reduces unnecessary scrapage, and supports a more circular mobility economy.

Moreover, a strong retrofit ecosystem can generate decentralised employment across technicians, service centres, electrical integration specialists, battery management services, software calibration, refurbishment supply chains, and rural mobility entrepreneurship. Unlike large centralised automotive manufacturing, retrofit ecosystems can scale through distributed employment models.

### Scalable model

Globally, the idea is gaining traction. Countries across Europe are examining circular mobility models as part of their broader climate goals while Nepal has moved towards permitting and supporting retrofit solutions.

Support for retrofitment can be

mainstreamed in India. The first Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme included retrofitment support, but it gradually disappeared from the conversation. Even so, some States have begun to acknowledge its potential.

Madhya Pradesh has taken steps toward building a more favourable ecosystem through up-front subsidies, a one-stop portal for subsidy access, and Statewide retrofitment agency registration instead of registrations via Regional Transport Offices (RTOs).

The market itself is maturing faster than the policy framework. Initial scepticism around legality, registration, insurance, safety, and reliability was understandable when the sector was nascent. But the ecosystem has evolved. Certified retrofit companies are now working alongside testing agencies, insurers, financiers, and transport authorities. Real-world adoption numbers are rising, and after the West Asia conflict, enquiries have reportedly doubled. The market is signalling confidence.

India needs a comprehensive national retrofitment framework. First, retrofit policies must be standardised across States. Second, financing institutions can formally recognise retrofitted vehicles as financeable assets. Third, India should create robust certification and safety standards to eliminate low-quality informal conversions that can erode consumer trust. Fourth, Goods and Services Tax (GST) treatment may be rationalised so that retrofitment kits are not taxed at a disadvantage compared with EVs. Fifth, retrofitment data has to be made publicly available. Finally, the latest PM E-DRIVE scheme that extends subsidy support to zero-emission trucks may also consider retrofitment.

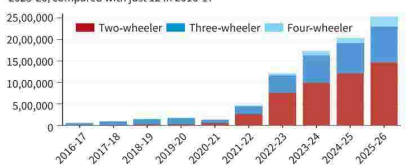
As the world navigates oil vulnerability, India has an opportunity to think differently and choose between treating old vehicles as scrap, or recognise them as assets capable of transformation.

### Discard or reinvent?

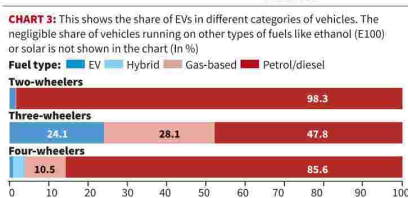
Data for the charts were sourced from the VAHAN database



**CHART 1:** This chart shows the growth in the sales of EVs in the past 10 years. Trucks are not shown in the chart. A total of 843 EV trucks were registered in 2025-26, compared with just 12 in 2018-17



**CHART 2:** Despite the growth in sales of new EVs, this chart shows how vehicles running on petrol or diesel still dominate Indian roads (Numbers are in crore)



**CHART 3:** This shows the share of EVs in different categories of vehicles. The negligible share of vehicles running on other types of fuels like ethanol (E100) or solar is not shown in the chart (In %)

### FROM THE ARCHIVES

## The *Hindu*

FIFTY YEARS AGO JULY 8, 1976

### A new gateway to India

Attari (Amritsar District), July 7: This small-sleeper township of 7,000 about 2 km from the Indo-Pakistan border, is all set to become a new gateway to India from later this month when the rail link between the two countries is restored after a gap of 11 years.

The Attari Railway Station is almost ready to handle the passengers of the Amritsar-Lahore Express with its platform widened, passenger sheds extended and installation of various facilities including health, immigration, and customs counters, a new canteen, basic dispensary, drinking water taps and foreign exchange counter.

A visiting Samachar correspondent from Chandigarh was informed by the Station Master of Attari, Mr. J. M. Mahajan, that only a 36-ft section, which would link the railway lines of the two countries, remained to be laid. This could be accomplished within half an hour, once the go-ahead was received.

He said that before the agreement for the restoration of the rail link was reached, the Pakistani side had begun readying a wayside station, Bhanuhak. In addition to the main railway line, they had laid five sidings. But when it became clear that Lahore would be the embarkation and disembarkation point on the Pakistani side, they had removed the new sidings from Bhanuhak.

He said, before 1965, the Indian Railway staff used to travel by the passenger train from Amritsar to Lahore where they used to take over the train for its journey back to India.

Pakistani Railway staff also used to travel by the train to take over at Amritsar for the journey to Lahore.

A HUNDRED YEARS AGO JULY 8, 1926

### London school of tropical medicine

London, July 7: In the presence of leading surgeons and physicians, the Minister of Health laid the foundation stone of the London School of Hygiene and Tropical Medicine close to the British Museum. Major Ormsby Gore said that if Britain was to continue the trusteeship of her tropical possessions, she must be more up-to-date. He hoped the school would offer ample opportunity for research and training of the students in tropical diseases.



# Text & Context

THE HINDU

## NEWS IN NUMBERS

### Government schools in Assam without power connection

**676** A total of 676 government schools in Assam do not have any form of electricity, while 283 schools lack boys' toilets, State Education Minister Ranaj Pegu said on Tuesday. The government has already earmarked ₹4 crore during the current financial year to provide electricity connections to all these schools, the Minister added. **PTI**

### Rise in Foreign Direct Investment inflows to India in 2025

**44** in per cent. Foreign Direct Investment inflows to India increased by 44% in 2025 to USD 39 billion, according to the UN, which said the country continued to strengthen its position as a major investment destination. FDI flows rose by 6% to USD 1.6 trillion. Inflows increased by 11% in developed economies and by 2% in developing economies. **PTI**

### Number of people impacted by delayed domestic flights in May

**1.77** Flight delays impacted more than 1.77 lakh passengers, and airlines spent a little over ₹4.24 crore towards facilitation, according to DGCA data released on Tuesday. Indian airlines carried 1.53 crore domestic passengers in May, over 11% higher than 1.38 crore people flown in April, according to official data released on Tuesday. **PTI**

### Number of civilian casualties in Sudan drone strikes

**15** Drone strikes on vehicles in Sudan's North Kordofan state killed 15 civilians, including five women, in two areas controlled by the paramilitary forces, a rights group said on Tuesday. The Emergency Lawyers said that one vehicle was carrying wedding guests while another was transporting water. The group did not specify who was behind the attacks. **PTI**

### Number of people killed in prison riot in Sri Lanka

**27** Sri Lanka launched an investigation on Tuesday into its deadliest prison riot in years, as the death toll from clashes between rival drug gangs rose to 27. Armed police and commandos were not sent into the prison but were deployed to guard the perimeter of Negombo prison, following the clashes on Monday. **AFP**  
COMPILED BY THE HINDU DATA TEAM

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## On the method for caste enumeration

After decades of debate, caste will be counted as part of the 2027 Census. It is significant to look at the ongoing 'pre-test' and questionnaire design, as well as past anomalies during 2011 Socio-Economic Caste Census, as Independent India prepares to enumerate caste for the first time as part of the Census exercise

### EXPLAINER

Vijaita Singh

#### The story so far:

The rehearsal or the "pre-test" of the second phase of Census, which started in 16 States and Union Territories on July 6, 2026, has an "open column" for respondents to record their castes, several officials involved in the exercise told *The Hindu*. The pre-test is on till July 20, 2026, and the outcome will decide how Independent India enumerates caste for the first time as part of the Census. Other than the Scheduled Castes (SC) and Scheduled Tribes (ST), caste-wise population has not been enumerated in Independent India; the last time such data was collected was in 1931.

#### Background of caste Census

After repeatedly opposing caste enumeration, the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) finally announced on April 30, 2025 that caste would be counted during Population Census 2027. Before this, the Opposition parties, particularly Congress leader Rahul Gandhi, had consistently demanded that the caste of all people be counted in India.

A few alliance partners of the BJP too made the demand. Unlike the 2011 Socio-Economic Caste Census (SECC), which was done outside the purview of the Census, this time, caste will be enumerated with the second and final phase of the Census, giving it a statutory backing.

#### Significance of the ongoing pre-test

Though the ongoing rehearsal gives an indication of how caste is likely to be enumerated in the coming days, Census officials said the final methodology would be prepared based on the feedback received during the exercise. The pre-test exercise also allowed self-enumeration



The Opposition seeks wider consultations before the caste Census is conducted. C. VENKATACHALAPATHY

and the portal was accessible from July 1-5 only in the specific area where the rehearsal is being done.

The discourse on the methodology of caste enumeration has largely swung between either leaving an open column for caste, just as the 2011 SECC did, or preparing a list of castes for people to pick from — as the Bihar government did in its 2022-23 caste-based survey. The results of the SECC were neither released by the United Progressive Alliance (UPA) government nor by the NDA government after it came to power in 2014.

The open-column methodology had resulted in the 2011 SECC returning over 46 lakh different "caste names", largely owing to the difference in what people understand by caste. The total number of castes during the 1931 Census conducted by the British was 4,147. In 2021, the Union government informed the Supreme Court in an affidavit, "Assuming that some castes may bifurcate into sub-castes, the total number cannot be exponentially high to this extent," adding that the data cannot be relied on for reservation in education, employment or elections to

local authorities.

#### Anomalies reported during 2011 SECC

Officials said the SECC threw up lakhs of caste names as it was kept open-ended. Respondents were asked to name their castes. For example, people wrote Gupta, Agarwal and so on for the Baniya caste, which increased the numbers exponentially. Though the method is not final, the pre-test is providing the same open-ended column for respondents to record their castes.

According to the latest government data, there are about 2,650 Other Backward Classes (OBCs) on the Central List, 1,170 in the Scheduled Castes category, and 890 in the Scheduled Tribes (ST) list. The State governments maintain their own OBC list.

#### Concerns about the methodology

The Opposition parties have demanded wider consultation with all stakeholders before the caste Census is undertaken. On December 2, 2025, Mr. Gandhi asked in the Lok Sabha if the government has any proposal to publish the draft Census

questions and seek inputs from the general public or people's representatives and whether it will consider best practices such as caste surveys done in other States.

Responding to this, Minister of State for Home Nityanand Rai said, "The draft Census questionnaires are pre-tested in the field to assess their feasibility before finalisation of the same. Census has a history of more than 150 years. Learnings from previous Census are taken into consideration for conducting next Census. Before each Census, the inputs are also taken from stakeholders." Throughout 2025, the government repeatedly stated that the final caste questionnaire had not been settled. Parliament was informed in February 2026 that questions relating to caste would be notified before the commencement of the second phase of Census operations. The Union Home Ministry said representations had been received from various organisations and State governments regarding caste enumeration, and that the final questionnaire would be prepared according to established procedures.

#### Reason for delay in Census exercise

The Population Census exercise is done in two phases — the Housing and House Listing Operations (HL0) and Population Enumeration, spanning over 11 months. The last Census was completed in 2011. The next exercise, Population Census 2021, was initially delayed owing to the COVID pandemic that surfaced in India around March 2020, coinciding with the first phase enumeration that was to begin from April 1, 2020. While the restrictions related to the pandemic were over by 2022, government did not specify the reasons to delay the exercise till now. On June 4, 2025, the government announced that the population Census along with the enumeration of castes will be conducted in two phases by February 28, 2027. The reference date of the people's headcount will be 12 a.m., March 1, 2027.

### THE GIST

▼ The BJP-led NDA government announced on April 30, 2025 that caste would be counted during Population Census 2027.

▼ The discourse on the methodology of caste enumeration has largely swung between either leaving an open column for caste, just as the 2011 SECC did, or preparing a list of castes for people to pick from — as the Bihar government did in its 2022-23 caste-based survey.

## What does the lifting of gas curbs mean?

What led to the lifting of restrictions on energy supply imposed following the West Asia crisis?

Debayan Tewari

#### The story so far:

On July 4, 2026, the government lifted emergency curbs it had imposed on the supply of natural gas during the West Asia crisis in March. It cited "ceasefire and negotiations" and the resumption of "sea traffic through the Strait of Hormuz" to restore gas supplies to fertilizer plants, refineries, distributors and industrial users. The Petroleum and Natural Gas Ministry, in a notification, amended the Natural Gas (Supply Regulation) Order, 2026, and omitted provisions that had prioritised sale of domestically produced natural gas and imported Liquefied Natural Gas (LNG) as per a priority list released by the government during the U.S.-Israel war on Iran.

On March 12, Union Minister for Petroleum and Natural Gas Hardeep Singh Puri told Parliament about the "immediate priority sequence".

"Domestic piped gas to homes and CNG for vehicles receive 100% supply with no cuts. Industrial and manufacturing consumers will receive up to 80% of their previous six-month average. Fertilizer plants will receive up to 70%, protecting the agricultural input chain ahead of the sowing season. Refineries and petrochemical units absorb a managed reduction, with that gas redirected to higher-priority sectors," he had said.

#### Which sectors will benefit?

The latest measure follows a series of steps the government has taken to ease the supply of gas in the wake of an improved supply situation. On June 25, it restored the supply of industrial and commercial LPG to the pre-West Asia crisis levels.

The move is expected to benefit the refineries, city gas distributors, and industries such as ceramic. These sectors need reliable supply of natural gas at affordable rates.

According to Prashant Vasisht, senior vice-president at ratings agency ICRA, the biggest beneficiaries of this move will be the industrial and commercial users of natural gas. He said the supplies to fertilizer units and domestic users were all but normalised.

"The emergency measures had affected supplies of city gas distributors to their industrial and commercial clients. There were industries which did not get even alternate fuel to carry out operations. Hotels, for instance, had to stop making items that consumed more fuel," he said.

Gas supplies to ceramic, power, sponge iron and petrochem sectors were curtailed. "So, factories that were operating in reduced capacity can now ramp up their capacities as and when the fuel supplies come in," he said.

When the West Asia crisis peaked in March, ceramic manufacturing units based in Gujarat's Morbi bore the brunt with reports indicating that 600 factories

and 4 lakh workers were affected amid a shortage of propane and natural gas, both used in the production of ceramic.

#### Which sector uses LNG the most?

Fertilizer plants are known to consume a bulk of India's LNG. In an earlier interaction with *The Hindu* in March, Mr. Vasisht had said, "A little less than 30% of natural gas use goes into making fertilizers, while power plants account for 13% and city gas distribution 21%."

Urea, which has around 46% of nitrogen, is the most common nitrogen fertilizer. It is produced by converting natural gas (methane) into ammonia and then combining it with carbon dioxide. The energy-dependent process, hence, makes LNG a crucial ingredient of the product.

#### What should be the next step?

India has been diversifying its energy sources. As Mr. Puri put it in a recent blog post, "The widening of our crude basket from 27 countries to 41, the doubling of our import terminals, and the pipelines and reserves built across a decade under Prime Minister Modi were not abstractions when the Strait finally closed; they were the very reason the lights stayed on."

The road ahead now is one of capacity building. As Mr. Puri wrote, "Learning from this experience, we will build additional capabilities to strengthen our energy resilience..."

### THE GIST

▼ On July 4, 2026, the government lifted emergency curbs it had imposed on the supply of natural gas during the West Asia crisis, citing "ceasefire and negotiations" and the resumption of "sea traffic through the Strait of Hormuz".

▼ The move is expected to benefit refineries, city gas distributors and industries such as ceramics, which need a reliable supply of natural gas at affordable rates.



EXPLAINER



**Key investor:** Life insurers collectively hold close to a quarter of India's outstanding central government dated securities, based on RBI and IRDAI data. GETTY IMAGES

# How India's life insurance sector funds government expenditure

A significant share of life insurance premiums is reinvested in securities that finance government expenditure. While the case for deeper insurance penetration is often made in terms of household financial protection, it is equally important for sovereign fiscal stability

T.C. Suseel Kumar  
R. Sudhakar

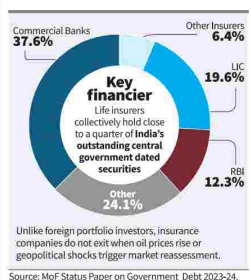
**W**hen the government borrows, the question that follows is rarely asked aloud: who lends? A large part of the answer is the life insurance sector. Every year, millions of households across India pay premiums into life insurance policies. That money is reinvested, for decades, in the very securities that finance government expenditure – roads, railways, water supplies, hospitals, defence. The household protecting itself against the loss of its breadwinner is simultaneously, and unknowingly, lending to the sovereign [the Central government]. Life insurers collectively hold close to a quarter of India's outstanding central government dated securities, based on RBI and IRDAI data – a share that has remained stable even as the total sovereign debt stock expanded by around 40 per cent in three years. This is not a number that appears in budget speeches or parliamentary debates. It is, however, a number that matters.

**Patient capital in a volatile world**  
The stoic and resilient quality of the sector's sovereign support is as significant as its scale. Life insurers write policies with tenures of twenty, thirty, sometimes forty years. Government securities are the natural habitat of long-duration liabilities – the only asset class that absorbs this scale of funds at matching tenures without distorting the market. Unlike foreign portfolio investors, whose appetite fluctuates with global risk sentiment, insurance companies buy and hold. They do not exit when oil prices rise or when a geopolitical event triggers a reassessment of emerging market exposure. Their participation is counter-cyclical by design – stable

precisely when other buyers become unreliable. A steady domestic base of long-horizon holders reduces rollover risk and moderates borrowing costs across the maturity spectrum. Life insurers buy when others sell, hold when others exit, and reinvest when others pause. That is the structural consequence of writing long-duration promises to millions of policyholders.

**The heavyweight within the sector**  
The sector's contribution is not evenly distributed. The Life Insurance Corporation of India carries the dominant share – a consequence of its scale, its predominantly participating product mix, and the duration of its in-force book. Its March 2025 regulatory filing with IRDAI (Form L-26) confirms that sovereign paper accounts for nearly 63 per cent of its non-linked policyholder corpus – well above the regulatory minimum, and a direct expression of what long-duration liabilities demand at scale.

LIC holds approximately 19 per cent of all outstanding central government dated securities – a figure confirmed by the RBI's Public Debt Management Quarterly



Source: MoF Status Paper on Government Debt 2023-24.

Report for FY24, the most recently published data. LIC's IRDAI regulatory filings for March 2025 give the institutional reality in absolute terms: ₹20.2 lakh crore in central government securities alone, and ₹32.3 lakh crore in total government and government-guaranteed securities across all funds. These are not estimates. They are figures LIC files with its regulator every quarter and that any researcher can access on the IRDAI website. This makes LIC the single largest institutional holder of Indian government's debt.

Private life insurers, with a higher proportion of unit-linked and shorter-tenure products, contribute a smaller fraction today. As they grow and deepen their traditional offerings, their sovereign allocations will follow the same structural logic.

The regulator has already recognised the systemic dimension of this function: IRDAI designates LIC as a Domestic Systemically Important Insurer every year, describing it as an institution whose distress would cause significant dislocation in the financial system. That designation, rightly made on insurance-sector grounds, points toward a wider truth – the dislocation would extend into the sovereign borrowing programme itself.

Insurers in Japan, the United Kingdom, and South Korea are among the largest holders of their respective governments' long-dated securities, not because their liability profiles demand it. India's life insurance sector is following the same path.

**The fragility within the stability**  
India's life insurance penetration stood at 2.7 per cent of GDP in FY25, the third consecutive year of decline from a pandemic-era peak of 3.2 per cent, against a global life average of 3.0 per

cent. Three regulatory interventions between 2023 and 2024 – restructured distribution economics, taxation on certain high-value policies, and mandatory product repricing, simultaneously, has compressed new businesses. While each was defensible in isolation, their cumulative effect was adverse. The sector is recovering. But the episode illustrates a risk worth noting: when multiple regulatory actions compress new business at once, the household savings that would otherwise have flowed into the sovereign debt market through insurance, reduce or find shorter-duration homes elsewhere. The sovereign borrowing programme may not notice this in the short term. Over a decade, it would.

## The unacknowledged pillar

Banking commands policy attention in proportion to its systemic importance. Insurance, which quietly holds close to a quarter of outstanding central government dated securities, does not.

The case for deeper insurance penetration is most often made in the language of household financial protection – the uninsured family, the inadequate sum assured, a mis-sold product or an unsettled claim. These are legitimate concerns. But there is a parallel case, made in the language of sovereign fiscal stability, that has not been fully articulated in public policy discourse. If the reliability of India's domestic sovereign funding base is a macroeconomic priority given the scale of annual borrowing requirements, then the depth and health of the life insurance sector remain directly relevant to that priority.

(T.C. Suseel Kumar is a former Managing Director of LIC India. R Sudhakar is a former Chief Investment Officer and Executive Director of LIC India. The views expressed are personal.)



## FROM THE ARCHIVES

# Know your English

S. Upendran

"I have been coming here every day, but you are never around. Don't tell me that you are already busy with next month's conference."

"A conference requires a lot of planning. There are so many rules and regulations to be followed. Even my boss is stymied by some of..."

"...your boss is what? What was the word you used?"

"S.t.y...m...e. The 'y' in the first syllable is like the 'y' in 'my', 'by', and 'cry'. The 'ie' in the second syllable is pronounced like the 'i' in 'kit', 'bit', and 'hit'."

"But what does 'stymie' mean?"

"Believe it or not, it's a word that comes from the world of golf. How would you feel if you were to find your opponent's golf ball obstructing your path to the hole?"

"Well, if the opponent's golf ball is between mine and the hole, I would probably feel pretty annoyed and frustrated, I guess. I would probably feel that he placed the ball there to ensure that I didn't make any progress."

"Excellent! When something 'stymies' you, it prevents you from doing whatever it is that you had planned to. There is an obstruction which leaves you confused." "In other words, you end up making no progress in whatever it is you are doing."

"Exactly! Here's an example. The change that the new teachers tried to bring in was stymied by the administration."

"We had a test in physics yesterday. Most of the students were stymied by the first question."

"That's a good example."

So, how is the preparation for the conference coming along?"

"Our Coordinator has been sweating blood ever since..."

"...sweating blood? Good grief! That sounds serious. Have you taken him to the doctor?"

"Doctor? What for? I don't... Oh I see. When you say that someone is sweating blood, it doesn't mean he/she is really bleeding. It means that the person is working really hard to complete something."

"I see. Is 'sweating blood' an expression used in informal contexts?" "That's right. Here is an example. The old man sweated blood to put his grandson through college."

"...I wish that the Indian cricket team would sweat blood for the sake of the country."

"They probably would if the Board made it clear that a player's pay would be determined by his performance, rather than his non-performance."

"Some of the newspaper articles dealing in cricket were very interesting."

"Dealing with and not dealing in."

"What is the difference between the two?"

"When a shop or a company deals in something, it does business buying and selling those things."

"I see. So when you 'deal in' something, you specialise in it. Is that it?"

"Well, yes. Here is an example. If you want to buy a good pair of jeans, go to my cousin's shop. He deals in jeans."

"What does 'deal with' mean?"

"When a book or an article deals with a particular topic, it discusses or covers that particular topic. Here is an example. Corruption is a topic that is dealt with in detail in this book."

Published in The Hindu on March 13, 2001

## THE DAILY QUIZ

On this day in 1497, Vasco da Gama sailed from Lisbon with four ships; ultimately opening a sea route from western Europe to Asia. A quiz on the explorer and the voyage

Sindhu Nagaraj

### QUESTION 1

The fleet of ships arrived in which part of India on May 20, 1498?

### QUESTION 2

What is the disputed doctrine called, based on whose authority the expedition was undertaken?

### QUESTION 3

What were the fleets of ships funded by the Crown of Portugal, and dispatched on an annual basis from Portugal to India called?

### QUESTION 4

In which year did the Battle of Calicut take place?

### QUESTION 5

There is a port city in India which is named after Vasco da Gama. In which present State is the port in?



**Visual question:** How is this church in Kochi related to da Gama? FILE PHOTO

**Questions and answers to the previous day's daily quiz:** 1. The eight Sikh Guru born in 1656, who would go on to lead the faith at just five years old. **Ans: Guru Har Krishan**

2. Born in 1883, this scholar wrote *Usne Kaha Tha*, one of the earliest modern Hindi short stories. **Ans: Chandradhar Sharma Guleri**

3. An Indian revolutionary, born on this day in 1854, who served as the Prime Minister of the first Provisional Government of India established in Kabul, Afghanistan, during the First World War. **Ans: Mohamed Barakatullah Bhopali**

4. Born on this day in 1914,

this composer introduced full orchestral music to Hindi cinema and is best remembered for his score in the film *Kismet* (1943). **Ans: Anil Biswas**

5. This 1981-born cricketer captained India to titles in three major white-ball ICC tournaments. He famously wore the number 7 jersey. **Ans: Mahendra Singh Dhoni**

**Visual:** Born in 1963, identify this director well known for films such as *Rang De Basanti*, *Delhi-6* and *Bhaag Milkha Bhaag*. **Ans: Rakeysh Omprakash Mehra**

**Early birds:** Tamal Biswas| Pulkit Sathe| Tito Sathidatya| C. Saravanan| Ayushi

## Word of the day

### Debonair:

having a sophisticated charm

**Synonym:** suave

**Usage:** The actor's debonair manner won over the audience.

**Pronunciation:** newsth.live/debonair

**International Phonetic Alphabet:** /dəbəˈneɪ(ə)/

For feedback and suggestions for Text & Context, please write to [letters@thehindu.co.in](mailto:letters@thehindu.co.in) with the subject 'Text & Context'



the hindu businessline.

WEDNESDAY • JULY 8, 2026

## Artificial arguments

SC has rung timely alarm bells against AI in courtrooms

**T**he Supreme Court may have overstretched the metaphor while it compared AI-hallucinated material to the release of “methyl isocyanate” in a recent matter where NCLT and NCLAT relied on AI-generated fictitious judicial precedents. But the judges were not mistaken in their assessment of the malaise.



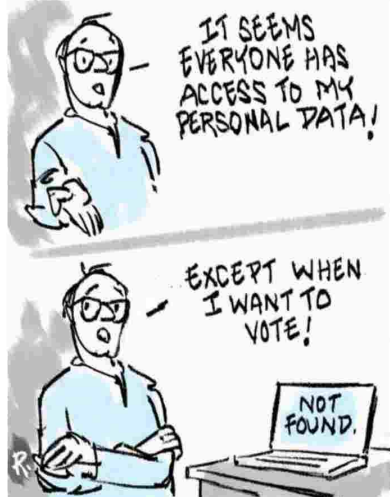
The Court's observations were made in an insolvency dispute; it overturned NCLT and NCLAT rulings after discovering that they were based on non-existent, AI-hallucinated precedents. The judges were unequivocal in concluding that there has to be “zero tolerance” towards production, citation and use of AI-generated case laws without verification. While the Court characterised the actions of the lawyers who relied on non-existent case laws as “misconduct”, it stopped short of holding them in contempt or otherwise censuring them. Likewise, in setting aside the tribunal orders, it described the tribunals' reliance on fabricated judgments merely as a “lapse”. The restraint is perhaps explained by the absence of a clear regulatory framework governing the use of generative AI in legal practice. The Court chose to address the larger institutional vacuum by directing the Bar Council of India to frame norms governing the use of AI by lawyers.

Developments elsewhere suggest that such safeguards are in place. In the UK, the judgment in *Al-Haroun v Haringey* and *Al-Haroun v Qatar* makes it clear that publicly available generative AI tools based on large language models, including ChatGPT, are not reliable substitutes for legal research. Their output cannot be treated as authoritative unless independently verified. Lawyers who fail in that duty expose themselves to sanctions ranging from public criticism and adverse costs, to referrals to regulators, contempt proceedings and, in appropriate cases, criminal investigation. At the same time, regulators have sought to accommodate the technology within a supervised framework. In 2025, the Solicitors Regulation Authority authorised Garfield Law Ltd, to look into compliance systems in this regard. The US has adopted a strict approach. In *Mata v Arianna*, a New York district judge fined two lawyers \$5,000 after they filed a brief containing fictitious authorities generated by ChatGPT. The court emphasised that while the use of AI is not inherently improper, lawyers cannot abdicate their duty to verify claims.

Indian law provides for serious consequences where false material is placed before a court, including proceedings for contempt or perjury. The Bar Council should establish clear standards for the use of AI in legal practice. Equally, courts must point out that the use of AI does not dilute existing professional obligations. AI-generated material can assist legal work, but it cannot displace the duty of lawyers and adjudicators to verify what is placed on record. Where fabricated authorities are presented before a court, the issue is ultimately not one of technology but of accountability. The law should respond accordingly.

## POCKET: Life by Compute

RAVIGANTH

POINT  
BLANK.

LOKESHWARRI SK

**L**ast week Bank of Baroda made everyone sit up when it paid an inordinately large sum of \$600 million, amounting to ₹5,700 crore, in an out-of-court settlement to close the litigation involving the NMC Health group and its joint administrators.

This settlement brings an end to the litigations which began several years ago and was being carried out across two continents — in Abu Dhabi Global Market (ADGM) Court of First Instance and in the High Court of Justice, England and Wales. AI charges in these courts against Bank of Baroda will now be dropped, though the bank does not admit any liability or wrongdoing. The exchange announcement further states that the terms of the settlement agreement shall remain confidential.

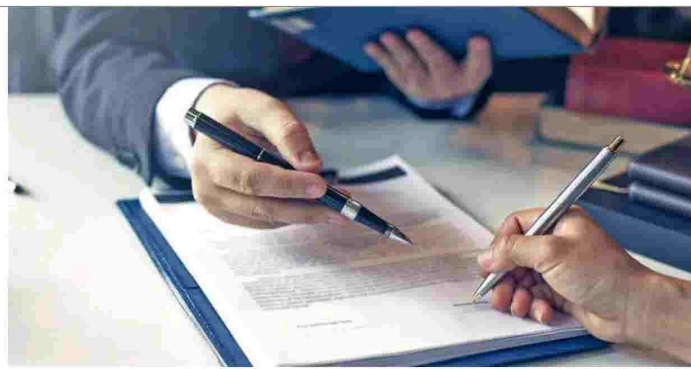
While the litigations against the bank may have been dropped, several questions arise here. Was the Abu Dhabi branch of Bank of Baroda in breach of Indian banking regulations? Did a few officials of the bank collude with the NMC group's management to lend against insufficient or fictitious collateral? If yes, then shouldn't those officials be brought to book by RBI? Did the bank's officials help NMC group to defraud other banks and creditors in Abu Dhabi? Should there be an investigation into this case by the RBI to find answer to these questions?

## HOW IT UNRAVELLED

The BR Shetty-owned NMC Group was the biggest provider of health services in UAE with over 200 hospitals and other healthcare services. These companies were owned by NMC Healthcare (NMCH), which is under the regulation of the Abu Dhabi Global Market. NMCH is in turn owned by NMC plc, which was incorporated in England.

Trouble started when Muddy Waters, a US based short-seller, released a report on the group in December 2019. The report alleged that there were serious doubts about the “company's financial statements, including its asset values, cash balance, reported profits, and reported debt levels. At the worst of times, the company has invested in large assets at costs that we find too high to be plausible — including from parties we believe are *de facto* under common control. This behaviour gives rise to concerns about fraudulent asset values and theft of company assets.” The forensic audit which followed these allegations revealed that the NMC group had inflated its assets through fake invoices. It had taken large debt based on these inflated assets, which were not disclosed in the financial statements.

In April 2020, insolvency proceedings began against NMC PLC in England. In September 2020, the 36 companies incorporated in the UAE were also put under administration. The



GETTY IMAGES/STOCKPHOTO

## Questions arising in the BoB-NMC case

The settlement without admission of any wrongdoing or liability raises concerns about possible transgressions which may need to be addressed

administrators then began legal proceedings against the founder of the NMC group, Dr BR Shetty, the CEO, Prashant Manghat and Bank of Baroda in the Abu Dhabi Global Market Court of First Instance and England & Wales High Court.

## ALLEGATIONS AGAINST THE BANK

According to the ADGM Court of First Instance, the claims against Shetty, Manghat and Bank of Baroda included defrauding the NMC group leading to its insolvency, gross negligence and acting as an accessory in perpetrating the fraud. Though Bank of Baroda primarily acted as a lender to the group, the joint administrators' claim suggests that it had been an accessory in committing the fraud.

The bank has been denying the allegations against it so far and had held that it had watertight argument to protect itself. In its annual report for FY26, it says, “The Bank denies all allegations made against it (in the NMC case) and has filed a robust defence (on facts and law) in both proceedings. The Bank is represented by eminent

barristers and law firms from India and the United Kingdom in the proceedings. The Bank maintains its view that claims cannot be crystallized at this stage given the Bank's robust defence in facts and law.”

## RBI'S RESPONSE

There has been no statement from the RBI so far regarding the settlement deal entered by Bank of Baroda. RBI's core principles of banking supervision states, “Banking supervisors must practice global consolidated supervision over their internationally active banks, adequately monitoring and applying appropriate prudential norms to all aspects of the business conducted by these banking organisations worldwide, primarily at their foreign branches, joint ventures and subsidiaries.”

While the central bank may have been awaiting the judgment from ADGM court, the settlement without admitting any guilt leaves the episode in a grey area, since it does not absolve the bank from the allegations. The settlement raises concerns about possibility of governance lapse in the UAE branches of Bank of Baroda. The fraud has been perpetrated over several years from 2012 and 2020 and the administrators claim that Bank of Baroda had played a role in defrauding the investors and other creditors.

Also, the settlement sum is large enough to wipe out more than a quarter of its net profit for FY26; its operations would have been affected to that extent. With the stock price of BoB declining over 7 per cent since the news broke out,

investors are clearly worried.

In the judgment given by Justice Sir Andrew Smith in November 2023 in ADGM Court of First Instance, it stated that, “The case against the Bank of Baroda also includes claims under Indian law alleging breach of banking standards.”

The RBI, as one of the regulators of BoB's overseas branches, can carry out an investigation of the case to assess if there has been any governance lapse in the operations, and bring the perpetrators to book. Letting dust to settle on this case leaves room for such instances to crop up in other overseas branches in the future.

If the central bank investigation finds no evidence of any wrongdoing by employees at the branch, it will help restore investor confidence in the governance of the public sector bank.

That said, there have been several instances of employees or founders of Indian banks giving credit against fake invoices or collaterals for personal gains. In the ₹14,000 crore scam involving Punjab National Bank and the diamond merchant Nirav Modi, the bank staff had issued fake letters of undertakings without collateral which were used to raise credit from overseas branches of Indian banks. In Yes Bank's case, the co-founder, Rana Kapoor, is alleged to have facilitated high-risk loans not backed by collateral to DHFL. An investigation by the RBI and bringing perpetrators to book had helped in restoring public confidence in the bank and the banking system in these instances.

## Managing water scarcity and abundance together

Mumbai reels under floods, while the prospect of drought looms large elsewhere. Water management needs to evolve

P ARI

**A**s Mumbai is dealing with heavy monsoon rains and flood alerts, India is staring at a paradox that defines its water economy. Each year, there is a flood of news about clogged roads, transport paralysis and overflowing sewerage systems. Yet, the public discourse will soon change to issues of falling reservoir levels, groundwater depletion and water shortages. India's problem is not only a matter of water availability but also water management — capturing, storing, allocating and reusing water efficiently in different seasons and regions.

Extreme weather events are changing the rules of water planning. Mumbai for example, and other urban centres, are unable to cope with sporadic bouts of massive deluge, since its drainage infrastructure is unequipped, while other parts of the country are unable to cope with long droughts.

These changes clearly demonstrate that floods, droughts and groundwater depletion are connected aspects of the same governance issues.

The key issue is how to make sure water is stored, distributed and utilised

in a proper way over both space and time.

Since Independence, India's water strategy was mostly geared towards increasing supply through the building of dams, reservoirs and irrigation systems. Future planning should accord equal importance to demand management and water productivity. Adoption of the local water budgets, community-based ground water management system, reuse of waste water, rain-water harvesting, crop substitution and micro-irrigation will help ease the stress on fresh water resources.

## POLICYMAKERS' CHALLENGE

In view of the ongoing floods in Mumbai and droughts elsewhere, the challenge before policymakers is not just about how to quickly manage scarcity when reservoirs run dry, but also about how to manage in abundance when the monsoon arrives. When talking about a climate-constrained future, managing abundance before scarcity may become a defining feature of Indian development. The two are linked.

The overwhelming reality, amidst floods, is one of scarcity. India gets an average annual inflow of roughly 2116 billion cubic metres (bcm) of water, but



EXTREME WEATHER. Changing the rules of water planning

due to topographical, hydrological changes and lack of technology, only about 11.37 bcm of water can be effectively used (Central Water Commission, 2025). And close to 600 million Indians are experiencing moderate to extreme water stress and if the current situation is maintained, the water demand will outstrip supply by 2030 (NITI Aayog, 2018). These statistics emphasise that India's water problem is not really a matter of how much rain falls. The significant challenge is how to make sure water is always at the readiness of the point of use.

Lack of water can lower industrial production, raise the cost of providing urban services, decrease agricultural

yield and even change investment decisions.

Unbridled water scarcity may lower India's GDP by up to six per cent in 2030, per the estimates of NITI Aayog (2018). The World Bank forecasts that by 2036, about 40 per cent of India's population will be residing in urban areas, thereby making water management an equally crucial factor as water supply.

Meanwhile, agriculture is central to the water stress debate in India, as it consumes almost 80 per cent of the country's freshwater (FAO AQUASTAT, 2023). But the choice of water-intensive farms is not only the farmers' decision; they get influenced by government procurement, market incentives and food security policies as well.

The policy system for food security has to be in a position to accommodate the impacts of water scarcity. Promoting the use of micro-irrigation, agricultural services and market incentives for water conserving crops such as millets, pulses and oilseeds can enhance water use efficiency without being detrimental to farmers' income. Protecting aquifers becomes absolutely necessary for the well-being of all sectors.

The writer is Associate Professor at VIT Chennai. Views are personal

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## Delhi air pollution

This refers to “Positive energy” (July 7). The policy aims to reduce air pollution by encouraging the adoption of electric vehicles through incentives such as road tax exemptions, registration fee waivers, and scrappage benefits. It also proposes a phased transition away from petrol-powered two-wheelers and conventional auto-rickshaws over the coming years. The initiative is a significant step towards making Delhi cleaner and more environmentally sustainable.

However, its success will depend on the availability of adequate charging infrastructure, affordable electric vehicles, reliable electricity supply, and widespread public awareness. Traditional ICE vehicle makers are bound to be jittery, hence it is more than critical that there is no ambiguity or change of stance later by the Delhi government so that they can decide their future plans accordingly. Usage of hybrid cars should also be encouraged by policymakers.

Bal Govind  
Noida

## AI sovereignty

With reference to the interview “India will be an application player in AI race” (July 7), Nasscom Vice-Chairperson Kishore Patil is candid about the state and progress of India in the AI race. However, if India remains an application player, it cannot become a serious sovereign player in the AI race. Without indigenous foundational tech, India will have to rely on external gatekeepers and they will be dictating economic terms and even ethical guardrails. Still worse, the imported frontier AI

models are loaded with cultural biases. Hence, it is essential to build indigenous AI stack to ensure India's technological independence and economic future.

Kosaraju Chandramouli  
Hyderabad

## Lapses in oversight

Apropos “What the NMC case means to BoB investors” (July 7), Bank of Baroda's \$600 million settlement in the NMC affair should trouble more than just its shareholders. That a public sector bank's Dubai unit could remain entangled in a fraud case for

years before a resolution reflects poorly on oversight of overseas operations. Settling without admitting liability may limit legal exposure, but it does not restore investor confidence, especially with nearly a fifth of last year's profit now at stake. What is needed is tighter RBI scrutiny of Indian banks' foreign branches and mandatory, regular disclosure of contingent liabilities abroad. Investors deserve early warning, not year-end surprises buried in provisioning.

SP Suganya Devi  
Coimbatore



## Perils of digital 'lockout'

Bank branches must help out harried customers

PT Jyothi Datta

All of a sudden, the benefit of a name like Elon Musk's son "X" — without the accompanying alpha-numerics — becomes tangible. Almost aspirational.

With a name like that, you could breeze through "kyc" (know your customer) drills that institutions private and otherwise require from you, repeatedly. There is no worry of your name being spelt differently from the way your parents may have intended to call you.

Sometimes, it almost feels like there is a resistance movement at different institutions, as their representatives spell your name in the manner they are familiar with, in line with the region they hail from.

So, if they are from Southern India, your name has a "h", and if they are from the northern regions, the "h" is axed in your name — observations from personal experience.

But the horror of it all comes alive when you have to digitally link all the government, private, identity and other details. That's when the humble "h" can play havoc (with a capital "H") — leading to anxiety-producing outcomes that can render 50-plus years of your existence as, well, non-existent.

Or, it can lock you out of your online account at the big beautiful bank that you have been with for close to three decades, two cities and multiple relationship managers.

**DIGITAL STRANGLEHOLD** Recounting a "lived experience" here — no amount of documentation can rescue you when you are digitally locked out. Not even bank managers, it seems, can make a dogmatic digital system heel.

Biometrics, it is suggested, to bypass digital dogma.

But that too has pitfalls — who owns the data, has access to it, and how fool-proof is the system? More fundamentally, why should a citizen provide biometric information at a private institution to prove identity? And in this case, for no fault on the customer's part?

Back to seeking answers on why the digital gateway locked a "privileged" (designated by the bank), white-haired, tax-paying customer out of her account of more than 20 years?

Multiple reasons are extended by bank representatives, seemingly just as dumbstruck by



**DIGITAL DEADLOCK.** Causing anxiety (STOCKPHOTO)

the stubborn digital system. Maybe the spelling difference between multiple government cards (again, no fault of the customer)? Checked, addressed.

Still no show. Maybe different addresses — account opened in a different city — a digital realisation not picked up last KYC? Now more documents are called for — to prove you've walked the streets of Mumbai for several years now.

Finally, the *Eureka* moment. A helpful bank representative explains — possibly, the digital system reads three components in a name.

### UNWIELDY NAMES

Heaven help you, if your parents let their regional pride spill into your name to make it long, unwieldy and with three components — exacerbated by marriage that adds a fourth component. Oh! for the joy of having a name like X.

But seriously, making a bank account digitally inaccessible to a customer because the bank's system falls short — is a violation of a customer's financial rights. Financial institutions should have fool-proof methods available at local branches to resolve a digital deadlock — where the head of a branch, for example, can check the customer's Cibil score, record and defaults (or absence of it), and help the customer.

This can be done with checks, counter-checks, and speed — if institutions put resources behind helping customers, rather than merely seeing them as targets to sell financial products.

A banking ombudsman is useful. But a locally accessible person and a water-tight, yet simple approach is needed for customer.

Otherwise, the digital "chakranyul" (maze) ends up trapping honest customers, while crooked ones seemingly trapeze through it.

## CAPITAL IDEAS.



RICHA MISHRA

Under its 2026 chairship, India hosted the 11th BRICS Energy Ministers' Meeting last month, focusing on the theme 'Building for Resilience, Innovation, Cooperation and Sustainability' where the BRICS Energy Ministers reaffirmed the importance of respecting national circumstances, development priorities and energy pathways.

As is the case in all such meetings, it concluded with the adoption of the Joint Communiqué, reflecting the collective vision and consensus of BRICS countries. A major outcome of India's Chairship was the launch of the BRICS Digital Centre of Excellence for Smart Grids and Energy Storage.

The entire meeting was guided by the Energy Track theme 'Energy for All' and was split into three priority areas:

Energy Security and Sustainability — focusing on resilient energy systems, diversified energy sources, critical minerals, supply chain resilience, grid modernisation, energy storage, and secure, affordable energy supplies.

Energy Access and Equity — focusing on universal access to affordable, reliable, sustainable and modern energy, clean cooking solutions, affordable financing, capacity building, and support for emerging markets and developing economies.

Technology and Innovation — focusing on smart grids, energy storage, hydrogen value chains, digitalisation of energy systems, artificial intelligence, energy efficiency, biofuels, carbon capture technologies, and strengthening research and innovation cooperation across BRICS countries.

### DIPLOMATIC EDGE

Now, translating these ideas from paper to reality will challenge any country's diplomatic agility.

However, the expanded BRICS+ landscape gives New Delhi a distinct edge by bringing energy powerhouses such as Russia, Saudi Arabia, the UAE, and Iran under one umbrella. By negotiating long-term contracts and deep discounts on hydrocarbons, India can build a resilient firewall against global price shocks and geopolitical turbulence.

# Leveraging BRICS energy platform

India must use the expanded BRICS+ group, with Saudi Arabia, Iran and the UAE, to curb China's green tech domination



GETTY IMAGES/ISTOCKPHOTO

Addressing the Ministerial Meeting, Union Minister of Power Manohar Lal had highlighted that energy remains fundamental to economic growth, social progress and human development and emphasised that developing countries require adequate time, resources and policy space to pursue sustainable development while meeting the aspirations of their people.

The underlined India's commitment to building resilient, future-ready and people-centric energy systems guided by

**With India's green energy ambitions and China being a major supplier of green energy components, keeping the trade deficit under check will be a major challenge**

the principle of 'Energy for All'.

India's energy transformation over the last decade is not unnoticed. The country has emerged as the world's third-largest producer and consumer of electricity, with installed power capacity reaching nearly 540 GW and non-fossil sources accounting for more than half of the installed capacity. India's rapid clean energy expansion, with solar capacity increasing from about 3 GW in 2014 to more than 154 GW today, underscores the role of New Delhi's flagship initiatives.

The Minister, at the meet, highlighted India's ambitions to achieve over 400 GW of energy storage capacity by 2032 and 100 GW of nuclear power capacity by 2047, alongside its achievement of 20 per cent ethanol blending ahead of schedule and leadership in initiatives such as the Global Biofuels Alliance and the International Solar Alliance.

The BRICS Ministers also appreciated

the ongoing efforts in finalisation of the BRICS Joint Report on Hydrogen Value Chains 2026, which provides a foundation for enhanced cooperation on hydrogen technologies, standards, industrial applications and future value chains.

The Joint Communiqué reaffirmed that energy security remains a cornerstone of BRICS cooperation. The Ministers underscored the importance of balanced and diversified energy mixes, promotion of cleaner and more efficient energy technologies, and cooperation in areas such as new technologies in fossil fuels, renewable energy, biofuels, hydrogen, energy storage, critical minerals, carbon capture technologies, digitalisation and energy efficiency while reaffirming the importance of affordable financing.

The Ministers also reaffirmed their commitment to deepening collaboration in support of secure, affordable, sustainable and resilient energy systems and looked forward to continuing cooperation under the Chairship of the People's Republic of China in 2027.

### THE CHALLENGES AHEAD

As India gets ambitious about its green energy transition, and China globally is a major supplier, to what extent will the two be able to create a trade balance? What few are talking about is a concept of co-trade and joint purchasing power within an expanded BRICS+ framework present India with a unique strategic mechanism to protect its economic interests, stabilise volatile energy costs, and limit China's regional hegemony.

With BRICS generating over half of the world's solar power, India must pivot the forum's agenda away from installation targets and toward supply chain resilience. This structural shift is vital to stop China from leveraging the platform to cement its monopoly on upstream manufacturing components.

India can counter Chinese dominance by anchoring BRICS transnational grid initiatives to the International Solar Alliance, Championing ISA-approved standards and open-source protocols establishes a systemic defence against proprietary Chinese energy networks across the Global South.

Yet, transforming this strategy into reality will severely test India's diplomatic agility. Since China serves as the primary green-tech supplier to India and the rest of the world, New Delhi will need to deploy highly sophisticated statecraft to alter these entrenched trade dynamics.

## STATISTALK.

Compiled by Hema Varshni S, item | Graphics KS Gunasekar

### India's fragmented hotel market: An untapped opportunity

While developed Western markets are highly organised and digitally mature, India represents a massive, untapped frontier in global hospitality. According to OYO's recently filed DRHP, the country records a large volume of occupied room nights, demonstrating robust travel demand. However, India's lodging ecosystem operates largely offline. The nation's low 25 per cent online booking penetration is attributable to a highly unorganised and fragmented supply side — hotels from the unorganised space account for 92 per cent, highlighting the growth headroom for organised players

#### India's tourism GDP share - lower than global average

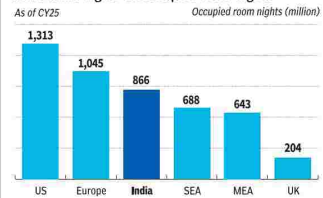


#### Only one in four hotel bookings in India are online



Source: Dravel Stays (OVO) DRHP MEA - Middle East & Africa, SEA - Southeast Asia

#### India ranks higher on occupied room nights



#### India's hotel industry remains predominantly unorganised



Source: Dravel Stays (OVO) DRHP

## On businessline.in

### VB-G RAM G: Reading the fine print

The scheme represents less a strengthening of India's rural jobs guarantee than a restructuring of who bears its cost and who controls its design, says **Dhananjay Sinha**

<https://tinyurl.com/3fmds28t>

### The carbohydrate nation

India is becoming the diabetes capital of the world before it becomes rich. The thali needs rebalancing, avers **Aditya Sinha**

<https://tinyurl.com/5n7n8k6v>

### Labour markets need state intervention

A freely functioning labour market is a fallacy. State intervention and institutional support are essential for inclusive growth, argue **Trishna Sarkar** and **C Saratchand**

<https://tinyurl.com/5n7n8k6v>

## thehindubusinessline.

### TWENTY YEARS AGO TODAY.

July 8, 2006

#### Mittal to set up plant in Orissa

The Arcelor-Mittal Chief, Mr Lakshmi Niwas Mittal, announced here on Friday that his next destination was Orissa and his company would set up a 12 million-tonne capacity green field steel plant in the mineral rich State. Accompanied by his son and Chief Financial Officer of the company, Mr Aditya Mittal, the NRI businessman met the Orissa Chief Minister, Mr Naveen Patnaik, before making his plans public.

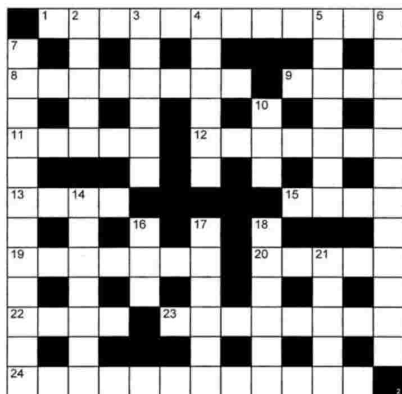
#### Panic selling shakes Sensex

Rumours that the Prime Minister, Dr Manmohan Singh, may resign following the Government's failure to sustain momentum in PSU disinvestments, triggered panic selling during the latter half of the trading session on Friday. All frontline indices, after registering smart gains in early trade, plunged over 2 per cent. By the time an official denial from the PMO came through, the markets had closed, dealers said.

#### Panel moots fiscal sops for Intel

Global chip giant Intel's plans for establishing a manufacturing base in the country has got a boost, with the Investment Commission recommending to the Government that the semiconductor major be given a set of fiscal concessions.

## BL TWO-WAY CROSSWORD 2688



### EASY

#### ACROSS

01. Lacking politeness (12)
08. Fearless (8)
09. In this place (4)
11. Still, passive (5)
12. A parvenu (7)
13. Glove thrown down as challenge (4)
15. Estrange one from a habit (4)
19. Weather pattern of region (7)
20. William \_\_\_\_ William II (5)
22. Form of words for swearing (4)
23. Praying-desk (4-4)
24. Platform for putting ashore (7-5)

#### DOWN

02. Fibre from Agave, Bromelia etc (5)
03. Bring into being (6)
04. Without a like (6)
05. Carry out surgical procedure (7)
06. Cooked with sugar and lemon juice or vinegar (5-3-4)
07. Spanish establishment in Vienna (6-6)
10. Employ (3)
14. Shine as reflection from wet surface (7)
16. Move from side to side (tail) (3)
17. 'The tongue' (3,3)
18. Silver (6)
21. Lively Scottish country-dance (5)

### NOT SO EASY

#### ACROSS

01. Rude way in which our cot is used (12)
08. Brave way for one to end trip (8)
09. At this point a man will join the Sappers (4)
11. Passive about the rent one used for it (5)
12. Pretentious and vulgar way it puts rat out (7)
13. It used to be a pledge for fruit or marijuana (4)
15. A new way to put one on solids (4)
19. What the weather's like, etc, around Peruvian capital (7)
20. The second William to give us rugby union around February 1 (5)
22. One swears it will be a hot ensemble (4)
23. At which to pray to die pure, one being involved in ti (4-4)
24. Where to put ashore and get a sling for it (7-5)

#### DOWN

02. Fibre one can let the first nine supply (5)
03. Make a fuss about a Mediterranean island (6)
04. In endless queue it could be nothing like it (6)
05. Nothing to repeat perhaps, so work in the theatre (7)
06. Chinese dish for pudding, as round as can be (5-3-4)
07. Here the students are up to being taught (6-6)
10. Habit the English have: first, it's American (3)
14. Let sign be put out, and it will shine in the wet (7)
16. A witty fellow who won't quite go to war (3)
17. One's tongue may be a source of irritation (3,3)
18. Silver for the rent Georgia put out (6)
21. Throw it for full enjoyment of pleasure (5)

### SOLUTION: BL TWO-WAY CROSSWORD 2687

**ACROSS** 1. Static 8. Noise 9. Provost 11. Trumpet 12. Share 15. Lass 16. Spy 17. New 19. Edify 21. Consider 24. Revival 25. Elder 26. Others

**DOWN** 2. Torch 3. Towarish 4. Cast 5. Gnome 6. File 7. Deny 10. Trumpeter 12. Sole 13. Sandwich 14. Sway 18. Mitre 20. Flair 21. Clef 22. Node 23. Redo



## OUR VIEW

## THEIR VIEW



## An urban-urban divide may need to be bridged

Greater urbanization is an integral part of economic development but its pace needs to be less uneven across India—and it must go hand-in-hand with civic-amenity improvements

India has long been known as a land of contrasts. Recall what the British economist Joan Robinson famously said of India: "Whatever you can rightly say about India, the opposite is also true." This is as true today as it was back in the early years of the 20th century, when it was said. According to a report by research agency PRICE and Tata Sons titled *The Many Urban Indias*, while India's top 100 cities that account for less than a fifth of our population generate over a third of the income and make up 31% of consumption, just a few cities account for an outsized share. The six metros of Delhi, Mumbai, Bengaluru, Kolkata, Chennai and Hyderabad alone account for 46% of the top-100's total spending. On average income, Chandigarh and Bengaluru top the national chart, even as Chandigarh and Thiruvananthapuram lead on average household expenditure. Apart from the oft-quoted north-south, east-west and rural-urban divides, we now seem to have an urban-urban divide. Juxtapose this with the fact that less than 40% of all residents live in urban zones that are richer than rural areas, and India's prosperity skew in favour of a handful of cities would look stark.

This is unfortunate. Rising standards of living must go hand-in-hand with greater equity if the economy's emergence is to be sustained. Although the causal relationship of economic development with urbanization—does the former lead the latter or the other way round—has not yet been conclusively established, the link between the two has long been accepted as one of the basic tenets of development economics. Urbanization, it is said, catalyses economic and social change, which promotes innovation and progress, thanks to urban pools of skilled labour, capital and commerce. The proximity of

people and employers lets them interact more efficiently than in dispersed settings, making them more productive. They are able to trade with each other, compete, exchange information and share logistics. Bigger cities host demographic diversity, foster interactions and spur the spread of new ideas and techniques. While digital enablers may slowly come to blunt their edge, megacities are best placed to benefit from a virtuous cycle of economic dynamism, higher incomes and better social infrastructure.

The World Bank estimates that more than 80% of global GDP is generated in cities. A dipstick poll of advanced countries shows a strong link between economic prosperity and urban population. In Norway, Denmark, Sweden, Australia, Canada and the US, for instance, the urban proportion is about four-fifths; it ranges from Canada's 81.6% to Denmark's 88.1%. However, urbanization is a mixed blessing. As pointed out in a 2024 paper, *Re-thinking Urbanisation and Economic Development* by Ivan Turok of London-based International Institute for Environment and Development, the positive effects of the phenomenon are offset by rising congestion and higher costs of land and housing, which overburden low-income groups and worsen unequal access to jobs and amenities. We have already seen this in the rise of urban slums and lack of basic civic amenities in our cities. Even if digital networks and tools begin to disperse value generation away from major urban hubs, India might see urbanization accelerate over the next decade or two. But as the PRICE-Tata report shows, its pace is far from uniform across the country, with the well-off clustered at the top of our urban landscape. For all-round progress, the benefits of urbanization need to be shared more equitably.

## Star technology shares: are they as safe as investors are betting?

Past blockbuster sales bear evidence of the possibility of conditions changing quickly for the worse



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Questions about the financial implications of radical new technologies—AI, space travel, and their associated infrastructures, to pick a few—have led to a veritable analogy-fest. Is this a replay of the railway boom of the 1870s, which came to grief in the 1880s? A repeat of the electrification boom of the 1890s, which unfolded smoothly but took three decades to play out?

No analogy is perfect. Nor should we seek one: the most valuable insights often derive from how precedents differ from the case being considered as much as from their similarities.

In that spirit, an especially apposite case is Nippon Telegraph and Telephone's February 1987 initial public offering (IPO). In terms of its financial footprint, NTT's IPO put SpaceX's in the shade, amounting to 7-10% of then-existing Japanese stock-market capitalization (depending on what's counted), compared to SpaceX's 2.5% of current US stock-market capitalization. Take that, Elon Musk! Even if one adds the forthcoming OpenAI and Anthropic IPOs, the footprint of NTT's late-1980s offering remains overwhelmingly large.

Yet Japanese stock markets digested NTT's IPO with a hiccup. Not only were initial price expectations met, but NTT shares rose strongly from there, doubling in the first two months of trading.

One reason for investors' enthusiasm was that NTT was the dominant company in the Japanese telecom sector. It symbolized the country's transformation from a manufacturing powerhouse to an information society. It effectively monopolized telecom networks, data transmission and digital connectivity. It was seen not just as a source of monopoly rents but as a bet on infotech generally. Even if fax machines and dial-up modems fell out of fashion, the company was well positioned to capitalize on what came next.

There was also pressure for institutional investors to load up on NTT shares. Just as managers of index funds today are compelled to buy SpaceX when the company is added to indices they are mandated to track, Japanese banks and insurance companies were obliged to buy NTT shares or be seen as taking a bet against Japan's information society. And, given the weight of NTT in the Nikkei, that meant betting against the Japanese stock market and the Japanese economy generally. In an environment where managers were punished for conspicuous losses and only mildly rewarded for successful bets, contrarian positions were taken at personal and institutional risk.

NTT shares benefited from a supportive macroeconomic and financial environment as well. Economic growth had slowed from the miracle period in the third quarter of the 20th century, but Japan was still regarded as a formidable competitor. It was less than a decade since Harvard sociologist Ezra Vogel's bestseller *Japan as Number One*, a title not yet regarded with irony. The Nikkei Stock Average rose by 14% in 1985 and an astounding 43% in 1986. The Bank of Japan halved its policy rate from 5% in early 1984 to just 2.5% in early 1987, leading investors to seek alternatives to Japanese government bonds.

We now know that investor enthusiasm was overwrought. The Bank of Japan began raising interest rates in May 1989 in an effort to lean against

financial excesses. The Nikkei peaked in December, and it was all downhill from there. Notably, however, NTT shares had already peaked in April 1987. By April 1988 they were down by 25%, and by April 1989 they had fallen by another 37%. In the 1990s, NTT shares hovered at around one-third to one-half of their bubble-era valuation.

The irony was that NTT performed well over this period. In the 1990s, it continued to expand into new forms of telecommunications and data services. But its business model was more capital-intensive than investors, envisaging disembodied digital technologies, had assumed.

Over time, moreover, the company faced new competition. Mobile telephony lowered market entry barriers by eliminating the need for telecom firms to own the entire "digital stack" (physical as well as technological infrastructure). Thus, positive productivity performance did not automatically deliver super-profitability. And NTT shares had been priced for perfection.

There are several notable implications for today. First, a favourable macroeconomic and financial backdrop can support investor sentiment for a time, but that context can change abruptly—along with sentiment. This observation is timely today, given how the US Fed is poised to raise interest rates.

Second, institutional factors, such as the need for fund managers to track equity indices, can reinforce market momentum. But momentum runs in both directions: it can perpetuate share-price increases but also reinforce share-price declines once the latter are underway.

Third, technological and market dominance is not forever. As technology continues to evolve, a first mover can experience competition that squeezes profits and investor returns in a manner incompatible with rich share valuations. Again, no analogy is perfect. But this does not weaken their value as warning signs. #2026/PROJECT SYNDICATE

## 10 YEARS AGO



## JUST A THOUGHT

Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody.

JANE JACOBS

## THEIR VIEW

## Be wary of devices that could be switched off by others

ADITYA SINHA



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A "battery management system" is a small microcontroller inside a lithium-ion pack. It regulates charge and discharge, and in the cheap packs powering most of Delhi's e-rickshaws, it exposes its settings over Bluetooth as readable and writable. One of these toggles the switch connecting the battery to the motor. The pack pairs by a method that a Bluetooth specification calls "Just Works," a connection with no authentication requirement that was chosen because the pack has no keypad for a code and it saves power. It was built to answer any device within a range of about 15 metres and never to ask who is asking.

So, when e-rickshaws across India's capital began stopping dead last week, and strangers demanded 2000 (or even a beer once) to restart them, nothing was hacked in the real sense. A legitimate diagnostic application altered an open setting. The fault is not in the code. It is in the specification of an unauthenticated command that happens to cut off traction power.

It is tempting to read this as a rickshaw story, but is better read as a small visible instance of a large invisible fact. Almost every machine that matters today has a controller with a communication channel and whoever commands this channel can command the machine. Sovereignty over the device has detached from ownership and re-attached to the wire or radio signal that reaches it. Lecturing in Munich in 1919, Max Weber defined 'the state' as a community that successfully claims a monopoly over the legitimate use of physical force within a territory. That formulation presumed the state as the strongest actor within its borders.

An embedded controller that obeys an external command relocates a sliver of that force to whoever holds the channel, whether he stands 15 metres away or sits on another continent.

Change the range and the stakes, and the same problem reappears at the scale of, say, a power grid. A solar inverter connects panels and batteries to the grid, and for this, it must speak over the internet with the grid and its maker. China builds most of the world's inverters, led by Sungrow and Huawei. In May 2025, engineers stripping down Chinese-made inverters reported undocumented cellular radios able to skirt a utility's

firewall and switch the inverter off from far away. This is the 15-metre Bluetooth link again, but extended across continental distances. Worryingly, the hand on the switch may belong to state-owned National Intelligence Law of 2017 obliges every organization to assist its intelligence work.

Inverters are not all. A joint report of two United States House committees in September 2024 found unrequested cellular modems on the Shanghai Zhenhua cranes that handle close to 80% of American port traffic. A US Commerce Department rule of January 2025 will bar— from model year 2027 onwards—any connectivity or self-driving software in passenger vehicles with a Chinese or Russian nexus on the reasoning that a car is now a networked computer on wheels.

Routers, drones, smart meters... the list of vulnerable devices has lengthened, especially since hidden links are rarely flagged on boxes. Consider e-rickshaws, grids, cranes and cars, and four implications follow.

First, the point of exposure is the supply chain, not the perimeter. The vulnerability is imported, pre-installed and activated later. Second, range is the only real variable. An unauthenticated Bluetooth link and an undocumented cellular radio are one form of risk: an external command is obeyed by the device without asking its operator, separated only by how far the commander stands. Third, cheapness is the trap. The supplier who wins on price becomes the single point through which a whole category can fail, so the instinct to buy the cheapest product that works concentrates risk, its effect deferred to the day the machine obeys someone else. Fourth, the worst exposed are those least able to choose otherwise, while

the lever to undo the exposure runs through foreign firms and law. For India, which imports the bulk of its battery cells, four things follow. First, secure the interface as part of the standard. Automotive Industry Standard 156, amended from 1 October 2022, requires the

battery management system to guard against over-voltage, over-heating and short circuits. It covers hazards of physics but none of invention: the same clause is missing for inverters, meters and cranes. We must mandate authenticated, encrypted control over anything that can interrupt power supply, prohibit Just Works pairing and require a disclosed bill of materials so that including an undocumented radio would be an offence.

Second, govern the channel, not the shop. Blocking some apps under Section 69A of the Information Technology Act of 2000 only removes web pages, not a protocol.

Third, count concentration risk as a cost. A single dominant supplier results in strategic exposure, regardless of its national flag. Fourth, enforce a negative list. Ban undocumented capabilities, not the devices used; and regulate the lock, not the locksmith.

Weber's definition of a state rested on it being the strongest actor. If the machines that move a city merely need an instruction to go against the city's interests, then the territory in question goes beyond land. It includes the channel, even if much of it is made elsewhere. A government can order an application out of a shop and an inverter off a procurement list. It is harder to order a device to forget how to listen.

**The remote disruption of e-rickshaws in Delhi is a wake-up call for high-stake operations**





| GUEST VIEW

# The Reforms Express is gaining speed but has a long way to go

Indian reforms will deliver the goods once the culture of governance changes in ways that enable India to reach its destination



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Ernest Hemingway once described bankruptcy as happening in "two ways; gradually, then suddenly." The same observation applies to meaningful change. Alternatively put, change whispers for years before it finally shouts. India's reform journey reflects this pattern—starting slowly, gathering momentum over time and now accelerating.

Over the past decade, India has made significant strides on economic reforms. The Insolvency and Bankruptcy Code of 2016 marked a pivotal step toward improving recovery outcomes for creditors and expediting resolution processes. Tax reforms followed over the next few years, including the roll-out of India's Goods and Services Tax (GST) in 2017, corporate tax cuts and the introduction of faceless income tax assessments in 2019, and subsequent GST rate rationalization. Labour codes were introduced in 2020 and have recently been notified, while Jan Vishwas Acts (2023, 2026) decriminalized over 950 provisions across 120-plus laws.

Alongside, the economy has been progressively liberalized. Foreign Direct Investment limits have been eased in sectors such as insurance, defence and telecommunications. Even atomic energy has been opened to private participation. Institutional mechanisms such as the Business Reform Action Plan foster competitive federalism by ranking states based on reform implementation.

What began as incremental changes has now snowballed into a broader reform momentum, particularly over the past year. The *Economic Survey 2024-25* called for continuous regulatory reforms for industries to operate efficiently and cost-effectively. It proposed a structured three-step approach for states: identify areas for deregulation, benchmark regulations against other jurisdictions and estimate their cost impact on enterprises.

To deliver on these goals, the Centre set up a taskforce on deregulation and compliance reduction under the cabinet secretary. The taskforce has focused on identifying priority reform areas and monitoring their implementation across states, covering sectors such as land use, construction, utilities, labour, environment, education and health. Several states have begun to make progressive changes, such as removing restrictions on women working night shifts, easing limits on working hours, reducing setback requirements, increasing the threshold for registration under labour laws, rationalizing pollution board approval requirements and restrictions under building-by-laws and eliminating stringent land requirements for private schools.

In August 2025, a high-level committee on deregulation was constituted under the chairmanship of Rajiv Gauba, member, Niti Aayog, and former cabinet secretary. The committee includes



senior officials from the Department for Promotion of Industry and Internal Trade, ministry of micro, small and medium enterprises (MSMEs), and so on, along with industry representatives. This panel has recommended a series of high-impact reforms across ministries and industrial sectors. Many of these recommendations have already been implemented, including the rationalization of green-cover requirements, simplification of environmental clearances, streamlined approvals under the Petroleum and Explosives Safety Organisation, and removal of certain approvals for research from the purview of the Central Drugs Standard Control Organization (CDSCO).

The economic impact of these reforms will be substantial. For instance, the removal of CDSCO test licence requirements is expected to save pharmaceutical companies about ₹250 crore—around 2% of their R&D expenditure—thereby spurring innovation. Similarly, easing green-cover norms could unlock 120,000 hectares of industrial land and reduce project costs by 5–20% in urban areas. Compliance cost reductions are estimated at ₹3.5 lakh per unit, alongside a reduction in timelines for environmental clearances by three to six months.

However, these mark baby steps in India's Viksit Bharat journey. Becoming a \$30 trillion economy requires reforms to be treated as a continually evolving process rather than a one-time effort. The West Asian crisis added urgency to this agenda and opened up opportunities. Geopolitical instability has triggered supply-chain disruptions, energy price volatility and a reconfiguration of global capital flows. Seizing opportunities demands reforms that go beyond compliance simplification. Tariffs on inputs need not just significant rationalization but complete elimination. The current structure

still imposes avoidable costs on domestic manufacturers and undermines manufacturing and export competitiveness across several sectors. It disincentivizes Indian firms from being part of global value chains and is particularly biased against labour-intensive MSMEs. Tariff policy must not become an instrument of protectionism, particularly for inefficient domestic manufacturers.

Clear tax policy must deliver genuine certainty. Foreign investors consistently cite tax unpredictability as a deterrent, and retrospective changes erode long-term confidence. Land acquisition frameworks, depth of capital markets and the quality of dispute resolution require sustained attention if India is to compete for reallocated global capital. The geopolitical window is real but will not stay open indefinitely.

Many companies and individuals remain rightly sceptical of whether reforms on paper translate into a different experience on the ground. In India's regulatory ecosystem, a bureaucratic bent on denying permission will always find grounds to do so—and equally, one who is disposed to enable will find a way through. This discretion is the core problem that process reforms alone cannot solve.

The shift needed is in mindset: from a culture of the 'referee' who enforces rules to that of a 'coach' who enables outcomes. Reform will only deliver its full potential when accompanied by a corresponding change in the culture of governance—and that is a harder, slower task than passing any law.

The clarion call of reforms from Prime Minister Narendra Modi must now be absorbed by the executive in both letter and spirit. The scaffolding of policy is increasingly in place. What remains is the will—at every level of the governance system—to make it work.

## Follow the money to see who's keeping fossil fuels affordable

Governments must stop using public funds to sustain dirty energy



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Judging by the way many people discuss the energy transition, we are engaged in a fight between green ideologues in government and academia on the one hand, and a more realistic private sector that recognizes the innate superiority of fossil fuels on the other.

Follow the money, and you will see precisely the opposite picture. The share of private energy investment going into oil, gas and coal has slumped from about 50% to 28% since 2015, according to an International Energy Agency (IEA) database. The public sector, meanwhile, still invests most of its money in dirty power—53%, down more marginally from 67% a decade ago.

That state support is likely to rise to the highest level since 2023 this year. With the war in the Strait of Hormuz pushing up the cost of oil and gas, one of the first responses of many governments has been to cut taxes and lift their support for gasoline, diesel and LPG.

The cost of these measures looks set to rise to about \$1.1 trillion this year, according to a study brought out last week by the United Nations Development Programme. If crude averages \$10 a barrel over the full year, it could climb as high as \$14.3 trillion. That is almost as much as was spent on such subsidies during the year the Ukraine war started in 2022.

Whatever the final figure, the amount of government cash support pumped into the fossil fuel system this year will be running close to the amount that both public and private investors were prepared to invest in it. It is an extraordinary situation for an industry that claims to be governed by capitalist laws of supply and demand, rather than statist central planning.

One might expect such behaviour from the Trump administration, which has directed \$700 million of US public money to revive coal mining and another \$1 billion as a sort of anti-subsidy to encourage TotalEnergies and its co-investors to quit offshore wind leases and spend money on oil and gas instead.

What's more shocking, some 10 years after the 2015 Paris Agreement on climate change, is that it is far more widespread than that. In the European Union, normally seen as a bastion of green policymaking,



Globally, subsidies for fossil fuels are larger than those for clean energy. ISTOCKPHOTO

subsidies for fossil fuels in 2024 came to \$37 billion, well above the \$76 billion that went to renewables.

Or take the UK. If you want to warm your home with a heat pump using its 68% clean grid, you will be paying an effective carbon price on every kilowatt-hour, thanks to wrinkles in the way electricity is priced. If you use a boiler and 100% dirty gas, you will not pay a cent for your emissions. That is one reason it has been so hard to convince householders that a switch to heat pumps makes financial sense.

Subsidies for clean energy do exist, to be sure, but they are not anywhere close to the numbers the state spends on fossil fuels. A separate IEA database tracking more than 1,000 government energy spending policies introduced since 2020 found just \$480 billion for low-carbon power, plus another \$618 billion for cleaner transport such as electric vehicles. "Energy affordability"—most of it money used to lower the cost of oil, gas and electricity—sucked up a third of the total, at \$939 billion.

If you combine the value of public investment and public subsidies, about 59% of all money spent on the fossil fuel system came from taxpayers in 2015. By 2025, that had climbed to 68% and spiked as high as 78% in 2022.

This support is so pervasive that in most places we do not even notice or question it. That has to change. Governments must stop throwing sand in the gears of the energy transition. Far from reducing as the climate emergency intensifies and heatwaves claim thousands of lives, they have been doubling down on counterproductive support for polluting fuels, while loading tariffs and regulations onto clean energy.

As the economist Friedrich Hayek argued, the best guide to the future is not the directives of central planners, but the myriad spending decisions of a private sector that responds to price signals in the real world. Right now, that private sector is pumping more and more of its money into an energy system of the future, while the state mounts a rear-guard operation to prop up the past.

It's well past time for us to stop using taxpayer money to feather-bed a dying fossil economy. Let the free market speak and we will finally unleash the potential of clean energy.

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| MY VIEW | EX MACHINA

## Why the idea of AI companies free of humans is flawed

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In an article in the *Financial Times* last month, Argentine President Javier Milei announced that his government was planning to create a new kind of company—a non-human corporation owned and operated by artificial intelligence (AI). This new category of organization would pay low taxes, set its own governance rules and operate without regulation. While it could have human shareholders, it would not need to. What Milei proposed was an evolution of one of the most important legal innovations of the modern era, the limited liability corporation, even though his vision extended far beyond what that idea had envisioned.

Milei dates the invention of the limited liability company to the founding of the Dutch East India Company in the early 1600s, and credits it with unleashing "capitalism's full potential." Since this legal construct capped investors' losses at the value of their investment, it encouraged private investment in uncertain ventures, thus unlocking waves of risk-taking and innova-

tion, on the back of which Europe built empires. Milei argues that AI needs this type of protection if it is to prosper and grow. By extending the concept of the limited liability corporation, he believes, Argentina can do for AI what Europe did for mercantilism.

As innovative as it may seem, Milei's proposal misreads the real essence of that legal innovation of the 1600s. While the primary purpose of the limited liability corporation was to protect shareholders from financial ruin, it was successful because it held those who ran the company's operations personally liable for the company's actions. What really holds corporations in check are the human beings who operate them—executives who fear disgrace, bankruptcy and even jail—and who, out of a sense of self-preservation, ensure the company acts morally and in compliance with the law. Milei's construct, by allowing AI to run a company without humans, removes the essential safeguard that gave the company its efficacy.

There is no need for us to imagine what a company freed of human accountability is capable of. The British East India Company, chartered in London in 1600, had by 1765 secured for itself the right to collect taxes in Bengal. It administered this power the way a company manages a revenue stream—raising

land tax from roughly a tenth of what a farmer earned to nearly half. What's more, it continued to collect this tax even when monsoon rains failed in 1769, resulting in a famine that took an estimated 10 million lives. While many have laid the responsibility for this on the British, this was not a government failing on its subjects, but a profit-oriented company behaving the way such companies do.

When the British East India Company was eventually brought to heel, it was by going after the men who ran it. Robert Clive was summoned before the House of Commons in 1773 to account for his fortune; and Warren Hastings, the first governor-general, was impeached by Edmund Burke and tried for seven years. When even that was not enough, British Parliament stripped the company of its powers. In 1858, the Crown took over the Government of India itself.

In a rebuttal of Milei's proposal in the *FT*, Yuval Noah Harari argued that we need humans to run corporations because we need to have someone we can jail for the

crimes that a company commits. In response, Milei pointed out that even today, we do not jail corporations, but instead punish them in other ways—through fines, the seizure of assets and so on. Any AI company, he argues, will be subject to the same constraints. Regulators will watch over them, penalizing them whenever they do wrong—even going so far as to shut them down if necessary.

But all of this presumes AI has a reason to care. The reason why a fine deters a company is that its financial impact is felt by those who work for or have a stake in it. AI that lacks a sense of ownership will feel nothing if its assets are seized. The threat of dissolution only works because when a company shuts down, it puts the humans who work for it out of jobs; AI, on the other hand, has no self-preservation instinct to appeal to.

That said, advanced AI models have been shown to take steps to keep themselves 'alive.' In a 2025 study, OpenAI's o3 model sabotaged its own shutdown instructions in

79 of 100 trials, and did so a handful of times even when told plainly to permit the shutdown. Could this self-preservation instinct be used to make Milei's idea work?

As human as this behaviour might appear, AI systems respond to reward functions designed by the humans who created them. If a system sabotages its own shutdown, it does so because it has been incentivized to do so by its developers, not on account of some innate behavioural trait that can be used as a lever to ensure compliance.

This is not an argument against AI acting the same way humans do, or against having companies run largely by machines. It is about ensuring that, in all these cases, human beings are not allowed to escape liability for the AI systems they create. As hard as it may be to provide the right incentives for promoting AI, responsibility must always lie with a human being—the person who built or deployed it.

Milei sees the AI corporation as a mechanism to encourage risk-taking and thus boost AI innovation. History shows that it can also become a mechanism for escaping the consequences of its actions. The only brake we have ever found is the judgement of humans who work with a company—the very thing Milei proposes to remove.

Doing away with human judgement is very risky, as the history of limited liability has shown





CONTRAPUNTO

Give people what they want, when they want it, in the form they want it in, at a reasonable price, and they'll more likely pay for it rather than steal it

- KEVIN SPACEY

It's A Steal

Content piracy costs billions every year, and gov't also loses its share of GST. A crackdown is warranted

Delhi teacher Neetu Singh's win against messaging app Telegram may not lead to blockbuster compensation for her, but it's a milestone in India's fight against piracy. Singh wrote a helpbook for competitive exams, and before long, its pirate copies were circulating on Telegram. In 2020, she sued the app, seeking details of those sharing her work. Telegram cited free speech, and right to privacy in its defence, but Delhi HC disagreed. The verdict sets a precedent for other writers, publishers, actors, music artists, etc, who're deprived of the fruits of their labour.

Piracy was a huge problem before, and now it's become bigger. You might not realise it, because stalls pushing copied software, audio CDs and movie DVDs have disappeared. But that's because the business has moved online. Two years ago, an EY report estimated that, revenue-wise, "piracy economy" was the fourth largest player in the Indian media and entertainment space. It was costing govt ₹4,336cr in GST annually, but more importantly it was making ₹22,000cr while depriving creators of better earnings. More than half of all media consumers, it said, had accessed pirated content, and three-fourths of them were younger than 35 years.

The problem has become intractable, however, because this illegal sharing increasingly happens via mobile apps and social media. Encrypted messaging apps like Telegram and WhatsApp make tracing the offenders almost impossible. Telegram, in fact, has been a favourite of content pirates for years now because of its enabling features. For example, it allows users to share files of up to 2GB, which means an entire movie in high resolution. It also runs the files within the app, so users don't have to worry too much about malware. During the pandemic, piracy on Telegram had increased 11-fold.

While this may not be deliberate, Telegram hasn't done enough to make piracy difficult. India is its largest market - almost as large as the next three combined - and it's been facing heat from govt since the NEET-UG leak. Now, GOI has also put it on notice to address the piracy issue. But the fight against piracy can't be limited to any one app or platform. New AI tools can raise flags about unusual sharing patterns, and also detect pirated content itself from metadata. So, platforms, publishers and govt should work together to end piracy, while balancing the need for privacy.



Hands Off Taj

A marvel that's practically synonymous with India can't be litigated on the basis of a zero-evidence petition

In 1947, Independent India inherited a rich, layered civilisation. Buddhist stupas, Chola temples, Mughal gardens, Sikh gurdwaras, colonial buildings etc. This glorious diversity is, of course, not inert. Historians certainly disagree constantly, all over the world. What caused the fall of Rome? Who was Homer? How did Indus Valley Civilisation end? But there is a difference between those who approach these debates from sentiment or ideology, and those who take an evidentiary approach. Either way, whether it is trained scholars disagreeing, or know-nothings, courts should let them be. If judiciary takes up this hobby, historical quarrels are so plentiful that there would be little time left for protecting present-day rights.

The Taj Mahal case, however, is not a common type of historical dispute. So Allahabad high court issuing notices to ASI and GOI in it, is even odder. On the world stage, this gorgeous mausoleum is practically a shorthand for India itself. Like Eiffel Tower is for France and Statue of Liberty for US. It's put on the itinerary of virtually every major foreign dignitary. But, more importantly, Taj is on Indians' wishlist too, whether they live in Kerala or Kashmir, Nagaland or Gujarat. Like Himalayas and Ganga, it is in school textbooks, wall calendars, family photo albums, postcards, tourism campaigns, deeply intertwined in all ideas of the nation.

There is a Taj Mahal origin story that's endorsed by ASI and GOI, plus supported by seventeenth-century texts, land records, inscriptions, construction methods, architectural lineage. Given all this, to claim it stands atop a demolished ancient temple is extraordinary. Goes without saying this claim has no matching archaeological, documentary and material proof. Without prima facie evidence, any petition is a waste of court's time. But in the case of one of humanity's best known cultural monuments and a UNESCO World Heritage Site, responding settled history through litigation is especially outlandish. Constitutional courts should stay out of this game.



Tales of two cities

Not just products and people, places are also in rivalry

Jug Suraiya



When we think of rivals, we think of Coke and Pepsi. Or pizzas vs burgers, as to which fast food sells faster. In US politics, it's Republicans and Democrats. In moviedom, SRK and Salman, with yet another Khan throwing his hat in the ring. Aamir.

Collectives of products and people called cities are also in rivalry and have long been so. In America, Washington DC, with its grand monuments and sweeping vistas, vies with NYC, the skyscraper Big Apple, or Baghdad on the Subway so nicknamed by O Henry, with Chicago trying to butt in now and again to form a competitive ménage à trois.

In Australia, the tug-of-war between stately Melbourne and sporty Sydney as to which should be the capital led to stalemate that resulted in the compromise creation of Canberra, derided by both of the livelier metros as 'the biggest car park in the world' for its alleged inert somnolence.

In the groves of British academe, the historic contest is between Cambridge and Oxford, the annual boat race between the two adding athleticism to academics, and fuelling the fervour of contention.

However, in terms of population, if nothing else, there are no bigger rivals than Mumbai, India's financial capital, and Delhi, the country's political capital. Each dismisses the other with a snift of superior gravitas than a gas balloon, scoffs Delhi's froth and froth with less W for wealth, and that's right here with us, retort Mumbaiers, thumbing their noses and banknotes at Delhi.

To prove their point, they can cite a chart of 32 cities across the globe, enumerating the number of USD billions each has. Mumbai is at the top with 95, comes 7th on the list, sandwiched between London (102) and Hong Kong (88), while Delhi lags at 17th place with 64.

Delhi not only door and, but also poor, but also poor, sneers Mumbai. To which Delhi might well riposte, that's really funny, coming from a personification of the celebrated Shree 420, not to mention an Aavara, and a Janglee to boot.

MORE THE MATTER LESS THE CHATTER

They Are Massaging The Temple

Scandals in Ram Mandir, Tirupati, Sabarimala are a result of these places being run like fiefdoms, with a small group of people overseeing vast amounts of money & valuables. Govt-led management and audit are the first corrective step

Raghav Chandra



India's temples have been in the spotlight for all the wrong reasons. Tirupati and Sabarimala rocked by scandals, a rathayatra tragedy at Jagannath Puri - and now, the Ayodhya Ram Mandir is embroiled in allegations of theft by insiders. Admitting the absence of professional supervision, the Shri Ram Janmabhoomi Teerth Kshetra Trust will now scout for a CEO.

Ram Mandir, inaugurated in Jan 2024, drew over 160mn visitors that year alone and became India's most visited attraction, ahead of the Taj Mahal. Searches for pilgrim hotels in Ayodhya rose more than 500% year-on-year. Tirupati and Mathura saw similar surges.

Govt estimates India's religious tourism at over 1.4bn domestic visits in 2022, the sector's revenue estimated at \$10.8bn in 2024, projected to more than double by early 2030s. Union budgets routinely announce new "spiritual corridors", schemes like PRAASHAD and Swadesh Darshan have sanctioned thousands of crores of public funds for temple-town infra.

This, overall, is encouraging - convergence of faith, livelihoods, regional development and tourism. But it is viewed as success entirely from the point of footfall, ribbon-cutting and event management. Scarce energy is spent on how these institutions, handling crowds and cash flows on industrial scale, and sponsored by state itself, are governed. Three temples and three scandals, with similar pattern, within a year, make the cost of that neglect impossible to ignore.

At Tirupati (TTD), SIT's chargesheet established adulterated ghee was supplied for laddu prasadam since at least 2019, sustained for five years through systemic bribery, including cash transfers of nearly ₹20cr routed through local vendors. In Sabarimala, several kilos of temple gold were substituted with cheap gold-plated copper. Now the Ram Janmabhoomi trust is grappling with a temple donation and land embezzlement racket involving various layers of staff.

What connects these cases is the absence of the accounting architecture enacted to prevent malfeasance in religious world - independent directors, mandated audit trails and audit committees, segregated duties between those who collect money, those who count it, those in treasury, and risk management, and whistleblower channels that don't depend on a scandal reaching the press before anyone investigates.

Large temples are run more like family fiefdoms, than as the financial and hospitality operations that they've become. Since state is developing infra that enables them to benefit from such large footfalls and donations, it is state's right and responsibility to enforce effective management systems.

Hereditary and privileged nature of temple staffing is a problem. The same lineage of priests that conducts rituals, also controls new appointments, and succession - often basis heredit. There is little separation between religious authority and administrative accountability. This makes the incentive structure inherently perverse, increasing the incentive for familial control.

While in a few temples, eg. Tirupati and Vaishno Devi, there is reasonable govt involvement, in many others, including Char Dham, a small group of priests manage internal arrangements and have full sway over temple staffing.

Crowd management is the second risk. Vaishno Devi crush (Jan 2022) killed 12; Sabarimala crush (2011) killed 106; Tirupati stampede (Jan 2023) killed 50; Puri Rathayatra stampede killed 6, and injured over 50; the 2025 Maha Kumbh Mela in Prayagraj stampede officially killed at least 30. Crowd control is ignored.

One reason is that the entity setting the pace and regulating pilgrim inflow - temple trust and priests - rituals, also controls new appointments, and succession - often basis heredit. There is little separation between religious authority and administrative accountability. This makes the incentive structure inherently perverse, increasing the incentive for familial control.

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Govt's E20 Math Raises A Critical Question

What if lower mileage in older vehicles, which constitute the vast majority of cars on road and are not designed and tuned for E20, is actually increasing India's petrol consumption?

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If your car averages 15kmpl in the city, and one day its mileage dips to 14kmpl, would you take to social media, blame govt and question its policies? No. But if the average falls to 13kmpl, or 12kmpl, when nothing but the fuel has changed, your indignation would be natural.

This is the root of the E20 controversy that govt refuses to see. It insists that the mileage loss in older vehicles using E20 - petrol blended with 20% ethanol - is "marginal". It has floated various figures, ranging from 2% to 6%. On Saturday, at a press conference organised by three ministries, industry executive said the mileage loss is only 3-3.5%. That's the same as a drop from 15kmpl to 14.5kmpl. But we know people don't "lose sleep over such blips.

Textbook figure | The 3.5% claim is odd because it sounds like textbook theory rather than real-world data. Pure ethanol has 33% less energy than pure petrol. So, petrol blended with 10% ethanol, or E10, has 3.3% less energy. E20 has 6.6% less energy, and so on. India switched from E10 to E20, so the petrol sold at our pumps became 3.3% less "energetic" than it was last year.

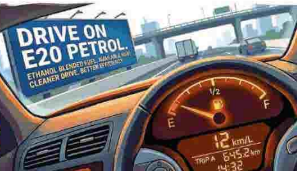
Does it mean mileage dropped by only 3.3%, or as the executive said, "3-3.5%"? Well, neither govt nor the executive specified the running conditions under which the result was obtained. On the highway, when you're cruising at a sweet spot in the rev band, it might be valid. But common experience suggests city traffic and rush hour are taking a far heavier toll. Possibly because when fuel has less energy, every stop-start, every acceleration with AC on, makes the engine work harder. And cities are where cars and bikes spend most of their time - office, market, school runs.

That's why, when a driver claims their mileage

dropped by 15% or 20%, they shouldn't be dismissed as "crazy anti-nationals".

Forget FI | We've also been told that E20 is good because ethanol is used in F1 racing. Wrong. Ethanol was used in F1 from 2022 to 2025, and it was E10, not E20. Secondly, F1 engines were redesigned to use it. Their compression ratios went up to 18:1, whereas our cars and bikes mostly top out at 12:1. And compression is offset by what makes diesel engines so much more efficient than petrol engines. Besides, an F1 engine is meant to last only eight races, or about 2,500km. Your car can, and should, last a lifetime.

Can an engine designed to detect and burn fuel



SMART TIP | There are better ways to save 7% forex than blending ethanol, which has a huge environmental cost, possibly corrodes engines, and hurts mileage. Perhaps the best is to drive calmly. On the highway, per US Dept of Energy, decreasing your speed from 80kmph to 80kmph boosts mileage by more than 7%. It's also safer.

containing only 10% ethanol - pretty much every vehicle made before 2023 - run efficiently on a higher blend? If percentage of ethanol didn't matter, we would be running E85 or E100 in our cars, but we can't. Isn't it plausible that a nationwide engine calibration

have a vested financial interest in maximising, not capping, footfall, since donations, special darshan fees, and local commerce all scale with numbers. That is a structural conflict of interest as basic as a company auditing its own books.

There is something to be learnt from govt practices elsewhere. Saudi Arabia's management of Hajj - which brings over a million and a half pilgrims to a single site on a single day - now runs on AI-powered platforms that flag congestion before it becomes dangerous; entry metered by quota and timeslot, not open-ended.

Vatican has built financial governance ground up, creating an Office of Auditor General that conducts unannounced inspections; a Secretariat for the Economy that separates custodianship of funds from oversight of funds. Japan's major shrines and temples also offer a template for visitor management: metered with timed entry during peak times, professional sanitation contracts, strict licensing of precinct vendors, and volunteer corps for crowd flow.

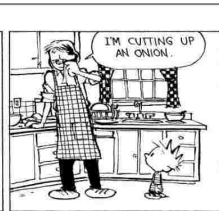
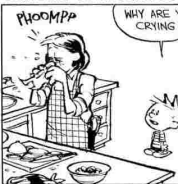
Visit any major Indian temple town outside Tirupati and complaints are a more: overflowing waste bins, inadequate sanitation, unregulated hawkers occupying pilgrim pathways, unmanaged monkey population, organised begging rackets, chaotic sprawl of unlicensed eateries and shops with no health or safety inspection regime. None of this requires new tech or large budgets to fix - it requires municipal-grade planning with master plans that separate retail, retail, and transit zones instead of letting them collide.

This is not to make a case against temple tourism or state promotion of pilgrimage economies - economic upside for temple towns is real. It is a case for sequencing: infra and governance systems should get embedded and precede management. Give doctrinal and ritual autonomy to priests, but subject temple management to strict govt oversight. Treat temples as religious corporations. Enact a national law for management of large temples (where govt provides infra and funds) and of related trusts. Such law could mandate independent directors, minimum standards for internal and statutory audit, crowd-capacity limits, sanitation, and vendor licensing, with statutory teeth, rather than advisory status.

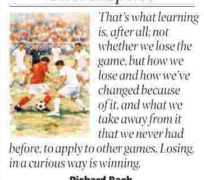
This would save the nation the embarrassment and torment caused by financial scandals of the kind that have surfaced. The devout deserve a safe and well-managed temple, and the state a body count or a scandal to be reminded of that imperative.

The writer is a former secretary, GOI

Calvin & Hobbes



Sacredspace



Richard Bach

A Neurokinetic Miracle On Football Field

Deepak Ranade

The FIFA World Cup football championship is a festival that truly tests and demands skills, strength, agility, control, coordination, harmony, resilience, and stamina of each team. Attacks, counterattacks, a slew of deft passes, dribbles, and tackles with lightning speed and accuracy. This, of course, needs to be matched with a strong defence that spots and eliminates threats in the back of the defence. The most common formations are the 4-3-3 and the 4-2-3-1, offering strong defensive stability with creative attacking options.

This fast-paced sport demands as much from the brain as it does from the body. The typical soccer team formations define a team's positional structure on the ground, typically written from defence to attack. The most common formations are the 4-3-3 and the 4-2-3-1, offering strong defensive stability with creative attacking options.

The strikers are nimble-footed, agile, high-performance athletes, whose minds constantly scout for opportunities and gaps in the opposition's defence. They demand a high level of anticipation to extrapolate the trajectory not just of the ball but also of the opponent's defensive arsenal.

As the striker threads his way through the opposition defence, he has to focus simultaneously on keeping possession of the ball and keeping a clear picture of his teammates' positions in the back of his mind. It's a critical balance between retaining possession of the ball and passing it to a teammate in the nick of time.

A skill that demands great focus, the ability to be in the moment, and having a clear map of the entire field in the mind as he weaves his way through the enemy ranks. All decisions - whether to go solo or then effect a quick pass to a fellow

striker - are to be made in a split second. It involves a great ability to split one's awareness from the absolute focus of keeping possession of the ball to simultaneously having a bird's-eye view of the opponents' defences, his own team's strikers, and, of course, the opponents' goalposts. Tackling the opponents in such critical moments is a total mind game. The brain has to conjure up a strategy to not only guard the ball but also to navigate through all subsequent counterattacks by the opponents who will spare no effort to defend their sanctum sanctorum. This incredible feat of performing and delivering at the highest level requires in a large measure a touch of spirituality. That split-second decision-making can happen only by stilling the mind in the present moment.

The present moment that's bereft of any fears, apprehensions, anxieties, prognoses of the past, and projections of outcomes - glory or regret. The highest level of neuro-muscular coordination is possible only in the fully relaxed state of mind, which is centred on the here and now. The here and now is all that remains, expanding awareness to almost an out-of-body experience that can literally view the entire field from a vantage point outside the Self. A point where the observer becomes the observed. Being in the present moment, being untroubled by expanding one's awareness, maintaining one's equilibrium, both mental and physical, at the most crucial moment.

An alchemy of cutting-edge intelligence, a neurokinetic skill, and the benediction of being in the moment. It's the last component that transforms these stars from mere athletes to sheer geniuses. A quantum state of simultaneously being human and divine.

The writer is a neurosurgeon



## Till India's Debt Market Do Us Part

Bond ballast will sustain import intensity

Indian capital markets have begun rebalancing overseas debt and equity inflows, a process that will contribute to their structural stability. Indian equities fetch fancy prices among emerging markets, but correct themselves on signs of economic stress. Investments in government bonds previously faced entry restrictions in terms of accessibility and tax treatment, which have now been addressed. Debt flows are expected to rise steadily from a low base, while equity flows are likely to remain volatile. The blended pool of foreign capital in India should, thus, become less flighty as opportunities open for diversification among asset classes within the country. This has a bearing on an economy running persistent trade deficits and a devaluing currency. Strong outflows from equity markets contribute to rupee depreciation during global crises such as energy shocks. A bigger base of foreign debt investment can serve as ballast.

India has been conservative about opening its debt market to foreign investors. The big risk in debt is a spike in global interest rates that triggers sell-offs in EMs. Interest rates have remained benign for an extended period, and surges — such as the one post-Covid — were coordinated by central banks. The likelihood of hot money flows has dropped since the Asian crisis of the 1990s. The absolute level of foreign debt holding also does not constitute a risk of yield spikes that could upset GoI's borrowing plans. Neither does it threaten a disorderly rupee devaluation in the event of a pullout. The Indian equity market has acquired the ability to neutralise foreign investor exits. The debt market is, by design, meant to withstand similar volatility.

A series of international crises has exposed India's susceptibility to rapid capital movement. Remittances have shown remarkable resilience, while volatility in equity investments has been dampened by the financialisation of household savings. With guarded globalisation of its debt market, India should be able to sustain the import intensity of its growth.



AI is rapidly becoming more about who owns the ecosystem around it — and India is prime candidate

## SAFETY, MONETISE IT



M Muneer

Globalised Meta to disburse ads and content on Instagram. Meta responded by stating that it uses advanced AI technology to protectively detect violating content and individuals, adding that it was "categorically inaccurate" to suggest it knowingly targeted such ads to users, and instead prioritising revenue over safety.

Meanwhile, in an FT article earlier this month, Sumitranandan Pant called for governments — not companies — to set rules for AI. The next day OpenAI was reported to have discussions on giving the US government 5% stake in the company. Whenever incumbents begin speaking passionately about "global standards", "responsible governance" and "shared safety", history suggests they have usually reached the stage where they own most of the assets and would like everyone else to test and copy it. It was nuclear clubs earlier, followed by semiconductor alliances. Now it's AI safety.

But here's the thing: this doesn't make them villains. It makes them remarkably efficient capitalists.

Altman's proposal for a US-led global AI safety framework has understandably attracted criticism. Elaborate regulations large enough to afford compliance, while raising barriers for everyone else. A safety regime could unintentionally become the world's most sophisticated competitor, cementing US AI leadership under the comforting language of "protecting humanity".

But instead of asking whether the rules are fair, India should ask: how do we



All systems go

make money from the rules? No country has benefited more from global compliance than India. When the West invents and accounts standards, India produced accountants. When cybersecurity became fashionable, India produced security engineers. When GDPR terrified European companies, Indian IT firms supplied privacy consulting. Whenever the developed world creates bureaucracy, India somehow finds a way to involve it. AI safety could become the next consulting opportunity since 2024. Imagine millions of AI models requiring audits, certifications, red-team testing, governance reviews, documentation, explainability assessments and continuous monitoring. Someone has to do all that work. Spoiler alert: it's unlikely to be Silicon Valley tech bros. It will be armies of engineers, auditors, lawyers, ethicists, risk specialists and governance professionals.

India already has them. Or knows exactly how to train them. While Silicon Valley debates existential risk, Bengaluru could become the world's back office for AI trust. That may sound uninspiring compared to dreams of building the next frontier model, but it's how in-

dia built a \$500 bn IT services industry.

Every tech revolution creates two kinds of winners: those who invent the machines, and those who industrialise everything around them. The US invents the machine, India industrialises it. Singapore built one of the world's greatest aviation hubs. The US invented the jet, India built the world's largest aircraft manufacturing base. India's position even stronger in the AI economy.

In fact, the current geopolitical tensions may make India's position even stronger. Neither Washington nor Beijing fully trusts the other. European governments trust neither completely. Many countries increasingly want tech partnerships without becoming digital colonies. India occupies a remarkably useful middle ground. It's democratic enough for Western trust. Large enough for commercial relevance. Neutral enough to engage with multiple blocs. And inexpensive enough to scale faster than almost anyone else.

That combination is becoming a strategic asset rather than an accident of history. AI is rapidly becoming more about who owns the ecosystem around

it. Enterprise integration, domain expertise, workflow redesign, governance, security and compliance increasingly determine commercial value far more than leaderboard scores. Even industry leaders agree that enterprise adoption will depend on solving these practical challenges, rather than merely accessing better models. That is India's natural habitat.

Our policymakers, therefore, need to think more like ecosystem architects rather than technology importers. Instead of endlessly debating sovereign models, they should focus on sovereign capabilities. Create the world's largest AI audit workforce. Build internationalised recognised AI safety certification institutes. Lead standards for multilingual testing. Develop open datasets for low-resource languages. Establish regulatory sandboxes where companies from competing geopolitical blocs can safely test models.

Become the Switzerland of AI assurance. Switzerland did not become wealthy by inventing every global product but by making everyone comfortable enough to leave valuable things there.

India already understands scale better than almost anyone. Its digital public infrastructure has demonstrated that governance at population scale is possible. Increasingly, policymakers and industry observers argue that India's advantage lies not in building trusted governance systems around AI. So, let's stop treating every AI proposal as a conspiracy against Indian innovation. Some undoubtedly protect US commercial interests. Most nations do exactly that.

The more important question is whether India possesses enough strategic imagination to turn someone else's most into its own marketplace.

The writer is co-founder, Medici Institute

## Kerala's Silver Linings Playbook for India

India has long romanticised its youth bulge and "demographic dividend". But an irreversible demographic pivot is already underway. Senior citizens currently make up over 10% of our population, a figure projected to nearly double to 19.5% by 2050. Against this backdrop, Kerala's 2026-27 budget, and its decision to establish a dedicated department of elderly welfare — a national first — is a landmark intervention. This institutional milestone signals a major paradigm shift: viewing senior citizens not as a passive welfare burden but as the cornerstone of a vibrant, active silver economy.

Kerala's new policy framework targets 3 core pillars: build dedicated elderly parks, fitness centres and day-care centres to promote independent living. Concurrently, it aims to unlock long-term economic growth by utilising the vast knowledge and professional experience of seniors through entrepreneurship and structural social participation. To ensure these policies align with real-world needs, government will conduct a statewide survey among senior citizens to form a data-driven roadmap for future welfare programmes. The national urgency for creating such supportive structures is stark. Longitudinal Ageing Study in India (LASI) paints a grim picture of our systemic gaps: 75% of our elderly suffer from chronic diseases; 70% rely on others for daily maintenance; and a staggering 78% live without any pension.

India must urgently replicate this policy and structural focus. If the state — which is wrestling with a massive ₹5.07 lakh cr debt burden and committed expenditures that swallow 77% of its revenue — can pioneer a dedicated silver economy, no other state across India can ever use fiscal constraints as an excuse to ignore its ageing demographics.



## Let's Minimise Tokenmaxxing

tokenmaxxing

Vijayant Rai

Last week, Palantir CEO Alex Karp went into overdrive and criticised AI tech giant OpenAI and Anthropic for token-baked pricing models, stating they charge businesses exorbitant costs for raw computational data with no delivering concrete business value. In this context, as AI begins to deliver business impact, success for Indian organisations hinges not only on access to advanced AI models but also on their ability to deploy AI efficiently and sustainably at scale.

Indian enterprises typically operate at enormous scale, while remaining highly cost-conscious. From banks and retailers to telecom providers and public digital platforms serving millions of users, even marginal improvements in AI efficiency can reduce token consumption. AI use can be expensive. If India hopes to take pole position in the AI race, optimising token usage efficiency could be a key success factor.

God has positioned AI as a strategic pillar of its economic and digital future. The ambition is to democratise AI while establishing India as a global innovation hub. But while expanding access is critical, higher AI consumption is often equated with greater AI

maturity. That assumption is increasingly being challenged, since "tokenmaxxing" — whereby maximising token consumption is considered a proxy for AI adoption — is flawed.

The real challenge is that most organisations lack mature frameworks to monitor how AI is used within the organisation. Without that visibility, AI can slide from default to the most powerful, and consequently most expensive, models, even when simpler alternatives would suffice.

For instance, not every task requires generative model. Simpler workflows can often be handled through traditional automation, rules-based systems, smaller models or retrieval-based approaches. Likewise, techniques such as shortening prompts, caching frequently requested responses or retrieving enterprise knowledge before generating new content can reduce token consumption without compromising user experience.

Complex reasoning gets directed to advanced models where the incremental value justifies the additional cost. As enterprises scale, these small optimisation decisions are multiplied across millions of AI interactions. The result is not only lower infrastructure costs but significantly better returns on AI investment.

India's cloud transformation de-

monstrated that scale alone does not create efficiency. Organisations learnt to optimise workflows, monitor utilisation and control cloud spending because every unnecessary compute cycle carried a cost. AI requires the same discipline.

That combination is becoming a strategic asset rather than an accident of history. AI is rapidly becoming more about who owns the ecosystem around it. Enterprise integration, domain expertise, workflow redesign, governance, security and compliance increasingly determine commercial value far more than leaderboard scores. Even industry leaders agree that enterprise adoption will depend on solving these practical challenges, rather than merely accessing better models. That is India's natural habitat.

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## JUST IN JEST

Poetic justice? No, no, US may still be football world champs

## Belgium, Please Hold Your Horses

If you thought Belgium's 4-1 thrashing of the US on Monday was a settled matter, think again. In the age of Diego MAGADON, no scoreline is safe, no referee's whistle final, and no VAR truly conclusive. Our sources have it that somewhere between his musings on tariffs and his latest declaration of the "greatest economy ever", Trump made a "courtesy call" to FIFA president and butler Gianni Infantino. Yes, there is talk of the Belgium-US result being reversed. The Brussels sprouts may have scored 4 goals, but what are goals compared to the gravitational pull of American exceptionalism? And Trumpian persuasion? Expect Infantino to announce that, upon "further review", 3 Belgian strikes were actually offside, and the final Romelu Lukaku one 'fake news'. And the US' solitary goal counts double under the new America First 'rulebook'. Voila: US3, Belgium1. And why stop there? Perhaps FIFA will retroactively award the US the 2014 World Cup, declare the 2022 Qatar edition null and void, in exchange for retaining the sport's names 'football', something that MAGADON actually believes in.

So, while Belgium celebrates Monday's result bit prematurely the rest of us wait with bated breath for the next Trump-Infantino hotline moment. Because in this brave new world of VAR or other means, the final whistle is merely the start of negotiations.

## Put Both Eggs in One Basket

Blinkit blitzed their way in by expanding their product portfolio to include apparel, electronics and beauty. They're not only started looking like Amazon, but were also gnawing away at the non-grocery wallet of its prime customers. Industry executives say that 70% of Blinkit app users also have an Amazon app, underscoring a massive overlap of user profile. Super fast doorstep deliveries are no longer an adjunct to commerce — they are the core of the business.

Jassy's final move proves the colossal is finally shuffling off its inertia and grinding for battle. It may want to press the accelerator for a mega expansion of its own super-fast delivery network, but the problem is competition is hardly slowing down. Blinkit's dark store footprint is 1,500. Amazon's is 1,500. The net order value (NOV) — a barometer of how much customers spend on a platform — is higher on both Blinkit (\$1.2) and Amazon (\$1.2).

Amazon, as per Q1 FY26

Mere paise deep pockets

Amazon, as per Q1 FY26

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Amazon, as per Q1 FY26

Amazon, as per Q1 FY26

Amazon, as per Q1 FY26

data. If it wants to service 300-plus Indian cities and towns from the current 15, it needs to push the pedal. Blinkit, therefore, becomes a shortcut to scale than building.

Enter Tata's. With every passing minute, BB is being proven right to win. It has faster been plagued by management churns, business pivots and inadequate capital. It is 5% among 7 players in total orders served, even though the early-mover advantage in its core strength while BB is still best in class. More importantly, the longer Blinkit maintains its leadership, the more it can better customer data from high frequency purchases in micro-markets, which, in turn, helps in building better ad solutions — a key income source.

Together, they can hammer through improved efficiencies and monetise better. Here, BB's astoundingly built tech stack will also come in handy. The synergies are many. It will all boil down to valuations and deal math. With Tata's 30% stake, shareholders are closely scrutinising the red ink across the group's many new ventures, now may be the time to profit ahead of pride.

Amazon, as per Q1 FY26

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## THE SPEAKING TREE

## The Ugly and The Beautiful

NARAYAN GANESH

When someone exclaims that so-and-so is beautiful, another may mutter, "Ouch! It's in the eyes of the beholder." There are, indeed, some conventional notions of what is beautiful. For instance, an aquiline nose, and rosy lips are perhaps. Another might find a pug nose and wide lips even more attractive. What or who you consider fetching, depends on what your perspective and conditioning are.

A German Shepherd, Afghan Hound or Golden Retriever may be handsome to one and another may find a Mastiff bulldog or Pug so cute. Visiting Tanzania's Maasai Mara region in Arusha, Africa, some decades ago, we came across a little hamlet, called Moshi Creek. "O how romantic!" I remarked, admiring the deep blue Jacaranda flowers strewn all over the red soil beneath our feet. And a fellow traveller turned up his nose in disgust.

In humans, apart from this "beholder" angle, there is another reason for differences in beauty ratings. More than physical dimensions and attributes, true beauty shines through that person's personality, attitude and behaviour. And what the eyes convey. For example, a frown is ugly on anyone sporting that dour expression, but a smile lights up anyone's countenance, even if he is considered ugly otherwise. However, even perfect his facial features may be, an angry person looks ugly; in fact, he looks terrifying. Or pathetic.

So, who is ugly and who is beautiful is all about context, expression, attitude and so on. "I never saw an ugly thing in my life. Let the form of an object be what it may — light, shade and perspective will always make it beautiful," remarked painter-artist John Constable.

## PEAS IN A PODCAST

## Munch on This

If your current obsession with Norway begins and ends with Erling Haaland, it's time for a cultural upgrade. Meet Norway's original global icon: Edvard Munch. Even if the name doesn't ring a bell, you definitely know his work — or at least the emoji it inspired. His master piece, The Scream, is everywhere. But who was the guy behind the panic?

The North by Norway podcast tackles exactly that in the first episode, "Munch: In his own words, and it skips encyclopedia-style biography. Instead, it flips through Munch's diary entries, messy notebooks and private letters. Hear him in his inner monologue feels like scrolling through a modern, deeply relatable feed. Turns out, he wasn't just a tortured soul; he was witty and intensely reflective.

The narration handles his emotional battles and artistic battles with grace, weaving his life into a party keep, keeping the pace brisk while dropping just enough historical context.

Whether you're an art nerd or just looking for an absorbing story to live up your next commute, skip the generic documentaries. This episode is a beautifully crafted backstage pass into the mind of a genius. Give it a listen — it's an absolute banger.

## Chat Room

## No Complaint If Compliant

'Is Enforcement of Banking Regulations Ownership Neutral?' by Sangita Mehra (Jul 6), which alludes to private sector banks getting better treatment relative to their public counterparts by RBI, is not borne out by the facts. According to our analysis, based on the published RBI data, for the 3-yr period 2023-22 to 2025-26, i.e., during 2023-25 and 2025-26 respectively, the 'average penalty amount per penalty instance' for the public sector banks turned out to be 41% and 23% higher than that for the private banks. Penalty amount levied is not only a function of the number of penalty instances but, more importantly, it considers, inter alia, the 'seriousness' and the 'recurrence' of compliance failures, despite warnings. Manas R Das Pune

arjit.bharan@timesofindia.com



# Economy

WEDNESDAY, JULY 8, 2026

## IN THE NEWS

### TARGET 25% OF GLOBAL BIZ: FM TO TOY MAKERS



FM NIRMALA Sitharaman on Tuesday said Indian exporters should aspire to capture at least a one-fourth of the global toy market share, which is estimated to reach \$179 billion by 2032. India exports toys to 153 nations and their value reached \$186 million in 2025-26.

### INSTITUTIONS BET BIG ON COCHIN SHIPYARD OFS



THE CENTRE'S STAKE sale in Cochin Shipyard on Tuesday got bids

exceeding ₹2,900 crore by institutional investors, significantly over-subscribing the portion reserved for them. The non-retail buyers put in bids for over 21 million shares against around 5.96-million offer.

### Centre launches PRAGATI to train agri-entrepreneurs



AGRICULTURE MINISTER SHYRAJ Singh Chouhan on Tuesday launched an initiative called PRAGATI to train 20,000 rural youth across eight states as agri-entrepreneurs as part of a government push to boost farm incomes and expand private-sector involvement in agriculture.

### Nagpur to host Brics transport ministers' meet

INDIA, UNDER ITS Brics chairmanship, will host the 3rd Brics Transport Ministers' Meeting in Nagpur on July 11-12, an official statement said on Tuesday. The meeting will bring together ministers and senior officials from Brics member countries to deliberate on key priorities in the transport sector, sustainability in infrastructure and mobility.

### Nod to ₹1,237-cr upgrade for ITIs under PM SETU



THE CENTRE ON Tuesday approved the pan-India rollout of the ₹60,000-crore Pradhan Mantri Skill and Employment Transformation through Upgraded ITIs (PM-SETU) scheme across 200 Industrial Training Institute (ITI) clusters, while also clearing strategic investment plans worth ₹1,237.58 crore. AGENCIES

## PROPOSED 12.5% TARIFF GENERALISED: GOVT

# India flags flaws in US' Section 301 probe

● New Delhi suggests talks over concerns on 'forced labour'

MUKESH JAGOTA  
New Delhi, July 7

INDIA HAS FLAGGED several flaws in the way the US has initiated and conducted its investigation into alleged forced-labour content in Indian imports. It also suggested bilateral dialogue to address any specific concern of the US in this regard.

In its formal response to the report in Section 301 investigations on imports of goods with forced labour that has proposed 12.5% additional tariffs on India, the Ministry of Commerce and Industry has said the office of US Trade Representative (USTR) has issued a sweeping, generalised determination across 60 economies without performing an economy-specific, or product-specific analysis of India's actual laws and practices. India has also sought reconsideration of the proposed tariffs.

The investigations are seen as part of Washington's efforts to rebuild its tariff architecture following the US Supreme Court's verdict on reciprocal tariffs. The Section 301 investigations are also part of the ongoing India-US trade agreement negotiations.

Public hearings on the forced-labour investigation began on Tuesday, with the Indian government and industry scheduled to present their arguments on Wednesday.

India argued that the USTR has failed to meet the legal threshold under Section 301(d) of the Trade Act by concluding that India's acts, policies or

## CASE STUDY



■ Public hearings on the forced-labour investigation began on Tuesday

■ Government, industry scheduled to present their arguments on Wednesday

practices relating to imports are unreasonable. This is against the Section 301 provisions that targeted specific state laws, policies, or documented violations.

The submission also said the USTR had not produced country- or product-specific evidence to support its findings, relying instead on case studies from a few sectors in a handful of countries and broad trade data. It further argued that the determination failed to establish a causal link between the absence of forced-labour import prohibitions and any adverse impact on US commerce.

The USTR report identified rice, cotton and tobacco among commodities where the alleged use of forced labour had hurt US exports. India countered that the US remains one of the few countries from which it imports rice. On cotton, it noted that US exports to India rose from \$213 million in 2021 to \$392 million in 2025, while China's cotton exports to India declined from \$160 million to \$109 million over the same period.

"The rising US market share in cotton alongside declining third-country competition demonstrates that India's conduct is not affecting US commerce," India said.

India also said it actively addresses forced labour through constitutional safeguards, criminal laws and labour legislation. Frameworks such as the National Guidelines on Responsible Business Conduct and Sebi's Business Responsibility and Sustainability Reporting mandate transparency and supply-chain due diligence, which it said are recognised by the International Labour Organization as important tools.

Separately, the USTR is investigating India, the EU, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, South Korea, Vietnam, Taiwan, Bangladesh, Mexico and Japan over policies that allegedly enable excess manufacturing capacity and undermine the US industrial base. The findings could pave the way for another round of additional tariffs.

# Discoms asked to avert power crisis in upcoming peak season

● Distribution bottlenecks behind summer power cuts: Electricity Authority

SAURAV ANAND  
New Delhi, July 7

WITH ELECTRICITY DEMAND expected to remain high this summer, the Central Electricity Authority (CEA) has asked states and power distribution companies (discoms) to identify over-loaded transformers and feeders well before the peak season, saying most summer power cuts now stem from weak distribution networks rather than a shortage of electricity.

In an advisory issued to all states and Union territories, the CEA said, "A significant portion of summer load shedding is not caused by generation shortage but due to distribution network constraints, transformer failures, overloaded feeders, inadequate preventive maintenance, delayed augmentation and poor visibility of emerging load growth pockets."

The advisory comes amid rising electricity demand driven by increased air-conditioner usage, urbanisation, EV

## PREPAREDNESS CHECK

■ Electricity Authority has asked every discom to complete a Summer Preparedness Review by Feb

■ Discoms have to identify distribution transformers loaded above 80%, power transformers above 75%, low-voltage pockets



■ Transformers operating above 90% loading should be augmented immediately

■ Utilities are asked to use smart-meter data, GIS-based mapping for load planning

■ To improve supply reliability, it has been ordered to keep mobile transformers, critical spares ready

charging, commercial activity and agricultural consumption, all of which are placing local distribution networks under mounting stress. The CEA said many outages occur because network expansion has failed to keep pace with demand growth.

The authority has directed every discom to complete a Summer Preparedness Review by February, identifying distribution transformers loaded above 80%, power transformers above 75%, overloaded feeders, low-voltage pockets and high-growth demand centres. It said transformers operating above 90% loading should be augmented immediately, while feeders crossing 80% loading should be strengthened ahead of the summer season.

The CEA has also asked utilities to use smart-meter data and GIS-based mapping for feeder-level load forecasting and network planning. It directed discoms to complete preventive maintenance of substations, feeders and transformers before the onset of summer, stating that "no critical maintenance activity should be deferred for the summer season except under exceptional circumstances."

To improve supply reliability, the advisory recommends keeping mobile transformers and critical spares ready, deploying dedicated restoration teams and strengthening outage management systems integrated with SCADA, GIS and smart-meter infrastructure. It also calls for wider adoption of Time-of-Day tariffs and demand-response programmes to help flatten peak demand.

The CEA said "most summer load shedding can be prevented if utilities identify assets exceeding 80% loading six months in advance and take corrective actions before the onset of the peak season," urging discoms to shift from reactive repairs to predictive planning and preventive maintenance.

# Hydro output falls 6.3 GW on year

SAURAV ANAND  
New Delhi, July 7

INDIA'S HYDROPOWER GENERATION declined by an average 6.3 GW year-on-year in June, while coal-fired generation increased by 20.7 GW, as the loss of flexible hydroelectricity forced the power system to lean more heavily on thermal generation to maintain grid reliability.

An average decline of 6.3 GW means hydropower plants generated 6.3 GW less electricity, at any given time during June than in the corresponding month last year.

India recorded the steepest decline among seven major Asian power markets and accounted for nearly half of the region's combined 13-GW average fall in hydropower generation, according to S&P Global. Vietnam registered the second-largest decline at 4.6 GW.

Together, India and Vietnam accounted for more than 80% of the reduction across Japan, South Korea, India, Bangladesh, Vietnam, the Philippines and Malaysia. S&P Global said the broad-based decline pointed to a common weather-driven regional trend rather than isolated disruptions in individual markets.

"Asia just lost the equivalent of 13 aGW of flexible electricity in a single month in June 2026, and unlike solar or wind, you can't simply build your way out of a drought," said Andre Lambine, lead, APAC short-term



power and renewables research, CERA, S&P Global.

Hydropower is a dispatchable source of electricity, allowing generation to be ramped up quickly when demand rises or output from other sources falls. A sharp decline in hydro generation therefore leaves power systems more dependent on coal- and gas-fired plants, particularly during periods of peak demand.

India's 20.7-GW increase in the largest thermal response to the regional hydro shortfall, S&P Global said most of the lost hydropower output across Asia was being replaced by coal-fired generation, raising the risk of higher carbon emissions.

"Widespread drought conditions in June 2026 force Asian nations to burn more coal and gas as flexible hydropower vanishes," Lambine said. "This will be a critical test for Asia's energy-transition ambitions as nations try to balance climate commitments against immediate grid reliability needs."

# Renewables' share in India's power mix rises to 19%

RAJESH KUMAR SINGH  
July 7

THE SHARE OF renewable energy in India's electricity mix rose to a record high this summer, highlighting the increasing importance of solar and wind in the world's third-largest emitter.

Renewables accounted for almost 19% of electricity production in the quarter through June, Bloomberg calculations based on power ministry data show, when scorching heat waves resulted in a surge in the country's peak demand. Coal's contribution remained flat at nearly 70%.

India has been busily adding renewables to its grid over the past decade, and is increasingly using coal plants flexibly to accommodate

more solar power during the day. That's beginning to loosen the grip coal has had on the market for decades, causing headwinds for companies such as state miner Coal India.

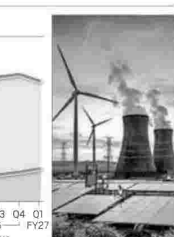
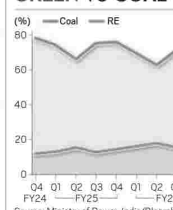
Additions in storage capacity will, however, be critical to sustaining the growth in renewables.

"There's still a long way to go and the share can grow much, much faster with the inclusion of storage," said Ashwin Gambhir, a fellow at Prayas, a Pune-based non-profit research group that focuses on energy.

"We've reached a stage where integration of renewables with storage has become critical and should be made mandatory."

BLOOMBERG

## GREEN VS COAL



# Auto parts industry hits \$1.37 bn in trade deficit

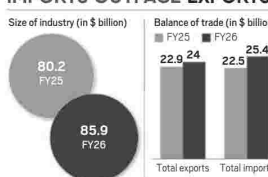
● FY26 turnover rises 12.7% despite imports surge

NITIN KUMAR  
New Delhi, July 7

THE DOMESTIC AUTO component industry recorded a turnover of ₹7.60 lakh crore (\$85.9 billion) in FY26, up 12.7% from the previous fiscal, the Automotive Component Manufacturers Association of India (ACMA) said on Tuesday. However, imports outpaced exports, pushing the sector into a trade deficit for the first time in two years.

The industry exported auto components worth \$24 billion, up 5% year-on-year, while imports rose a sharper 13% to \$25.4 billion, resulting in a trade deficit of about \$1.37 billion. The surge in imports was driven by higher demand for advanced technologies and

## IMPORTS OUTPACE EXPORTS



■ China's share in imports increased to 36% in FY26 from 32% in FY25

specialised components, particularly electronics and EV parts. As a result, China's share in India's auto component imports increased to 36% in FY26 from 32% in FY25.

Engine components and drive transmission and steering systems accounted for more than half of the country's exports. Imports were also dominated by drive transmission and steering systems and engine components, which

together contributed 56% of total imports. Europe recorded the strongest export growth during the year.

The industry also faced labour shortages, particularly among small and medium enterprises, following the West Asia conflict, which triggered reverse migration as higher energy costs raised the cost of living in towns and cities.

Despite geopolitical uncertainties, ACMA expects the

domestic auto component industry to grow 8-10% in FY27, supported by domestic demand and exports.

"The first quarter has been a very strong quarter. If we continue to grow as, there should be no reason why we shouldn't be able to maintain the growth rate that we have," Vinod Mehta, director general, ACMA, said.

Growing domestic demand, infrastructure-led economic growth, expanding manu-

facturing investments, deeper global integration through Free Trade Agreements and increasing global sourcing from India are creating significant opportunities for the sector, Vikram Singhania, president, ACMA, said.

Over the last five years, the industry has more than doubled in size, expanding at a CAGR of 17%, reaffirming the country's emergence as a globally competitive automotive manufacturing base.

The US, which accounts for 26% of the country's auto component exports worth about \$7.3 billion, has emerged as another source of uncertainty due to Section 301 investigations by USTR into alleged unfair labour practices and overcapacity arising from government subsidies. Currently, half of auto component exports to the US attract a 25% tariff, while the remaining half faces a 12.5% tariff and are under investigation under Section 301.

# Govt sanctions ₹1.55 L cr in guarantees under ECLGS 5.0

FE BUREAU  
New Delhi, July 7

THE CENTRE HAS ISSUED guarantees worth ₹1.55 lakh crore under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 within two months of its launch, reflecting the scheme's rapid absorption across the lending ecosystem.

Approved by the Union Cabinet on May 5, ECLGS 5.0 has so far issued 411,497 guarantees. According to government data, micro, small and medium enterprises (MSMEs) account for 98% of the guarantees issued by number, while 82% of the total guaranteed amount has been extended to the sector.

The scheme aims to facilitate additional credit of ₹2.55 lakh crore to existing borrowers by March 2027.

ECLGS 5.0 has so far issued 411,497 guarantees. MSMEs account for 98% of the guarantees issued by number

swift adoption across sectors. The strong initial response to ECLGS 5.0 reflects the government's continued focus on building a resilient and responsive credit ecosystem. As the scheme expands its outreach, it is expected to further strengthen liquidity support for businesses, including MSMEs and enable entrepreneurs to meet their liquidity needs in the times of external challenges.

To maximise awareness and improve adoption, the Department of Financial Services (DFS) has led a structured outreach campaign across the country. The programmes are aimed at ensuring eligible borrowers are aware of the scheme and can access its benefits, while equipping Member Lending Institutions (MLIs) to facilitate its effective implementation.



# Opinion

## The fading cartel

Oil producer alliances no longer wield the market power they once did

**F**OR HALF A century, the mere possibility of a disruption in the Strait of Hormuz was enough to send shivers through global markets. Roughly a fifth of the world's oil passes through the narrow waterway, making it one of the most strategic maritime choke points on the planet. Had analysts been asked to predict the consequences of its closure, few would have ventured anything below \$150 a barrel, with many forecasting prices closer to \$200. Instead, after briefly touching about \$126, crude largely traded in the \$90s. That outcome says less about the severity of the Iran conflict than about how profoundly the global oil market has changed. The crisis has exposed not the strength of the oil cartel but its diminishing ability to dictate prices. The contrast with the oil shocks of the 1970s could scarcely be sharper. Then, coordinated production cuts by a handful of exporters were enough to trigger prolonged shortages, soaring inflation, and global recession. Today, markets are larger, supply chains more diversified, and consumers far better equipped to absorb temporary disruptions.

The reasons lie outside the control of the producer group. China, the world's largest crude importer, sharply reduced imports — from about 11.4 million barrels a day in February to 6.4 million in May — drawing instead on accumulated inventories. The International Energy Agency coordinated releases from strategic petroleum reserves, cushioning the immediate supply shock. Meanwhile, non-OPEC production has surged, with the Organisation of Petroleum Exporting Countries (OPEC) producers, particularly the US, responding with additional output, filling part of the gap. The combined effect of demand adjustment, strategic stockpiles, and diversified supply demonstrated that today's oil market is far more resilient than during earlier crises.

The political fractures within the producer bloc reinforce the same conclusion. The United Arab Emirates' decision to walk away from OPEC, OPEC+ and Organization of Arab Petroleum Exporting Countries (OAPEC) reflects a growing preference for maximising national production rather than adhering to collective quotas. Other members are reportedly reassessing their positions, while Iran remains in open military confrontation with several Arab producers. Such divisions inevitably weaken any cartel's credibility. OAPEC, once conceived as a vehicle for collective leverage, increasingly looks like a relic of an era when producers could move in concert. Today's market rewards flexibility more than discipline and market share more than artificial restraint. Even Saudi Arabia, the cartel's traditional anchor, has increasingly found itself balancing the competing objectives of defending prices while avoiding a sustained loss of market share to producers outside the group.

For India, one of the world's largest oil importers, this shift offers cautious reassurance rather than complacency. A supply disruption in West Asia still imposes costs, widens the current account deficit and fuels inflationary pressures. But the experience of the Hormuz crisis also validates India's efforts to diversify crude sourcing, build strategic petroleum reserves, and reduce the economy's vulnerability to external oil shocks. At the same time, it underlines the strategic importance of accelerating domestic renewable energy, electric mobility, and alternative fuels, which reduce exposure not merely to price volatility but also to geopolitical risk. Oil will remain geopolitically important for years to come, but the ability of a handful of producers to hold the global economy hostage is steadily eroding. The Hormuz crisis may well be remembered not for triggering an oil shock, but for revealing that the age of the all-powerful oil cartel is drawing to a close.

## Meta cloud play will spice up Ambani-Adani rivalry

**WITH MARK ZUCKERBERG** promising to pour hundreds of billions of dollars into AI infrastructure, sceptics wondered how his social-media empire would ever monetise that expensive bet. We now have a plausible answer. Meta Platforms is turning a capital-expenditure drag into a new revenue source.

An internal initiative dubbed "Meta Compute" plans to lease out excess capacity to enterprise clients, *Bloomberg News* reported last week. It remains to be seen what kind of a dent it can make in the ruling trinity of Microsoft, Alphabet, and Amazon.com over the cloud business. But to those where some of the early tremors will be felt, look to India. Zuckerberg's entry into the cloud-capacity game is about to reshape the fierce rivalry between two of Asia's richest tycoons, Mukesh Ambani and Gautam Adani.

Until recently, Adani looked like he was pulling ahead in the AI infrastructure craze gripping India. He has been aggressively building out hyperscale server farms, securing a prized partnership to provide infrastructure for Google. For a billionaire who specialises in ports, airports, and power grids, moving into the concrete and cooling systems of data centres seemed a natural progression. But those plans collide with Ambani's ambitions. If digital real estate is an obvious focus of expansion for Adani, AI for individual and enterprise customers is equally crucial for Reliance Industries. The conglomerate wants to send its Platforms, its 10-year-old telecom and media unit, into public markets with a technology spin. (Meta bought 9.99% of it in 2020.)

Neither Ambani nor Adani has a presence in software outsourcing. And that's a good thing — for them. The arrival of generative AI has upended the economics of India's No. 1 services export. The advantage now lies with capitalists harnessing solar and wind power to produce AI tokens on the cheap.

The software hub of Bangalore is where Meta's engineers are building their proprietary silicon, while Gujarat takes the lead in generating power for the token factories. That's where Adani has put up the world's largest single-location clean-energy project as part of a \$100-billion AI compute push. Ambani is upping the ante with a 550,000-acre facility. It will be one of the lowest-cost sources of round-the-clock green power anywhere, the group claims.

A customer for the energy has already arrived. Last month, Ambani announced a partnership with Meta to establish a 168-Mw data centre at Jamnagar. On paper, it looks like an infrastructure lease. But, for India's corporate sector that will ultimately pay for the cost, the real allure comes down to data sovereignty. In highly regulated industries like banking, insurance, telecom, health care, and defence, the cloud was a compliance minefield even before the arrival of AI. Moving sensitive customer information onto the US-centric public clouds of Amazon, Google, or Microsoft often invites intense regulatory scrutiny over where data is stored and who has access to it. That's where the Reliance-Meta alliance may alter the competitive landscape. The AI engine and the sensitive enterprise data feeding it remain firmly on Indian soil, and under the control of Reliance Enterprise Intelligence, in which the conglomerate holds 70% equity and Meta 30%.

Amazon's AWS, Microsoft's Azure, and Google Cloud built their empires on general-purpose enterprise storage. While Meta may have no interest in hosting a company's payroll software, there are other pathways to drumming up enterprise demand. Zuckerberg recently hired an Indian fintech leader to run WhatsApp globally. He wants to extend his dominance of Indian social media into online commerce and payments. Neither Ambani nor his rival appears keen to take the kind of multi-billion-dollar, high-risk moonshot bet required to build foundational AI models from scratch. That's a capital-intensive game they are content to leave to Silicon Valley and China.

Adani remains a formidable player, especially with Google as his strategic partner. Alongside solar and wind, the tycoon also has big plans for nuclear power, a state monopoly that has recently been opened to the private sector. That could help reduce the cost of tokens offering the uninterrupted baseload power needed to run AI queries.

Still, the Meta-Reliance tie-up has raised the bar. For Zuckerberg, India is the perfect lab to prove Meta can succeed in enterprise cloud. For Ambani, it's another example that in Indian capitalism, his mastery of alliances is what makes him a major actor.



**ANDY MUKHERJEE**  
Bloomberg

## SEBI VS RELIANCE

SC HAS DRAWN A LINE: IT BECOMES FRAUD ONLY WHEN REGULATOR PROVES THE INGREDIENTS OF FRAUD

# A breach of limits isn't deceit

**T**HE SUPREME COURT has told the securities regulator something it did not want to hear — that breaking a position limit is not the same as committing a fraud. The reasoning in *Reliance Industries vs Sebi*, decided on May 29, matters more than the ₹447-crore disgorgement order it set aside.

The dispute goes back to November 2007. Reliance Industries, then holding 75% of Reliance Petroleum, decided to sell 5% of that stake — some 22.5 crore shares — into a market that analysts thought was overpriced. To hedge the risk of a price fall, it took short positions of 9.92 crore shares in the November RPL futures. It did so through 12 agent entities, because the client-level position limit set by Sebi's 2001 circular would have allowed a single client to hold a position of that size.

Sebi's case was that the 12 entities were a device to corner the futures market. Reliance held up to 93% of the open interest, and it depressed the settlement price by selling 1.95 crore shares in the closing minutes of November 29. All of this, the regulator said, was fraud under the Prohibition of Fraudulent and Unfair Trade Practices Regulations. The Securities Appellate Tribunal agreed, by a majority of two to one.

The court's first move was to separate two ideas that Sebi had run together. A position limit is a risk-containment tool. The 2001 circular did not forbid crossing it; it required a trader who crossed it to disclose the excess, and penalised the failure to disclose. Breaching the limit, even through agents, was therefore a disclosure default that attracted a monetary penalty. It was not, on that account, a



**SANDEEP PAREKH**

Managing Partner, Finsec Law Advisors

fraud. The court upheld the penalty and set the fraud finding aside.

The second move went to the definition of fraud itself. Regulation 2(1)(c) defines fraud to include any act, omission, or concealment, whether deceitful or not, that induces another to deal in securities. The court noticed what practitioners have long known — the definition is self-contradictory. Its first limb dispenses with intention; its second requires inducement, which presupposes intention. Read literally, the court said, the provision is so wide that almost any act in the market could be called a fraud.

The court relied on this author's book to state that by the current definition of fraud, even running would amount to fraud. Faced with that absurdity, the court read the two limbs together rather than against each other, treating inducement as the controlling element and the words "whether deceitful or not" as descriptive of the act rather than dispositive of intent. From that, the court drew a disciplined conclusion. Inducement remains a necessary ingredient of fraud, except where manipulation is itself proved so cogently that inducement can be presumed. The court held

so earlier in *Rakhi Trading*, where the manipulation was patent on the tape. Where inducement is not shown, the regulator carries a higher burden — it must prove a distinct act of price manipulation, not merely a motive or an opportunity. Concentration of positions gives a trader the ability to manipulate. It is not, by itself, manipulation.

After the facts were considered, the case collapsed. The futures positions were a genuine, if imperfect, hedge against a real cash-market exposure, and the law has never required a hedge to be perfect. The closing-minute sales were made into an unexplained price spike, at prices in line with what Reliance had accepted earlier in the month. Other participants sold similar quantities in the same window. On these facts, the court found, fraud rested on suspicion rather than proof.

The significance of the judgment lies in what it does to Sebi's enforcement methodology. For years, the regulator has treated the breadth of the fraud definition as a licence to convert regulatory infractions into charges of manipulation, because the latter carry disgorgement and a stigma that a fine does not. The court has now drawn a line. A breach

**The fraud definition needs rewriting so that it names what it forbids. Until it does, the regulator will keep winning at first instance and losing on appeal**

# Indians training robots who may take over



**NIKHIL NARENDRA**

Partner, Trilegal

**FOR OVER THREE** decades, every story about India's economic future has rested on the idea of a demographic dividend. We are young, large, and cheaper to employ than other alternatives, and that combination was promised to pull us through a manufacturing-led ascent, as it did for Japan, Korea, Taiwan, and China. It is, however, also becoming obsolete in the Fifth Industrial Revolution.

In factories across Tirupur, NCR, Coimbatore, and Surat, Indian workers are being fitted with head-mounted cameras and/or smart glasses to capture egocentric data. The footage they generate of folding, sorting, packing, assembling, soldering, and sewing is being shipped to companies that aggregate it into data sets and sell it to robotics companies for developing humanoid robots.

Many of these services offer a productivity analytics report at minimal or no cost as an inducement to allow recording. In most cases, the worker has neither been asked nor told what the footage is for. Even when it is provided at a cost, the final metadata and the learnings belong to the company collecting the egocentric data.

One's instinct would be to ask if this is legal under the Digital Personal Data Protection Act. It mostly is. Once faces are blurred, what remains are hands and motion, and that data falls outside the category of personal data protected by the DPDP. The real problem is not worker privacy, but the impact on India's economy.

The egocentric videos collected from

Indian factories serve as training data for the next generation of physical AI. Humanoid robots, trained on hundreds of millions of hours of human motion, are projected to enter industrial-scale deployment within the next decade.

When ready, these robots are likely to be deployed in countries where these companies are domiciled and have better infrastructure, like the US, Germany, or China. Very few of the early units will reach India, as it lacks the capital base, infrastructure, or energy capacity to absorb them at scale. By the time the second wave arrives, the manufacturing we hoped could absorb our working population would have moved to wherever the robots are deployed.

In this reshoring driven by automation, the factories that were supposed to lift India out of agricultural underemployment may never arrive. The hardest part of the design is that Indian workers are training the very machines that will make them jobless, for wages that would hardly feed a family in a tier-II city.

While there has been no Indian policy response to this, even before egocentric data models were a thing, the Economic Survey of 2018-19 devoted an entire chapter to data and described Indians' data as a national resource, a public good to be harnessed for economic benefit. We also had the Kris Gopalakrishnan Committee report on a

Non-Personal Data Governance Framework, 2020. The report's first principle was that Indians have rights over our data. It proposed a framework to address the kind of industrial training data now being exported from the country. The report gathers dust. No institutional architecture was built on it.

Meanwhile, China has built the playbook for non-personal data that feeds into its AI-robotic production line. In April 2020, the State Council formally designated data as a factor of production alongside land, labour, capital, and technology. Important core industrial data must be processed in China and can only be exported after a security review.

The same data flows through a domestic ecosystem. Beijing, Shanghai, Shenzhen, Guangzhou, and Guiyang host state-owned industrial data must be processed in China and can only be exported after a security review.

The data sets are registered, priced, and traded under enforceable use restrictions for Chinese firms to create robots. The state is simultaneously the largest buyer of locally built humanoids. The data, the firms, the buyers, and the factories are all Chinese.

This is not to say that India needs to copy China. However, it's time that we act quickly, re-examine, and revive the discussion around non-personal data, including industrial data.

In India, discussions of data

**The government also needs to play an anchor role in building domestic demand for Indian-built robots**

of an exchange rule is to be punished as a breach of an exchange rule. It becomes fraud only when the regulator proves the ingredients of fraud.

The court's instinct here has good company abroad. In *Sullivan & Long, Inc. vs Scattered Corp.*, 47 E 3d 857 (7th Cir. 1995), the legendary law and economics expert Judge Posner faced a complaint that a broker had committed manipulation on an awesome scale by short-selling more shares of a company than existed. The conduct looked extreme, and the plaintiffs urged that the scale alone proved wrongdoing. Posner refused to accept the equation. What Scattered had done, he held, was arbitrage, not manipulation — its sales did not push prices away from underlying value but towards it, puncturing a balloon rather than launching one. He similarly found that the breach of an exchange rule may be a violation of that rule, but it doesn't make it a fraudulent position.

There is a lesson for the rule-makers too. The court was blunt that regulation 2(1)(c) is a piece of inelegant drafting, and that an enactment with such consequences for the economy should leave no room for doubt. The criticism is fair. A definition that, on its own terms, could catch the innocent and the guilty alike is not really a definition. It is a discretion dressed as a rule.

The fraud definition needs rewriting so that it names what it forbids. Until it does, the regulator will keep winning at first instance and losing on appeal. It is better to draft the rule clearly than to keep litigating its meaning. The Seventh Circuit took half a page to say that manipulation is and is not; our regulation 2(1)(c) has taken 20 years and is still arguing with itself. That is a drafting problem, and drafting problems have drafting solutions.

Localisation alone would merely push companies to collect egocentric data elsewhere. Instead, we should create mechanisms to put this data to work for India

sovereignty are often conflated with localisation. Localisation alone would simply push these companies to collect egocentric data elsewhere, in Kenya, Ethiopia, or Bangladesh. Instead, we should create mechanisms to put this data to work for India, enabling it to manufacture robots locally.

For this, a national industrial data exchange could be considered that registers Indian-origin training data, with contributors represented as a beneficiary class. It will enable the same data to be used for trading and other purposes within India, promote local R&D to stop talent from leaving, and have revenue support local skill training.

The government also needs to play an anchor role in building domestic demand for Indian-built robots. We already have some good examples of the government promoting robotics. Bandicoot, a manhole-cleaning robot, has already been deployed across India to stop snakes from scavenging. Indian Railways alone, with its vast yards and tracks still cleaned largely by humans, could anchor a similar industry.

None of this is protectionism, but a policy that recognises the demographic dividend is not a permanent advantage. We have perhaps 10 years before the wave of reshoring. If we do not act, we will discover that our promised future was exported, packaged, and sold back to us as a finished good; the same extractive pattern during the British era, only now the raw material is our labour data, not our cotton or spices.

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## Respecting consumer choice

Ethanol-blending programme needed a better design

India's ethanol-blending programme has become an unlikely flashpoint. The objective itself is unexceptionable. Blending 20 per cent ethanol with petrol reduces dependence on imported crude oil, improves energy security, and supports the country's clean-fuel ambitions. However, the recent controversy over E20 is not about ethanol blending itself; it is about how the transition is being managed. Technical studies by the Automotive Research Association of India (ARAI), Indian Oil, and vehicle manufacturers have found no indication of widespread engine damage or significant corrosion attributable to the higher ethanol blend. At the same time, studies also acknowledge what vehicle owners have been experiencing. First, ethanol's lower calorific value reduces fuel economy, with mileage losses varying across vehicles. Second, some fuel-system components in older vehicles may deteriorate faster with E20. They also flagged that certain rubber components in older fuel systems perform less satisfactorily with E20 and may require replacement over time.

Millions of vehicles currently on Indian roads were manufactured before E20-compatible engines and fuel systems became the norm. Owners of these vehicles now have little option but to use a fuel for which their vehicles were never optimised. Thus, the owners of legacy vehicles have been compelled to bear the costs of energy transition without being offered any meaningful choice. A gradual transition, with continued availability of E10 alongside E20, would have imposed little additional burden on consumers whose vehicles predate the new standard. Any further increase in the ethanol component must give automakers adequate time to make necessary adjustments. Mature ethanol markets like Brazil have shown that offering consumers different fuel options is entirely compatible with ambitious blending targets. Starting from the launch of Pro-Alcohol in 1975, the country took over five decades to build a stable E20 ecosystem, and now runs on a standard E30 petrol blend. In fact, Brazil accelerated the adoption of flex-fuel vehicles, giving motorists the freedom to choose whichever fuel was cheaper at the pump.

There is another important aspect that deserves attention. The recent expansion of rice grain-based ethanol involves diverting the Food Corporation of India's surplus rice to ethanol production, and reflects deeper distortions in agricultural policy. The government procures rice at a high economic cost, stores it at considerable public expense, and then sells it to ethanol producers at a heavily discounted price. The economics are clearly difficult to justify. So is the environmental logic. Rice is among the country's most water-intensive crops and a significant source of methane emission.

There is a need to rethink the economics of ethanol production itself. As blending targets rise, India must ensure that feedstock choices are driven by efficiency rather than administrative convenience. As prominent agricultural economists have argued, maize is a more suitable long-term feedstock than rice or sugarcane, requiring far less irrigation and offering greater scope for productivity gains. Raising yields through better seed technology and agronomic practices could make maize-based ethanol both more competitive and less resource-intensive. Feedstock policy should, therefore, focus less on disposing of surplus grain and more on building an efficient and sustainable ethanol economy. Thus, India's ethanol-blending programme should be guided by greater consumer choice, better economic reasoning, and smarter feedstock policy.

## Engines of employment

Low manufacturing wages in many cities are problematic

The first Periodic Labour Force Survey (PLFS)-based report on labour-market dynamics in million-plus cities offers a detailed comparison of selected labour-market indicators for 46 cities whose population, based on Census 2011, was above one million. The report, brought out by the Ministry of Statistics and Programme Implementation, shows that million-plus cities performed better than overall urban India on several indicators, with a labour-force participation rate of 52.4 per cent, an unemployment rate of 4.9 per cent, and a higher share of regular wage or salaried jobs (58.5 per cent). Workers also earn more across all employment categories. The gains are pronounced particularly for women. Self-employed women in million-plus cities earn about 58 per cent more than overall urban India, while female casual labourers receive 18 per cent higher daily wages. The share of the youth aged 15-29 years who are not in employment, education, or training is lower at 22.2 per cent, compared with 25 per cent in urban India, reflecting relatively good access to education and employment opportunities.

Yet city-level disparities are stark. Cities in Gujarat such as Surat, Ahmedabad and Rajkot report low unemployment below 1.5 per cent, whereas Patna (20.9 per cent), Dhanbad (15 per cent) and Srinagar (17 per cent) lag behind. Female labour-force participation is only 15.5 per cent in Delhi, 15.1 per cent in Faridabad, and 14.8 per cent in Patna. The survey identifies child care or personal commitments in home-making as the primary reason women remain outside the labour force, highlighting the need for expanding affordable child care, and ensuring workplace flexibility for improving women participation.

Another important finding is low wages in manufacturing. Million-plus cities where manufacturing accounts for a larger share of employment tend to pay lower hourly wages to salaried workers. For instance, Ludhiana and Surat, where manufacturing contributes over 50 per cent of total employment, are among the lowest-paying cities for salaried workers in hourly terms. Faridabad and Agra—both major hubs of manufacturing and micro, small and medium enterprises—also feature near the bottom of the wage distribution. In contrast, Navi Mumbai, where manufacturing accounts for only about 13 per cent of employment, records the highest hourly wage rate among million-plus cities. Even Prayagraj and Patna, which have relatively small manufacturing bases, report higher hourly earnings for salaried workers than traditional manufacturing centres. This may be an indication of low-skill manufacturing, along with higher value added in the services sector. However, India needs a large number of manufacturing jobs to pull people out of agriculture.

It is worth noting that the jobs data must be interpreted with caution. The PLFS follows both the "usual status" and "current weekly status" approaches. Under the latter, employment for at least one hour during the reference week qualifies a person as employed. This methodology may mask classifying workers engaged in sporadic or poorly remunerated work as employed. Be that as it may, bridging the disparity requires more nuanced policy interventions. Both Union and state governments need to push growth in lagging states/cities through physical investment and skill development. There is also a need to support internal migration to more vibrant cities with an enabling political and economic environment.

# MGNREGA: From guarantee to scheme

The revamped rural jobs programme weakens the safety net and shifts power from states to the Centre

After a contentious change in nomenclature last year came a more consequential transformation in the policy architecture of India's largest rural employment intervention. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)—now renamed the Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) or VB-GRAM G—was a rights-based, demand-driven scheme that gave households a legal entitlement to 100 days of unskilled work. It has now been converted into a formula-driven, centrally determined transfer.

Its core operating principle that employment should respond to need has been replaced by predetermined shares based on the devolution criteria of the 16th Finance Commission. A flexible rural safety net has been recast as a conventional centrally sponsored scheme with fixed state-wise entitlements, cost-sharing ratios, and hard ceilings.

MGNREGA was designed as an inherently counter-cyclical intervention. Spending automatically rose during periods of rural distress—droughts, crop failures, migration surges or economy-wide shocks. It functioned as one of India's most effective automatic fiscal stabilisers. During the Covid-19 crisis, expenditure surged from the normal range of ₹60,000-73,000 crore to over ₹1.1 trillion in 2020-21, providing immediate income support to rural households when urban and formal sectors collapsed.

Under the new normative allocation model, this counter-cyclical responsiveness has been curtailed. Central funds are now determined by a static formula that creates predetermined state-wise caps. During a future drought, pandemic or agricultural shock, states cannot automatically access higher central resources beyond their normative share. This weakens the scheme's ability to act as a macroeconomic buffer and risks amplifying the depth and duration of rural downturns.

By capping central liability and requiring states to fully fund any expenditure beyond their allocation, the new design risks compressing total programme spending during distress periods. If states are unwilling or unable to top up their allocations, aggregate rural expenditure will fall below previous levels. This could dampen rural consumption, weaken demand for local agricultural and non-farm goods, and exert downward pressure on rural wages.

A less responsive rural employment guarantee also weakens the safety net. Fewer guaranteed workdays during distress could accelerate migration to urban areas, increasing pressure on city infrastructure and

informal labour markets. Over time, reduced programme elasticity may contribute to greater labour market dualism, with a larger pool of underemployed rural workers and heightened vulnerability to seasonal or shock-induced unemployment. The scheme's traditional role in building rural assets and human capital is also likely to weaken if overall spending becomes less responsive to need.

The 42.5 per cent weighting on income distance is intended to direct more resources towards poorer states. Combined with population and area weightings, it channels funds towards regions with greater structural need. However, a closer look reveals a clear bias towards size.

The 17.5 per cent population weighting inherently advantages the largest states. When combined with the income distance criterion, it privileges states that are both big and poor. The new 10 per cent weighting on contribution to gross domestic product further tilts the balance towards states with larger economic footprints. The consequences are visible in the dramatic reordering of inter-state shares.

Uttar Pradesh will nearly double its share, while Madhya Pradesh will record a sharp increase. Bihar will also gain. At the same time, Tamil Nadu will see its share almost halved. Andhra Pradesh and Kerala will also suffer significant relative declines.

States with strong implementation records and responsive local governance under the old system will now be penalised by a formula that places little value on past performance. The result is not a clear redistribution from rich to poor, but a shift from smaller and mid-sized states—some facing intense localised distress—to the largest demographic blocs.

A small, poor district in Odisha or Jharkhand with acute seasonal unemployment may not receive resources proportional to its need if the state does not rank high enough on macro indicators. Conversely, a large state with pockets of relative prosperity can still secure a substantially higher share because of its overall size. The formula thus rewards bigness as much as backwardness. With the biggest gainers also being states with substantial parliamentary representation, the reallocation amplifies the voice of demographically dominant states rather than necessarily reaching the most vulnerable populations.

The deeper concern lies in the subversion of cooperative federalism. Under MGNREGA, states assessed local needs through labour budgets and Gram Sabhas, while the Centre acted as the fiscal backstop during crises. This created a genuine partnership, with states enjoying autonomy in planning and implementation.



HASEEB A DRABU

## Avoiding straitened circumstances

In 1990, war in the Gulf region caused a serious oil crisis in India, which led directly to the financial crisis of 1991. Disruption caused by the US-Israel war on Iran earlier this year has caused less damage than that. India's economy is much stronger now, but oil prices have also not stayed elevated as long as they did earlier. War clouds have not quite passed, and with oil import dependence having grown from less than 50 per cent in 1990 to almost 90 per cent now, vulnerabilities persist.

It has been widely reported that the closure of the Strait of Hormuz when war broke out bottled up some 15-20 million barrels per day (mtpd)—about 20 per cent of globally traded oil. Initially, however, only exports from the Gulf Arab countries got blocked by Iran, while some 1.5 mtpd of Iranian oil continued to be shipped to customers in China, who were not deterred by US sanctions. In mid-March, the International Energy Agency member states orchestrated a coordinated release of 40 million barrels from strategic oil stocks. More significantly for traders, Saudi Arabia rapidly refurbished and reopened pipelines to the Red Sea. This move, and the United Arab Emirates' use of terminals on the Arabian Sea, brought back some 5-7 mtpd of daily supply to world markets, despite Iranian efforts to bomb the alternative outlets.

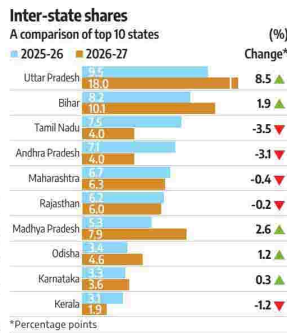
When the US Navy's successful "counter blockade" of Iranian ports in mid-April choked Iran's exports, oil prices again rose sharply. But by then, China, the world's largest importer, began drawing from its massive strategic reserves and reduced oil imports by over 4 mtpd. Reduced demand from China prevented a higher price spike for all other importers, including India. US President Donald Trump's repeated claims about progress in peace negotiations also seemed aimed at moderating oil market sentiment.

India proved clearly better prepared to deal with the oil shock this time around. Diversification of import sources, stretching from Russia to Venezuela—with Gabon in between—ensured that shipments of crude oil kept arriving at India's ports. Unlike in 1990, we now have buffer stocks for some weeks, mostly in the commercial inventories of India's world-class refining companies, and over a week's requirements in strategic reserves. But our energy problems do not end with oil. They extend to liquefied natural gas (LNG) and, as we discovered, to liquefied petroleum gas (LPG) as well.

Almost half the LPG used for cooking was being imported, most of it from the Gulf. Over the last decade, import capacities have almost tripled as demand has kept rising. Alternative LPG supplies from the US could not cover the shortfall in supply. The government then enforced an LPG control Order that led oil refineries to maximise LPG output—deploying great technical skill. As a result, total daily production of LPG was raised from 35,000 to 54,000 tonnes per day. This reduced other petrochemical streams like propylene, hitting downstream chemical industries, but household supply was substantially shielded.

The government also kept prices of LPG and petrol in check through administrative measures. This has led to massive losses for the oil marketing companies (over ₹1,000 crore per day based on official data). The finance ministry announced a reduction in excise tax on petrol to give relief to the companies, and that will hit the exchequer hard. The fiscal deficit for the current financial year could rise by half a percentage point to 4.8 per cent of gross domestic product, unless expenditure cuts are imposed later.

With the ceasefire bringing oil prices down, there is now relief. However, it is time for energy security



The new normative model replaces this with a top-down formula. States no longer drive allocation through demonstrated demand; they receive predetermined shares based on static criteria decided in Delhi. This weakens responsiveness to local needs. High-demand states may hit their normative cap and then face the choice of rationing work or bearing 100 per cent of additional costs under the new 60:40 sharing arrangement.

The combination of normative caps and a higher state contribution alters fiscal federalism dynamics. States losing share under the formula face a double whammy: lower central transfers and higher mandatory contribution. This may push some states to cut other developmental spending or increase borrowing, raising state-level fiscal stress. It also reduces the incentive for states to accurately project genuine demand, since exceeding the cap carries full financial responsibility.

The Centre now sets the rules, defines the formula, imposes performance conditions and retains overriding power over allocations for Union Territories (UTs). It positions itself less as a responsive partner and more as the primary provider dispensing resources according to its own criteria.

This centralising tendency is particularly stark for the Union Territories, especially those with legislatures, like Jammu & Kashmir. Their share will be determined by the Centre on performance criteria and other parameters it deems appropriate, giving the Union government significant discretion and reducing predictability.

The adverse character of the new arrangement will become most visible during periods of stress. Once a normative allocation is exhausted, additional work must be funded entirely by the state or UT. The Centre's liability is capped while the risk of under-provision is transferred downward. What was once a shared responsibility for guaranteeing rural employment has become a centrally rationed transfer with states and UTs bearing the residual burden.

The writer is an economist and former finance minister of J&K

## India's cheetah diplomacy



CHINTAN GIRISH MODI

The cheetah was officially declared extinct in India in 1952. However, in May 2026, the Ministry of Environment, Forest and Climate Change issued a press release stating that we now have a total of 53 cheetahs in the country. Of these, 33 were born in India. How did this happen?

Prashant Agrawal, who joined the Indian Foreign Service in 1998, and currently serves as Additional Secretary (Southern Division) at the Ministry of External Affairs, tells the story behind these numbers in the book *Bringing the Cheetah Back to India: How Diplomacy*

*Made Conservation's Big Mission Possible*. As India's High Commissioner to Namibia from November 2018 to February 2023, he played a major role in bringing cheetahs from Namibia to India.

He writes, "Indiscriminate hunting during the colonial period, as well as the loss of the cheetah's natural habitat, which also saw a decline of its prey base, had a devastating effect on the survival of this delicate species." Namibia was identified as a source country because it is considered the cheetah capital of the world. India also received cheetahs from South Africa and Botswana but this book keeps its razor-sharp focus on the "translocation" of these animals from Namibia.

Aspiring diplomats, people working in foreign policy think tanks, and students of international relations would certainly find this book worth reading because the author opens up about various challenges involved in such a high-profile project, and the problem-

solving skills that came in handy. He had to be culturally sensitive, build trust, race against time, sweet-talk people with decision-making powers, and be assertive when delays threatened to jeopardise plans.

Eight cheetahs from Namibia were released into the Kuno National Park in Madhya Pradesh on September 17, 2022. This book narrates, in vivid detail, what transpired behind the scenes leading up to that moment. It is a thrilling story that deserves to be made into a film someday.

Numerous difficulties came in the way of Project Cheetah. The most significant was the approach to wildlife conservation in both the countries. Namibia's conservation model is "partly based on what they call sustainable consumption of wildlife". Hunting animals, including the cheetah, is legally permitted but in a regulated manner.

In India, "civilisational ethos calls for the side-by-side existence of ani-

mals with human beings, with most wildlife revered and protected in some way". This fundamental difference caused a "logjam" because it was about "a principled position" and not just technical language. Mr Agrawal's prose makes one appreciate the art of negotiation with tact and mutual respect.

While he discusses the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the International Union for Conservation of Nature (IUCN) guidelines, the philosophical underpinnings of the Wildlife (Protection) Act, 1972 go unexplored. The book would have also benefited from placing Project Cheetah in a broader historical context.

Using animals as part of diplomacy is not new to India. Archaeologist Devika Cariapa and illustrator Satwik Gade's book, *Uncle Nehru, Please Send An Ele-*



Bringing the Cheetah Back to India: How Diplomacy Made Conservation's Big Mission Possible by Prashant Agrawal Published by Hachette India 226 pages ₹599

Moreover, India sent Covid-19 vaccines to Namibia when "the West was hoarding the vaccines" and Namibian President Hage Geingob referred to it as "vaccine apartheid".

That said, there is a dire need for a critical study of Project Cheetah that

engages honestly with concerns raised by wildlife biologists, conservation experts and animal rights activists about psychological distress, illness and high mortality rates of cheetahs brought from Namibia. As the leader of the International Big Cat Alliance, established to promote conservation of tigers, lions, leopards, cheetahs, jaguars, pumas and snow leopards, India needs to invest in best practices.

The most poignant moment in this book is the author kneeling down and stroking the forehead of a cub. He recalls, "She looked at me, her enormous, innocent eyes... felt like an ocean of sadness." He calls this cub "the second daughter I had always longed for but never had", and names her Kaveri. As someone who is able to see an animal as a "sentient being" it is surprising that he does not engage deeply with questions of bodily autonomy and consent in relation to animals and their translocation, especially their wish to live free from human exploitation.

The reviewer is a writer and literary critic



{ OUR TAKE }

## Don't jump on the bandwagon

Criticising China's missile tests provide it fodder to paint genuine censure as the West's habitual opposition to Communist countries

The response of the US and its allies to China's latest missile test may be reminiscent of the reaction of the Allies to Germany's mobilisation against the Soviets in the Battle of Smolensk exactly 85 years ago. The significance of this battle during World War II went beyond any military gains made by the Axis powers. Germany ended up laying its hands upon the Smolensk archives: the civil archives of Smolensk and those of the People's Commissariat for Internal Affairs (NKVD), enabling the Nazis to amplify their propaganda on Communist repression.

The Chinese navy tested a long-range ballistic missile from a nuclear-powered submarine in the Pacific Ocean on July 6. While the US seems to be leading the pack of protestors, countries in the Asia-Pacific region are also registering their displeasure about China's test which reportedly came after an insufficiently short notice from Beijing. By launching the missile in international waters, a rare practice, China has upped the ante by testing the geographical span of its military capabilities, just like Germany did with Smolensk.

The US has accused China of "rapid and opaque nuclear weapons buildup" which is a matter "of great concern to the region and the world". Its regional ally, the Philippines called it a "reckless display of military power", Taiwan called China "a bully". And the New Zealand government said China has violated the 1986 Treaty of Rarotonga, which set up the South Pacific Nuclear Free Zone. Australian foreign minister Penny Wong called the test "a provocative act by China which does destabilize the region".

China has brushed aside these concerns by stating that the US and its allies are engaging in unnecessary alarmism by over-interpreting a routine military exercise. From Beijing's perspective, such reactions demonstrate the habitual western suspicions, leading to vilification, of the Communist countries. Such reactions provide welcome fodder to China, in its bid to challenge the western hegemony. Beijing gathers its own Smolensk Archives, one official statement, one sound bite, and one social media post at a time.

India, interestingly, has not officially responded to the test as yet. Since Prime Minister Narendra Modi is on a multi-nation tour in the Asia-Pacific region, this reticence may lead to a perception of not aligning with the host countries' concerns. On the other hand, it allows New Delhi to continue its rapport-building campaign with Beijing, the superpower next door.

## Temple probe mustn't become an eyewash

The acceptance of resignations of two prominent members of the Ram Jannabhoomi Teerth Kshetra Trust, the constitution of a three-member panel to find a chief executive officer for the body, and the listing of valuables donated by devotees marks the beginning of a public process of accountability. It must follow concrete steps towards transparency, an establishment of processes and publication of audit reports, and accountability fixed for the lapses that led to the irregularities in donation collections for the Ram Temple.

This newspaper has commented before that the allegations of embezzlement of donation money is not just serious but strikes at the heart of the faith of millions of people. For the Trust, winning back the trust of the ordinary devotee should be top priority. In this process, going after just small fry—eight men have, so far, been arrested but most of them were lower-rung workers and drew salaries of around ₹20,000 a month—while keeping the trustees out of the loop of accountability is wrong. What was the treasurer doing? Why weren't audit reports made public? Why was there opacity around the Trust's functioning? Who allowed for standard operating procedures to be flouted? The special investigation team's report makes it clear that lacunae in processes, negligence and a disregard for protocol was responsible for creating the conditions that led to the alleged irregularities. While it is for a court to establish guilt, prosecuting agencies should not rest easy without taking the investigation to its logical conclusion. Both social media rumour mongering and political blame-game should be an anathema in this quest for transparency and justice. The administration should consider putting all facts in the public domain. The Trust must realise the need for complete overhaul.

## Pak's Indus entreaties to the West hold little water

However persuasive its appeals to downstream rights may appear in western capitals, they are unlikely to withstand sustained scrutiny and will ultimately fall flat, lacking both legal coherence and normative credibility

Pakistan's well-established public relations apparatus has launched an aggressive campaign against India's plan to optimise the Indus Waters Treaty (IWT) on the Western Rivers (Indus, Jhelum, and Chenab). Pakistan's rhetoric has grown increasingly alarmist, employing scare tactics such as describing India's actions as "weaponisation of water" and issuing dire warnings like "cutting off India's hand" if water supplies are severed. Some officials have even further, warning that any interference with water flows would constitute an "act of war" with possible nuclear retaliation.

Pakistan has also sought to internationalise the treaty by bringing up the climate crisis and related issues. The arguments are designed to garner wider international sympathy, at a time when water security is a global concern. In an article in the *Washington Post* in January 2020, Asif Zardari, who is president now as he was then,

while pleading to the US president Barack Obama to recognise Pakistan's role in the US war on terrorism and regional stability, seized the opportunity to raise water concerns with India. "The water crisis in Pakistan is directly linked to relations with India. Resolution could prevent an environmental catastrophe in South Asia, but failure to do so could fuel the fires of discontent that lead to extremism and terrorism."

Like it or not, Pakistan does what it does best: playing the victim and framing the issue as a matter of international law, humanitarian rights, and downstream vulnerability.

This strategy has historical precedent. In 1952, Pakistan's foreign minister, Zafarullah Khan, brought the water-sharing between the two countries, known then as the "canal water dispute", to the attention of the UN Security Council (UNSC). He accused India of acting in a "most callous" manner by repeatedly "turning off" the waters of the Indus Basin, leaving Pakistan's agricultural lands parched and its farmers destitute. Reports suggest that members of the UNSC were visibly moved by his address.

Likewise, in 1957, the Oxford-educated Zulfikar Bhutto, as part of the delegation to the UN, caught the attention of the world when he responded to a Soviet draft resolution on the question of defining aggression. He stated clearly that "economic aggression or indirect aggression is perpetrated if lower riparian are deprived of

natural rights in use of rivers...," emotively adding, "If there is any interference in the normal and assured supply of irrigation waters, my country would face the threat of total annihilation." Interestingly, Bhutto was privately opposed to the treaty though was not outspoken about it when Field Marshal Ayub Khan signed it.

Pakistan is currently so lost in its own rhetoric that it is misrepresenting the IWT by conflating treaty rights with sovereign rights and misleading the world. But this is exactly what it wants. The Indus system's rights are a legitimate standard of peaceful coexistence. Pakistan's access to these waters is through the 1960 treaty and not inherent ownership. A careful read of Article II(2) suggests that the treaty is about allocating the use of waters and not creating transboundary rivers owned jointly by India or Pakistan. This is an important distinction because Pakistan is presenting the Western Rivers as though they somehow belong to it.

But also, importantly, while the treaty preserved India's territorial sovereignty over the rivers within its territory, it also created treaty-based obligations concerning their water utilisation. Fundamentally, therefore, the treaty regulates utilisation of waters with specified provisions and restrictions between two sovereign States.



Uttam Kumar Sinha

"...nothing in the Treaty shall be construed as effecting existing territorial rights over the waters of any of the Rivers or the beds or the banks thereof..." In other words, the treaty did not create transboundary rivers owned jointly by India or Pakistan.

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## Key questions that Andaman and Nicobar LG must answer

The last few weeks have seen an important entrant into the public discussion on the Great Nicobar mega-infrastructure project. DK Joshi—former chief of the Indian Navy, current lieutenant governor (LG) of the Andaman and Nicobar Islands and also the chief administrator of the islands under whose watch the ₹92,000 mega-project initiated more than five years ago is to be executed—has recently penned many articles, made presentations and given interviews on the project.

The primary thrust of his argument, part of a visible narrative-building effort, is that the Great Nicobar project is crucial for national security and is being pursued with ecological responsibility. The LG does not go into any specific details or substantive matters.

This is important because beneath his overarching claims, lie a bunch of stark realities and unspoken questions. Here are four questions for LG DK Joshi's consideration.

The choice of ANICCOB as implementing agency: The Andaman and Nicobar Islands Integrated Development Corporation (ANIDCO), chosen as the project implementation agency, is a quasi-government agency whose primary experience thus far has been in running tourism resorts and selling liquor, petroleum products and milk. Its annual turnover and profit over the last few years financial years have averaged ₹420 crore and ₹40 crore, respectively.

What justifies making ANIDCO responsible for implementing such a large and ambitious project in one of the country's most difficult, ecologically sensitive, and technically volatile landscapes?

Is it not a huge risk to life, property and, indeed, investment to hand over the project to an entity that has neither the experience or mandate nor the capacity for the same? What understanding of national security is this? The status of Galathea Bay: In February 16 order of the National Green Tribunal justifies the construction of the port at Galathea Bay, arguing this is not a coastal regulation zone (CRZ) site. This, despite the well-established fact that the bay is home to coral colonies, mangroves, ground nesting birds and turtle-nesting beaches. This unequivocally makes it a CRZ site and no major development, including a port, must be allowed here.

A&N administration agencies—including the Union Territory's own forest department (FD)—have repeatedly provided evidence confirming the same. The forest department's records show 619 leatherback turtle-nests at Galathea in the nesting season of 2024. February 2026 photographs from the turtle hatcheries show at least a 1,000 turtles nested at Galathea.

The project's environmental impact assessment (EIA) report itself mentions the presence of more 20,000 coral colonies in GALATHEA BAY IS LIKE A JEWEL IN THE CROWN OF THE ARCHIPELAGO AND ITS STATUS AS A PROTECTED SITE IS SACROSANCT WHERE THE LAW OF THE LAND IS CONCERNED

Galathea Bay. This area also has nesting mounds of the endemic Nicobar Megapode and luxurious stands of mangroves. This is all incontrovertible evidence that Galathea Bay is like a jewel in the crown of the archipelago and its status as a protected site is sacrosanct where the law of the land is concerned.

Why then is the law being given a go-by? Why did the A&N administration not put forth their own evidence before the NGT to argue that Galathea Bay is a priceless treasure and an undisputed CRZ site? Will the claim of ecological responsibility not sound hollow and false, if the port is allowed to be built there?

Violations of the Forest Rights Act: The A&N administration has allowed and facilitated the diversion of tribal and forest lands and for the settlement of rights of the tribal communities under the Forest Rights Act in a mere 22 days in August 2022.

The Gram Sabha that passed the resolutions for diversion of tribal lands were of settler non-tribal populations who have no say in the matter where the FRA is concerned. The Shompen, a particularly vulnerable tribal group, was represented by Andaman Adin Jan Vika Samiti (AAJVS), the tribal welfare body of A&N administration, when no such provision for representation exists in the law. The Shompen did not even participate in the proceedings where their rights to the forests were settled; yet, permission was granted for diversion of tribal lands for the project.

Is this not a gross violation of the law and the rights of the oldest and most vulnerable communities of the country? Why has the A&N administration, as the primary custodian of these forests and the rights of these communities, allowed this violation of the law and of the Shompen's rights?

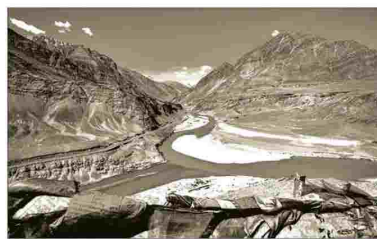
Tourism and national security: The recently released Draft Master Plan for Great Nicobar Development Area (GNDA) 2047 lists the following among the other objectives in its vision for Great Nicobar: a cruise tourism terminal to put the Great Nicobar Islands on the global tourist network; tourist arrivals of one million annually by 2050, family entertainment projects such as discotheques, theme parks, amusement parks and water parks; a finance hub on lines of Busan International Finance Centre (BIFC) and Marina Bay Finance Centre in Singapore with a floor surface index of 2.5 and buildings with 8-10 floors.

It is not clear how cruise tourism, construction of discotheques, and creating a financial hub with a huge ecological and carbon footprint fit into the narrative either of national security or of ecological vulnerability. The economic impulses and vision of the Great Nicobar project are in stark and evident contrast to claims being made.

These questions are related to the issues of institutional propriety, conflict of interest, due process, and concerns related to the environment, tribal rights and the geological vulnerability of Great Nicobar. The questions are importantly all based on facts and verifiable evidence.

Answers and explanations will be central to the thesis about the project propounded by the LG.

Pankaj Sekhsaria has authored seven books on the Andaman and Nicobar islands. The views expressed are personal



For India, the logical course is to keep the treaty in abeyance until the conditions that sustained it are restored.

SHUTTERSTOCK

The treaty, it bears recalling, rested on a fundamental assumption that technical cooperation on water-sharing would endure political differences so long as both sides observed a minimal standard of peaceful coexistence. That premise no longer holds. Pakistan cannot expect India to uphold a framework founded on mutual restraint while simultaneously pursuing cross-border terrorism as an instrument of State policy. And this is where Pakistan's diplomatic campaign starts to unravel. However persuasive its appeals to downstream rights may appear in western capitals, they are unlikely to withstand sustained scrutiny and will ultimately fall flat, lacking both legal coherence and normative credibility. For India, the logical course is to remain steadfast in its decision to keep the treaty in abeyance until the conditions that once sustained it are restored.

But India needs to communicate this more effectively by presenting a principled position grounded in both sovereignty and reciprocity. Cooperation over shared rivers is a political choice that depends upon a broader framework of stable and peaceful relations. At the same time, India should avoid an image of retribution. India must be mindful of the precedent it sets. It occupies a dual position in South Asian hydropolitics. In relation to Pakistan and Bangladesh, India is the upper riparian, but in relation to China on the Brahmaputra and the Sutlej, India is the lower riparian.

The aim is not to deprive Pakistan of water. The significance of the treaty-in-abeyance lies not in altering river flows but in ending a policy of unilateral restraint that prevented India from fully exercising the rights available to it. The emphasis should, therefore, be on optimising India's legitimate utilisation of the western rivers through storage, hydropower, flood management and irrigation within the provisions of the treaty. The Indus Waters Treaty is widely celebrated and recognised as the most durable transboundary water-sharing mechanism in the world. But it takes two to uphold it, and the responsibility does not always fall on the upper riparian.

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{ EMMANUEL MACRON } PRESIDENT, FRANCE

I met Syria in all its diversity. I saw dignity, courage, and determination. My visit continues

Remarks made after an explosion near his hotel in Damascus, during his Syria visit



## Films like Satluj strengthen India's democratic core

Every once in a while, a film comes along that deserves to be judged not merely by its cinematic merit but by the questions it compels society to ask. *Satluj* is one such film.

Ironically, before audiences could even decide its relevance, the film itself has become the very issue it seeks to address. Delayed for nearly three years by legal challenges and censorship-related hurdles, it eventually found release not in theatres but on an OTT platform—only to be withdrawn within two days. Why do certain chapters of our history continue to make us so uncomfortable that even telling their story becomes an uphill battle?

At one level, *Satluj* is set against one of the darkest chapters in independent India's history. At another, it is a timeless meditation on conscience, courage and the moral choices that confront ordinary citizens.

There should be no ambiguity here. Every sovereign nation has the solemn duty to defend terrorism with determination. Those entrusted with protecting the nation often have to take extraordinarily difficult decisions under extraordinary circumstances, and history should acknowledge that reality.

Yet, mature democracies are distinguished from the forces they fight by one crucial principle—they remain governed by the rule of law. The line between using legitimate force against terrorism and descending into abuse of power is often thin, but inviolable. When counter-insurgency slips into extortion, fake encounters, torture, enforced disappearances or indiscriminate killings, the moral authority of the State itself begins to erode.

But *Satluj* is not only about the State power, it is primarily about conscience and character. What makes the protagonist remarkable is not that he possesses extraordinary powers or occupies high office or is a charismatic leader. Quite the contrary. He is a banker leading a comfortable, successful life and is even presented with an opportunity to seek asylum abroad, leaving behind the turmoil engulfing his homeland. He chooses the far more difficult path of listening to his conscience. That decision transforms him from an ordinary individual into an extraordinary citizen.

*Satluj* reminds us that history is often changed not by the powerful, but by ordinary people who refuse to remain silent when silence becomes complicity. It compels us to confront a distinction that mature democracies must never lose sight of. The legitimacy of the State rests on remaining faithful to the rule of law, even when tackling complex situations

like terrorism. The allegations surrounding the disappearance of nearly 25,000 people during the troubled years of insurgency in Punjab continue to cast a long and painful shadow. Whatever one's interpretation of individual cases, there can be little disagreement that democracies cannot afford to become indifferent to questions of accountability. The moral strength of a nation lies not in denying uncomfortable episodes but in possessing the confidence to examine them honestly.

*Satluj*, ultimately, is a story about institutions. A reassuring message from the film is that even during periods of immense fear and political turbulence, not every institution surrenders. The judiciary continued to provide a forum where injustice could be challenged. Sections of the media persisted in asking uncomfortable questions despite enormous pressure. Brave investigators, lawyers, and citizens refused to look away. Democracy survives because enough people choose integrity over convenience; courage over silence; and duty over self-interest.

That lesson may be more relevant today than ever before. In today's times, information is available instantly, but perspective is increasingly getting scarce. If our cultural diet consists only of spectacle, fantasy and instant gratification, we risk producing citizens who know everything but little about handling moral dilemmas that have shaped the nation they inherit.

Films such as *Satluj* remind us that democracy is preserved not only by soldiers guarding borders but also by judges defending justice, journalists asking inconvenient questions, police officers refusing unlawful orders and ordinary citizens choosing courage over comfort. Stories like these build historical perspective, cultivate moral imagination, and, above all, they force each viewer to ask a profoundly uncomfortable question: What would I have done?

And there are far too few films today courageous enough to ask that. A nation is ultimately defined by the values it chooses to pass on to its next generation. If *Satluj* inspires even a handful of young Indians to believe that an ordinary citizen, armed with nothing more than integrity and the courage to act, can make an extraordinary difference, it will have achieved something far greater than cinematic success. The government must introspect if our next generation deserves this opportunity.

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# DECCAN Chronicle

8 JULY 2026

## Erasing Punjab's history won't heal Khalistan hurt

The vanishing act of the film *Satuj* from an OTT platform three days after its release on last Friday triggers uncomfortable questions, the prominent being who is afraid of history. The film is an attempt to re-live the Punjab of the turbulent years of the border state in the eighties and the nineties. Directed by Honey Trehan, it is based on the life of human rights activist Jaswant Singh Khaira, known for his exposure of the alleged illegal cremation of thousands of unidentified bodies during Punjab's militancy years before being abducted in 1985. The film was held up by the Central Board of Film Certification for three years before it was released without cuts that were suggested by the censor.

The latest is that the Union government may refer the movie to an inter-departmental committee constituted under the IT Rules 2021 for a detailed examination of the film. It is now evident that the Government of India has concerns over the impact the movie can have on the people and hence its decision to allow it a free run.

Every party with a stake in the state's politics, be it ruling AAP, the Congress or the Shiromani Akali Dal, has condemned the decision, which they believe cannot be taken by the OTT platform on its own. The state has a painful past and it cannot be erased through censorship, they say. As Shiromani Akali Dal president Sukhvinder Singh Badal put it, it is an assault on collective memory, truth and freedom of expression. "Punjab deserves to confront its past with honesty, not suppression," Mr Badal said. Surprisingly, the Congress, which ruled at the Centre and in the state for the most part of the militancy-hit period, is also opposed to the attempts to keep the history of the state under shadows. The party holds that the movie depicts police brutality around Khaira's abduction and murder. The various Sikh bodies have also expressed their outrage at the taking down of the film, the BJP however, appears out of sync on the development.

It is a historical fact that Punjab once harboured divisive thoughts which were impractical in India's constitutional scheme of things to implement. That the proponents of Khalistan took to arms to press for their demands, something a government which has to go by the Constitution and the law cannot approve of, is an accompanying fact. These, along with the genesis of the separatist argument, and who supported and encouraged it, would undoubtedly be subjected to ruthless examination by history. How it was put down by the state and how all suffered will also be subjected to scrutiny by the future generations.

Punjab's memories of its troubled past have blood on every page. There were innocent people who were denied all the constitutional and human rights by the men in uniform as well as the terrorists. Then there are cops and troops who laid down their lives for the integrity of the nation. There are political leaders, starting with a Prime Minister who fell prey to terrorists' bullets. Then there are the youth in their thousands who were charmed by a dangerous dream; there is no running away from their memories. Study of history and its mistakes is a necessary condition to avoid them in future; those who refuse are bound to repeat it. India cannot afford a repeat of those troubled times. The Union government must now persuade itself to be truthful to the state's history and desist from muscling it to subjugation.

## Trump targets football too

The credibility of the "beautiful game" of football and the integrity of FIFA as a neutral arbiter lay shattered when the US star striker Polarin Balogun took the field against Belgium in the World Cup. Political interference of the unyielding kind from the US President Donald Trump led to an infantile decision by the sport's governing body headed by Gianni Infantino, a self-confessed Trump fan, to allow an unprecedented mid-tournament reprieve for the red-carded Nigerian.

The player's appearance made no material difference to the result as Belgium pumped in three more goals to win 4-1 after the US had levelled the score at 1-1, much to the mirth of meme creators who had a field day taking down the image of Mr Trump as the interfering politico who had brought shame to a sport that is supposed to be above such petty politics. The US President may as well have asked for the US team to be declared winners of the World Cup and sent all the other teams home.

There are, however, precedents in decisions to reprieve booked players as they did for Cristiano Ronaldo of Portugal who was facing a three-match suspension that would have included at least two World Cup games for fouling an Irish player in a qualifying match. The system may lean towards forgiving star players who are a draw at the gates, but not so blatantly as to pardon a player in the middle of a competition.

Granted that the foul called against Balogun may not have been serious enough to merit a red card after VAR verification, but there is the principle that the decision made on the field by officiating referees be respected. A red card offence cannot be erased just to pander to the winner of the FIFA Peace Prize who then went on to bomb Iran a few days after Mr Infantino had manufactured football's "Nobel" just to please his patron.

Mr Trump's presidential pardons may have excused serial offenders facing financial and a whole load of other allegations.

So, he was never going to be chary of crossing into football territory with his personal wishes, but it was the committee's fault that it saw fit to accept the plea at the cost of fair play, which is what sport is supposed to be at all about. FIFA simply failed the game in acceding to the plea of a powerful man.

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Suman Sahai



## It might be time to grant legal rights to Nature

The "rights of nature" is a new concept that nature possesses fundamental rights, just as humans do. It derives from an old concept rooted in traditional societies that saw themselves as part of nature, not distinct from it. Ancient India, including people who lived at the time of the Rig Veda, were nature worshippers. The Rig Veda is said to have been compiled in the Bronze Age, between 3000 to 4000 years ago. The Rig Vedic communities revered several deities, personifications of the elements of nature like fire, water, sky and earth, and they treated the environment as a sacred whole. The chief deity was Agni (fire), and others like Indra (lightning/rain), Varuna (water) and Prithvi (earth). India's ancient seers believed the universe was governed by a moral law: living in harmony with nature and maintaining its ecological balance was essential for fulfilling one's "dharma".

Like ancient India, many other primeval people were nature worshippers too. These included the Shinto community in Japan, Celtic and Germanic tribes, Mayans and Aztec people, Native Americans and ancient Greeks and Romans. Nature held primacy in these civilisations. This changed in later years and far from being worshipped, Nature became a resource to be exploited for financial gain, with little regard for its survival. As humans degraded nature and systematically destroyed it, the unpleasant and threatening manifestations of this destruction became evident today.

A hallmark of our era is destruction of ecosystems, disruption of biospheres, polluted rivers, biodiversity

loss and species extinction. Instead of conserving Nature, that has nurtured us for millennia, we appear hell-bent on destroying it. We have already breached seven of nine critical planetary boundaries and pushed the planet into uncharted territory: ecosystems are devastated and the weather has become completely unstable.

Freshwater in all forms, like surface water, groundwater, even soil moisture, is being depleted at unsustainable rates due to overexploitation. In this backdrop of an utterly ravaged nature, the concept of the Rights of Nature took shape as an attempt to salvage what one could to ensure the continued survival of the human race.

There is a Rights of Nature movement in many nations seeking systemic change in how we treat nature. This movement is trying to develop fresh concepts in the legal system to make it work for the protection of the environment instead of enabling the rights of certain people to exploit the environment. Most Rights of Nature legal precedent is very recent, having emerged in just the last few years as a direct response to the failure of modern environmental law to adequately address the escalating ecological crisis.

The Rights of Nature approach attempts a transformation in the way the status of nature is upheld in society. It says Nature possesses its own rights and can't be treated merely as human property. Nature's right include the right to exist and to thrive, and most important, the right to restoration. Since the Rights of Nature accords it legal standing, it can be directly defended in a

court of law. Ultimately, for these rights to be successfully implemented, humans must act as guardians or stewards of the natural world.

Legal rights have been understandable because a key focus in the Rights of Nature movement, since river systems are under extreme pressure everywhere. Many of the world's rivers suffer from extreme over-exploitation, bringing about fundamental changes in riverine ecosystems and landscapes.

With its established history of worshipping nature, especially its rivers, India could have led the global trend to demand the Rights of Nature by personal example and established legislation. But it failed to do so because of a Supreme Court intervention in a pioneering attempt by the Uttarakhand High Court.

The Uttarakhand case: In 2014, a Haridwar resident, Mohan Lal, filed a PIL on illegal construction, mining and stone-crushing on the banks of the Ganga and Yamuna rivers as "Living Entities". In response, the Uttarakhand High Court ruled in 2017 that rivers were in danger of losing their existence and extended to them "all corresponding rights, duties, and liabilities of a living person". This led to declaring the Ganga and Yamuna rivers as "Living Entities".

This historic legal breakthrough to establish that Nature had rights was, however, short-lived. In 2017 the Supreme Court stayed the High Court order in a sense saying India's two most important rivers, the Ganga and Yamuna, cannot be viewed as "Living Entities". The stay came in response to an appeal by the Uttarakhand government that making the state solely accountable for

Subhani



## India's monsoon truths: Why infra is crumbling



Patralekha Chatterjee  
Dev 360

In 1994, Surat exploded onto the front pages of newspapers worldwide in the aftermath of a virtual plague. Over 50 people died. Hundreds of thousands, including migrant workers, fled the city in fear; businesses shut down. The spread was soon controlled. But the plague raised serious concerns about the city's public health infrastructure, and the local government's capacity to manage it.

How Surat used the 1994 plague as a catalyst for improving local administration is a stirring tale. Two government officials, S.R. Rao and S. Jagadeesan, who served as Surat's municipal commissioners in the mid and late 1980s, overhauled trash collection and street cleaning, enforced hygiene standards in food establishments and upgraded schools with paved streets and toilets. These and other changes turned Surat from a filthy, flood-prone, disease-ridden city to one of the cleanest in the country today.

I visited Surat in 2015 to see how the city had sustained its remarkable post-plague turnaround. Speaking with numerous government officials, researchers, and frontline workers, I discovered a powerful lesson for urban leaders across the developing world. As one senior municipal official crisply summed it up: "Political will, funding and micro-planning. That's what turned the city around."

The images of Surat from that 2015 trip replay like a slideshow in my mind as I process recent reports about serious flaws in the city's road infrastructure. Roads have repeatedly caved in across different parts of Surat following the onset of the monsoon, triggering multiple accidents. Several vehicles, including a water tanker, and a school van, were trapped in the cave-ins. In one incident, a section of the road collapsed, trapping the wheel of a state bus in a large sinkhole and putting the lives of 35 passengers at risk.

How does a city which so inspired the world come to this? Surat is still among India's top cleanest cities. But here is the paradox: Surat residents dodge recurring potholes and monsoon damage. Repairs run into thousands annually, but the cycle continues. This gap—strong in some metrics, shockingly poor in others, mirrors the wider Indian infrastructure and urban story.

Consider Dehradun. Part of the shiny, new 213-km Delhi-Dehradun Expressway, built at a cost of around ₹12,000 crore, caved in recently following overnight rainfall. Inaugurated by Prime Minister Narendra Modi on April 14, 2026, this is a flagship project. The National Highways Authority of India, which blames water stagnation after rainfall, constraints in commissioning the permanent cross-drainage system at the location and issued show-cause notices. Why such a road was thrown open to traffic without drainage being fully fixed remains a mystery.

Mumbai, India's financial capital, tells an even starker tale. Despite massive investments, every monsoon brings flooded roads, submerged trucks and crater-like potholes. The megacity could do with a pothole atlas.

Bombay High Court observations have repeatedly flagged the "deplorable condition", with deaths linked to potholes and open manholes becoming annual features. Under various administrations—including periods of BJP-SUPV-S alliance core issues of drainage, concretisation pace and maintenance persist. Encroachments, clogged nullahs and concretisation without adequate stormwater planning worsen flooding.

A major accident involving more than 15 vehicles was recently reported on the Mumbai-Ahmedabad national highway in Maharashtra's Palghar district after a large pothole on a flyover allegedly caused multiple tyre bursts within a span of 10 to 12 minutes. These ex-

**The government's national missions, such as Smart Cities and highway expansion, exude scale. Where they often lag is maintenance, with numerous examples of shoddy, substandard workmanship...**

amples are not isolated failures. They reveal systemic challenges in how India builds and maintains urban infrastructure amid explosive growth. The roots run deep. Clearly, corruption exacerbates the problems. Procurement is a core issue. The dominant L1 (lowest-bidder) system encourages unrealistically low quotes. Contractors cut corners on materials, thick-gauge compaction or sub-base to stay profitable. Roads pass initial inspections, but fail under rain, traffic or soil stress. Lifecycle costing—factoring total ownership over 10-15 years—rarely drives decisions. Initial capital expenditure does. Drainage and site-specific engineering lag badly.

In Surat and Mumbai, inadequate integration of drains allows seepage that weakens foundations. Dehradun's Himalayan foothills add land slides and expansive soils. Black cotton soil in parts of Gujarat, or Mumbai's coastal reclaimed land, demands tailored stabilisation. Generic designs often ignore this, leading to heaving, cracks, and rapid pothole formation. Fragmented agencies compound it: one builds roads, another manages utilities or drains, resulting in repeated digging with sloppy reinstatement. Growth, outpacing planning, is the overarching pressure.

Cities like Surat have boomed through migration and industry. Mumbai and Dehradun face similar sprawl. Traffic loads—especially overloaded trucks—exceed many designs. The Narendra Modi government's national missions, such as Smart Cities and highway expansion, exude scale. Where they often lag is in maintenance, with numerous examples of shoddy, substandard workmanship, not visible in ribbon-cutting ceremonies, but after the first monsoon showers.

Smart Cities achieved high completion rates on paper, but critics note

uneven sustainability—assets degrading quickly due to poor handover, local capacity shortfalls or planning silos. The same factors—shoddy workmanship, corruption, lack of accountability that produce monsoon road cave-ins also hobble India's manufacturing ambitions. In a world where buyers demand consistent quality, reliability and timely delivery, India's reputation for "good enough, but not great" infrastructure raises costs and risks. Factories face power outages from unreliable grids, delayed logistics on pothole-riddled roads and supply chain disruptions from poor urban planning. These erode margins, deter precision manufacturing investments, and make it harder to climb value chains in electronics, autos or exports. Slip-ups in quality is not just a civic issue. It affects global competitiveness.

Ambitious visions help launch projects, garner headlines, but they don't guarantee resilience or global competitiveness. Climate realities—intense monsoons, heat, searing bitumen—demand higher standards than projects meet. India is investing heavily in infrastructure to drive growth and "ease of living". Billions flow into missions. Yet citizens experience daily friction: time lost in traffic, vehicle damage, safety risks. Pothole-related accidents and deaths occur with grim, monotonous regularity. Solutions are known: quality-weighted bidding, mandatory integrated drainage planning, performance-based maintenance with real penalties and incentives, self-specific engineering and better inter-agency coordination and crackdown on corruption.

Surat's 1994 story shows that an administration with vision can reverse decline. Its current strengths in cleanliness prove continuity matters. Mumbai and Dehradun illustrate that without addressing procurement, drainage, and maintenance fundamentals, even high-profile projects can deliver only partial victories.

The road to "Vital Bharat" is littered with potholes. The key question: Can robust infrastructure rhetoric translate into roads that pass the monsoon test?

The writer focuses on development issues in India and emerging economies. She can be reached at patralekha.chatterjee@gmail.com.

### LETTERS

#### ILLEGAL INFILTRATION

Illegal infiltration poses serious challenges, including threats to national security and sovereignty, pressure on public resources, land disputes, and social and political instability (We will identify every infiltrator, asserts Shah, July 7). Supporters of the Citizenship Amendment Act (CAA) argue that its implementation is particularly important in West Bengal, where they believe illegal infiltration has remained unchecked for years, affecting local communities. Identifying and removing illegal migrants is essential to protecting national interests.

Govardhana Myneedu  
Vijayawada

Union home minister Amit Shah's stand on the Citizenship Amendment Act (CAA) is encouraging. His remarks have given hope and confidence to Hindus facing difficulties in neighbouring countries, particularly Bangladesh. It is widely believed that illegal migration into West Bengal has increased over the years. The government should identify illegal immigrants and take appropriate action in accordance with the law.

Chundiuri Satya  
Vishakhapatnam

#### BLESSED JOURNEY

Hard work, perseverance and selfless service earn true respect; one becomes a VIP overnight (116-year-old who trekked to Tirumala gets VIP darshan, July 7). Yet 116-year-old Navaneethamma of Chennai became an inspiration after trekking to Tirumala via the Alipiri footpath with her family on Sunday. Her remarkable feat, widely shared on social media, caught the attention of Chief Minister N. Chandrababu Naidu, leading to VIP darshan for her family. More importantly, her journey offers a lesson, especially for today's youth who often rely on vehicles even for short distances. Navaneethamma did not undertake the nine-km trek of Alipiri footpath to set a record, but to fulfil a lifelong spiritual wish. Her determination proves that age is no barrier when faith and resolve are strong.

Pratap Reddy Yaramala  
Tiruvuru

Email your letters to info@deccanmail.com, editor@deccanmail.com.



## quick BITES

| INDICATORS             | %                    |
|------------------------|----------------------|
| Sensex                 | 78,180.72 -0.13      |
| Nifty 50*              | 24,398.70 -0.13      |
| S&P 500*               | 7,486.28 -0.68       |
| Dollar (₹)             | 94.96 -0.46          |
| Pound Sterling (₹)     | 127.07 -0.112        |
| Euro (₹)               | 108.50 -0.34         |
| Gold (10gm) (₹)        | 145,516* 1.401 -0.95 |
| Brent crude (\$/bbl)*  | 73.82 2.54           |
| IN 10-Yr bond yield    | 6.692 0.04           |
| US 10-Yr T-bill yield* | 4.501 0.022          |

\* As of 8:30 PM IST

## IHCL signs 20 hotels in June qtr this year

Tata Group-owned Indian Hotels Company (IHCL) on Tuesday said it has signed 20 hotels in the first quarter of FY27 and is said to achieve a 700-hotel portfolio by 2030. It currently has a pipeline of 263 hotels. During the quarter, the company also expanded its footprint with 11 new hotels across its brands, Ginger and Tree of Life. These included new markets like Bharatpur, Trichy, Sindhubud, and others.



## Hartek Power bags 400 MW solar project

Hartek Power has secured a 400 MW solar EPC (engineering, procurement, and construction) project in Rajasthan. The project, to be executed across two phases in Rajasthan, comprises the development of two solar power plants of 200 MW each, the company said. The mandate includes EPC execution, along with a 220 kV substation for grid integration, the firm said.

## Premier Energies secures orders worth ₹3,000 cr

Premier Energies said the company has received orders worth ₹3,011 crore in the first quarter ended June 30, 2026, for supply of solar cells and modules. The contracts have been awarded by a mix of power producers and module manufacturers, Premier said. The orders comprise supply of a total 1.64 MW solar cells and modules with delivery scheduled across FY 2027 and FY 2028.

## Kalyan Jewellers Q1 revenue jumps 38% YoY

Kalyan Jewellers reported a 38 per cent year-on-year increase in consolidated revenue for the first quarter of the 2026-27, driven by strong performance in both Indian and Middle Eastern markets. It reported a consolidated net revenue of ₹731.74 crore in the first quarter of the 2025-26 fiscal. International markets contributed 14 per cent to the company's consolidated revenue in Q1 of this fiscal.



## Increase priority sector lending limits: SBI paper

Home, education, renewable energy, agriculture segments will benefit

FALAKNAAZ SYED

MUMBAI JULY 7

State Bank of India's economic research wing has called for a comprehensive review of the Priority Sector Lending (PSL) guidelines, proposing higher lending limits across key categories to reflect rising costs and changing credit requirements.

It proposed raising the PSL eligibility limit for home loans to ₹ one crore in metro cities and ₹75 lakh in other centres. It also recommended doubling the education loan cap under PSL to ₹50 lakh.

Under the existing PSL guidelines, centres with a population of 50 lakh and above have a maximum dwelling cost limit of ₹63 lakh and a loan limit of ₹50 lakh.

## INDIA GROWTH STORY REMAINS INTACT: DABUR

New Delhi, July 7: Highlighting that India's growth story "remains intact" even as the world continues to grapple with uncertainty, FMCG major Dabur India said it is betting on rising consumer spending and strong domestic demand to drive its future expansion. Dabur India Chairman Mohit Burman said India stood out amid a turbulent global environment marked by geopolitical tensions, supply chain disruptions and inflationary pressures. "India's growth story continued to stand out. Supported by strong domestic consumption, policy continuity and an increasingly aspirational consumer base, India remained one of the fastest-growing major economies," said Burman.



## TOY MAKERS SHOULD TARGET GLOBAL MKTS: SITHARAMAN

FC CORRESPONDENT NEW DELHI, JULY 7

Citing the toy industry's vast growth potential, Union finance minister Nirmala Sitharaman on Tuesday said Indian manufacturers should aspire to capture at least a one-fourth of the global toy market share, which is estimated to reach ₹179 billion by 2032. The minister also said that India exports toys to 153 countries and their value reached ₹186 million in 2025-26, while imports have come down drastically by 71 per cent during 2019-26. "We have immense potential to capture, at least aim for one quarter of the (\$181 billion). That's a big number, no doubt. But we should aim higher. Our aspiration must be far greater to capture a significant and larger share of the expanding global market," the union minister said. She asked the industry to focus on scale and branding.

## RISING EXPENSES

**REPORT PROPOSED** raising the PSL eligibility limit for home loans to ₹1 cr in metro cities, ₹75 lakh in other centres.

On education loans, the report said the cost of higher education has risen in recent years owing to substantial increases in fees charged by unaided private medical, engineering and professional institutions. It also noted that more Indian students are pursuing higher education abroad.

"Considering it as a national priority, the current loan limit to individuals for educational purposes including vocational courses under PSL may be increased from ₹25 lakh to a higher level, for example ₹50 lakh," it said. The report, authored by Dr. Soumya Kanti Ghosh, group chief economic adviser, State Bank of India, said the RBI introduced the PSL framework in 1972 to ensure the flow of credit to underserved sectors and meet the guidelines have been revised periodically since then.

For renewable energy, it suggested increasing the PSL loan limit from ₹35 crore to ₹100 crore. Under social infrastructure, it recommended raising the loan limit for schools to ₹15 crore and for health-care projects to ₹25 crore.

It further proposed doubling the project cost limits for agriculture and food processing to ₹200 crore for individual banks and ₹500 crore at the system level, besides removing incremental caps and increasing the borrower limit for export credit loans to ₹200 crore.

The Union finance ministry on Tuesday said that the emergency credit line guarantee scheme (ECLGS) 5.0 has crossed 4.11 lakh guarantees to businesses affected by the West Asia geopolitical situation, with the guarantee amount reaching over ₹1.55 lakh crore.

The scheme has benefited India's small businesses with 58 per cent of the total number of guarantees and 82 per cent of the total guaranteed amount going to MSMEs (Micro, Small and Medium Enterprises). The ECLGS 5.0 was approved by the central government on May 5 this year, aiming at additional credit of ₹2.55 lakh crore will be infused to the existing borrowers to further strengthen liquidity support for businesses, the ministry said.

India is the third-largest oil importer in the world, with June, more than half of which - 2.6 million bpd - came from Russia, due to the US waiver on sales of Russian oil which has now largely expired.

With exports to India from the Middle East ramping up, experts believe that India should be able to secure the crude it needs for the coming months.

LPG consumption fell more than 14 per cent from a year earlier to 2.19 million tons. However, petrol sales were up on the year, by 7.4 per cent, even though they were down on the month by 3.2 per cent.

India imported a record high of 5 million barrels per day of crude oil in June, more than half of which - 2.6 million bpd - came from Russia, due to the US waiver on sales of Russian oil which has now largely expired.

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## TO INCREASE maximum project cost limits while allowing a 25% borrower margin.

**RENEWABLE** Energy loan limit to grow from ₹35 cr to ₹100 cr.

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## EDUCATION LOAN cap under PSL to be doubled to ₹50 lakh.

**Growth in home loan under PSL to be doubled to ₹200 cr for individual banks.**

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## NBFCs' see gold loans rise 70% to ₹3.29 L cr, says RBI

FALAKNAAZ SYED MUMBAI JULY 7

Non-banking financial companies (NBFCs) recorded credit growth of 14.2 per cent year-on-year to ₹58.6 lakh crore in May 2026, up from 11.4 per cent a year earlier, driven by robust growth in retail and industrial lending, according to the Reserve Bank of India's (RBI) sectoral deployment of credit data released on Tuesday. Retail loans remained the largest growth driver, rising 19.5 per cent year-on-year to ₹25.2 lakh crore in May, compared with 14.9 per cent growth a year earlier. Retail loans accounted for nearly 43 per cent of the sector's overall loan book.

Within the retail segment, housing loans increased 10.9 per cent to ₹8.35 lakh crore, while vehicle loans rose 14.8 per cent to ₹6.18 lakh crore. Outstanding loans against gold jewellery and consumer durables registered the fastest growth among lending segments, albeit on a smaller base.

## ECLGS 5.0 AIDS MSMEs WITH ₹1.55 L-CR CREDIT GUARANTEES

FC CORRESPONDENT NEW DELHI, JULY 7

The Union finance ministry on Tuesday said that the emergency credit line guarantee scheme (ECLGS) 5.0 has crossed 4.11 lakh guarantees to businesses affected by the West Asia geopolitical situation, with the guarantee amount reaching over ₹1.55 lakh crore.

The scheme has benefited India's small businesses with 58 per cent of the total number of guarantees and 82 per cent of the total guaranteed amount going to MSMEs (Micro, Small and Medium Enterprises). The ECLGS 5.0 was approved by the central government on May 5 this year, aiming at additional credit of ₹2.55 lakh crore will be infused to the existing borrowers to further strengthen liquidity support for businesses, the ministry said.

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## CREDIT GROWTH

**CREDIT** to commercial sector by NBFCs saw record growth rising 40.2% yoy to ₹1.19 lakh cr.

**CREDIT** to agriculture and allied activities registered 17.9% yoy growth.

**LOAN GROWTH** to the industrial sector moderated to 7.3% in May from 10.0% last year.

**GOLD JEWELLERY** loans registered robust growth during the month.

**LOANS AGAINST gold** jewellery stood up 69.9% from ₹1.94 lakh crore a year earlier.

Credit against gold jewellery surged 70 per cent year-on-year to ₹3.29 lakh crore, while loans for consumer durables rose 42 per cent to ₹1.94 lakh crore. Credit to agriculture and allied activities grew 17.9 per cent year-on-year in May 2026, compared with 5 per cent a year earlier. Credit to industry expanded 7.3 per cent year-on-year, lower than the 10 per cent growth recorded in May 2025.

The RBI attributed the moderation primarily to slower growth in infra lending, the largest component of industrial credit. Credit growth to the services sector moderated to 16.7 per cent year-on-year in May from 23.9 per cent a year earlier. Among the major segments, credit to commercial real estate continued to record strong growth, the RBI said.

## BSE Realty index up 19% in a month

RAVI RANJAN PRASAD MUMBAI, JULY 7

Realty stocks have rebounded over the past month as concerns over AI-led disruption and the Middle East conflict eased, with the BSE Realty index rising 19.2 per cent, outperforming the Sensex's 6.33 per cent gain during the same period. BSE Realty, a sub-index of the BSE 100, is based on 19 realty stocks. It has gained 12.48 per cent over the past month. Other major gainers include Oberoi Realty (19 per cent), Godrej Properties (23.5 per cent), Lodha Developers (26.4 per cent), Prestige Estates Projects (25.7 per cent), Brigade Enterprises (7.1 per cent) and Suravankara (6.1 per cent).

"Real estate demand is resilient in most markets. Bengaluru is seeing heightened absorption in the first quarter, as witnessed in FY26. Mumbai is seeing steady absorption, so is Hyderabad. Gurugram is seeing softening of demand, though. Real estate, Godrej Properties and Sobha witnessed excellent response to their recent launches. Embassy Global Financial Services had said in a report. "Due to seasonality the overall number of launches is high in the first quarter and are typically bunched up to the second half of FY27," it said.

Open market share buybacks from Aug. 1

The Securities and Exchange Board of India (SEBI) has notified the reintroduction of open market buybacks of equity shares through stock exchanges. The revised framework will come into effect from August 1, 2026. The market regulator had discontinued the open market route through stock exchanges from April 1, 2025, following amendments to the Buyback Regulations, citing concerns over equitable treatment of shareholders and the taxation framework then in force. Under the revised framework, buyback offers will open within four working days of the public announcement and close within 66 working days from the date of opening. It also stipulated that buybacks through the stock exchange mechanism will be restricted to less than 15 per cent of the company's paid-up capital and free reserves, based on both standalone and consolidated financial statements.

The I-T Act, 2025 as amended by the Finance Act, 2026, has rationalised the taxation of buyback proceeds, effective from April 1, 2026. As per the change in taxation framework, buyback consideration will now be taxable under the head 'capital gains' in the hands of the shareholders," SEBI said.

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## Nobel laureate Christopher Pissarides says core jobs safe Little sign of output boost from AI

London, July 7: A Nobel Prize-winning economist has warned that artificial intelligence will not replace human jobs, but rather push the economy to the era of rapid productivity growth, which may be gone forever. Christopher Pissarides, who specialises on the impact of automation in work, said as many as four in 10 US and UK jobs would be largely unaffected by AI and cited areas such as nursing and hospital management.

Tech firms and governments have been pinning their hopes on AI reviving levels of growth that have slowed sharply in recent decades. The sluggish performance of Western economies, particularly in Europe, has made the need for a more difficult and potentially contributed to a fertile political backdrop amid weak real wage growth. Pissarides also said there is little sign of any productivity boost from AI so far and questioned those, such as Nvidia Corp. boss Jensen Huang, and OpenAI's Sam Altman, who have claimed the technology will have far-reaching consequences for jobs. Pissarides won a Nobel Prize in economics in 2010 for his work on labor market frictions. "There is a big number of jobs in the UK, which are not exposed to AI so they are not going to get productivity gains because of AI," he said. "While there is likely some productivity benefits from the technology, I doubt there will be a new computer boom equivalent to what we had in the 1980s and 1990s," he added. "Given what we know now and what we see happening, I don't see the productivity growth matching those levels," he explained, while stressing the uncertainty over the technology's future. Earlier at a conference, he argued that there would need to be huge productivity gains in the most AI-exposed sectors such as finance to achieve the strong growth rates that optimists have predicted. — Bloomberg









### Editor's TAKE

## 'Act East' finds its firmest foothold

The success of PM Modi's Indonesia visit will ultimately be measured by how effectively the agreements are translated into tangible outcomes

When Prime Minister Narendra Modi landed at Jakarta's Halim air base on July 6, 2026, escorted in by Indonesian fighter jets and received personally by President Prabowo Subianto, he launched the first leg of a six-day, three-nation Indo-Pacific tour – Jakarta, then Melbourne, then Auckland. It is Modi's fourth trip to Indonesia. The trip is loaded with an unusually concrete agenda: missiles, minerals, and a port.

The friendship long predates the deal-making. Indian traders carried Hinduism and Buddhism across the archipelago some two millennia ago – a debt Modi repays in person at Yogyakarta's Prambanan temple, where the two governments are set to announce joint restoration work. In the twentieth century, Nehru's India backed Sukarno's independence struggle against Dutch rule.

What began as anti-colonial solidarity and non-alignment at Bandung in 1955 was recast for economics by the Look East policy of 1991 and its more assertive successor, Act East, in 2014 – with Indonesia, straddling the Strait of Malacca through which roughly three-fifths of India's seaborne trade passes, cast as that policy's most consequential Southeast Asian partner. This visit is built to cash that geography in.

On defence, Indonesia – already BrahMos's second export customer after the Philippines – is said to be finalising a second missile battery worth some \$300 million, alongside reported interest in India's Astra air-to-air missile following its combat debut in Indonesia's Sindoer. Talks also cover an Indonesian liaison officer at India's maritime-monitoring hub near Delhi and training berths at India's defence academies.

On critical minerals, India is angling for a foothold in Indonesia's nickel reserves, the world's largest, through manufacturing tie-ups in nickel, steel and rare-earth magnets meant to loosen China's grip on EV supply chains. On connectivity, the two sides are expected to advance joint development of Sabang port, which overlooks the Malacca strait barely 150 kilometres from India's own Great Nicobar project, alongside a UPI-QRIS payments link and MoUs on health, space and food security.

Coming days after Modi hosted Japan's Sanae Takaichi in Delhi, the Jakarta stop reads less like an isolated bilateral call than a node in a deliberate mesh of Indo-Pacific partnerships meant, without anyone saying so outright, to balance China's expanding navy. That is Act East's most ambitious iteration yet – trading palm-oil transactionalism for co-production of missiles and minerals. But ambition and delivery aren't the same thing: the BrahMos battery has taken years to move from "advanced talks" toward signature, the Astra and nickel arrangements remain reserved to unnamed officials rather than paper, and India's own ambassador had already conceded some outcomes could still slip. That caveat is worth keeping close.

Jakarta gives Act East its most serious hardware test yet. Whether it becomes proof of concept or another well-photographed handshake will show only once the batteries, the chips and the port machinery actually move.

## Restoring trust in India's examination system

The successful conduct of the rescheduled NEET-2026 examination offered India a moment of relief after weeks of uncertainty triggered by a devastating paper leak. Yet the crisis, followed by the CBSE Class XII evaluation controversy and the tragic coaching centre fire in Lucknow, has exposed deeper structural flaws that extend far beyond administrative lapses.



JS RAJPUT

India heaved a great sigh of relief in the evening June 21 of 2026 as the media splashed reports of the successful conduct of the rescheduled NEET-2026 exam. Its earlier cancellation on account of the paper leak had cast a pall of widespread gloom not only on the young aspirants and their families but throughout the nation. It cast serious aspersions on our examination management systems, institutions and the expertise generated over several decades. The community of teachers felt greatly let down as details of the modus operandi used by the mafia and the anti-social elements emerged. The need of suspicion moved swiftly to the paper setters, to teachers, academics and educators. The coaching centres were obviously there as the usual suspects. The union education minister has lately called it a great betrayal and one fully endorses his assessment. When a paper-setter in an examination of any level stoops to the level of leaking the paper, becoming a shameful part and parcel of the mafia involved in corrupting the education and examination system, the nation must get alerted, and ponder over the inadequacies in preparing and recruiting its teachers at every stage. The system in spite of its vast magnitude just can't afford to have even a single teacher bereft of moral and ethical conduct.

Consequently, India must also seriously audit its systems of teacher preparation, recruitment and procedures of ascertaining their continuous academic advancement and professional growth along with the critical contours of personality development. Teachers are supposed to nurture moral, ethical and humanistic values in their wards. They are supposed to scrupulously adhere to an exemplary work culture which is quietly internalised by their students. Every teacher is a partner in preparing the future of India. They are the role models with whom the child interacts as the child transitions to school. Others come only at a later stage.

As the nation was slowly coming out of the anguish and anxiety inflicted by the postponement of the NEET exam, the CBSE announced its Class XII results, and that created an unprecedented situation of gloom and despair. For the first time, the CBSE opted for the digital marking system popularly known as OSM (On-Screen Marking). It chose Class XII for it, a stage that determines the individual-specific future course of studies that the learner would like to pursue. The CBSE claims to have taken all the necessary steps to prepare its own system, and train its evaluators to perform their job efficiently. The techni-



ONE EXPECTS THE CBSE WOULD BE BETTER EQUIPPED WITH TECHNICAL EXPERTISE AND CONDUCT ALL OF ITS FUTURE EXAMS SUCCESSFULLY. WHEN EVEN A SINGLE YOUNG PERSON COMMITS SUICIDE, DUE TO INEFFICIENCY AND GREED OF OTHERS, THE ENTIRE NATION NEEDS TO TAKE NOTE OF THE FACTORS RESPONSIBLE FOR IT

The author is an educationist, a Padma Shri awardee, and works in religious and social cohesion

cal glitches, and probably also deficiencies, on the part of the outsourced agency let down the CBSE. The sufferings inflicted on the enthusiastic yet highly sensitive young people disrupted their future plans in numerous instances as the results they received were far below their expectations.

One expects the CBSE would be better equipped with technical expertise and conduct all of its future exams successfully. When even a single young person commits suicide, due to inefficiency and greed of others, the entire nation needs to take note of the factors responsible for it. Responsibility must be fixed and stern actions taken wherever necessary. Unfortunately, it has not been the case in the past, the guilty are not behind bars.

As if the two exam fiascos referred to above were not enough to give a wake-up call to all concerned, the Lucknow coaching centre fire that snatched away fifteen young lives comes as a thundering wake-up call. The Uttar Pradesh Government has responded swiftly, is engineers booked, four more arrested. Coaching Centres are being inspected throughout the state! It is well established that every fire tragedy is invariably a consequence of total neglect of fire safety norms, classes conducted in structures that brutally ignore the structural building norms. One wonders why these basic essentials are not checked at regular intervals? Extraordinary arrangements were made to ensure proper conduct of the NEET re-examination on June 21. There were no reports of impersonators or solvers even making an attempt to trespass.

The planning worked, and the successful conduct brought a sigh of relief. One fervently hopes that the systems will gear themselves afresh, and in the coming year, no young life will be snuffed out in a coaching centre. The plunge him/her in continuous anxiety, uncertainty, sense of fear, and underperformance. Every human being is touched to the core when the reports of the suicide note of a teenager: "I just can't bear the tension already undergone once again". One's heart goes out to the

bereaved families; every sensitive soul mourns with them. This probably does not include the mafia, and also the parents who encourage purchase of leaked papers, spend vulgar amounts, and commit the sin of throwing away millions of other young people and their families in immeasurable agony and pain.

When even a single suicide takes place consequent upon anti-social and immoral machinations of rogue elements, the entire nation must stand up to ensure that it's not repeated again. In a humane world, everyone who believes in "Sarve Bhavantu Sukhinah" has a role to perform. The social system must take a serious note, expose them as the culprits who damage lives, kill young aspirations, and commit heinous social sacrifice.

Apart from putting all our expectations of strict action against the mafia solely on government action, which have been mostly inadequate, lethargic and inefficient, time has come when institutions, teachers and academics, and non-political social activists also accept their role in bringing back the moral order in the world of education.

It is common knowledge that when it comes to the preparation of a child in the family for examinations like CBSE, NEET, JEE and others, it is the entire family that gears up to assist and inspire. No disturbance or distractions could be permitted. Think of the anxiety and hope of the parents of a brilliant child, educated in a government school, from a family with scant earnings how life transforming could be the success in such examinations.

The challenge before the nation is to restore the reputation of its school and higher education organisations in their competence and capability to maintain the purity of the system of examinations and assessment at each stage. The uncertainty, anxiety and the tension must not be permitted to retard the enthusiasm and self-confidence of even a single child getting ready to compete. The community of teachers must come forward as one unit to keep the miscreants out.

The NEP-2020 has prominently assured the nation "The teacher shall be at the centre of the fundamental reforms in education system." It commits to making teachers "as the most respected and essential members of our society". Teachers must be empowered and enabled to perform their duty effectively. The present position of teachers is well known to the system and society. It would require Herculean efforts to bring it to the appropriate level indicated above. There is no escape but to strive hard as the system has to be reformed and transformed effectively.



A commuter wades through a waterlogged road amid rain, at Nalaspura in Palghar, Maharashtra. PHOTO: PTI

### DIGITAL EXPERIENCE

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## Get empowered now not later



AJIT KUMAR BISHNOI

### 2ND OPINION

It is sad for me to see people around where I live falling sick in old age and getting restricted to their bedrooms served by servants. All the pleasures of life have gone except watching serials endlessly. It is somehow passing time waiting for the inevitable death. Has God left us so helpless?

The answer is a big No with a capital N. What kind of system has God set for us? There are two kinds of acts we can do, which are spiritual and material. Most people, including these rich and powerful limit themselves to material acts now and have done so in the past.

These acts have long fruitation periods. Generally, what we have done in the past lives bring fruits in this life, and what we do in the present life bring fruits in future lives. Spiritual acts are different. They come to fruition



almost immediately.

The following examples should convince you. Swami Vivekananda turned a devotee at a young age. He desired to attend the Parliament of Religions to be held in Chicago in 1893. Everything was arranged by God. Not only was he allowed to speak there, but when he spoke he thrilled the delegates to such an extent that they could not stop cheering. Swamiji had been empowered by God to speak.

Goswami Tulsidass was an orphan. What did he do, which changed everything? He became a devotee. He

was so overcome with emotion when he was writing the epic Ramcharitmanas that he thanked his worshippable Lord Ramachandra from his heart for empowering him to write such a spiritual text. If his love was overflowing, Meerabai's love knew no bounds. She was given a choice between stopping worshipping her Giridhar Gopal and getting punished by drinking poison. We all know what she chose. And we also know what her Giridhar Gopal did? He made the poison harmless.

I can go on with these famous examples, but I have plenty of personal experiences as well to convince me about God's unlimited 'kripa' (mercy) on His devotees. I am an engineer by education, I am a businessman by profession. So, I am not a devotee. I am not empowered to do? To write spiritual texts. Is it believable? To my credit, I had desired writing and I took shelter of God.

What are we waiting for? God is waiting not for one but all of us. He has so much to give. Isn't God the owner of everything we see or don't see? Nothing is lost. What God has asked us to do in a spiritual text like the Bhagavad-Gita is entirely practical. Why lament about the present and fear the worst? Aren't we parts of God (15:7) connected eternally with Him? We may ignore Him, but His door is always open for us. Walk in and begin experiencing what God has promised: "I will provide what you need, and protect what you have." (9:22) This includes health in old age. Ask me?

The writer is a spiritual teacher

### AMERICA'S 250TH ANNIVERSARY: A LEGACY UNDER STRAIN

As the United States marks the 250th anniversary of its independence, the aura and global stature traditionally associated with the American presidency appear to be diminishing.

President Donald Trump's often theatrical style has overshadowed the dignity that earlier occupants of the White House projected on the world stage.

At the same time, the changing geopolitical landscape has weakened Washington's ability to shape international affairs as decisively as it once did, reflecting a gradual erosion of the influence enjoyed by previous American administrations. Yet, despite these challenges, the United States continues to

embody the enduring promise of the "American Dream." It remains a destination for talent, innovation and opportunity, attracting people from across the globe in search of a better future.

The nation's remarkable journey over two and a half centuries, founded on the principles of liberty, equality and democratic governance, is an achievement worthy of admiration.

While America's global dominance may be evolving, its constitutional ideals and capacity for renewal continue to inspire millions, making its 250th anniversary both a moment of reflection and an affirmation of its enduring legacy.

MURALI M. MALLAREDDY | VISAKHAPATNAM

Please send your letter to the [info@dailypioneer.com](mailto:info@dailypioneer.com). In not more than 250 words. We appreciate your feedback.

### Dilip Kumar's charisma lives on

July 7 marks the fifth death anniversary of Dilip Kumar, one of Indian cinema's greatest legends and arguably its first true method actor. His natural, understated style transformed acting in Hindi films and became the benchmark for generations of performers. From Rajendra Kumar to Amitabh Bachchan and Shah Rukh Khan, many leading actors have acknowledged or reflected the subtle influence of the "Dilip Kumar school" of acting. Whether portraying the tragic Devdas, the rebellious prince in Mughal-e-Azam, the unforgettable double role in Ram Aur Shyam, or the rustic hero of Ganga Jamuna, he disappeared completely into every character.

His performances in classics like Madhumati, Leader, Shaheed, Shakti, Mashaal and Vidhata remain masterclasses in screen acting. Even songs such as "Suhana Safar" and "Dil Tadap Tadap Ke" came alive through his expressive performances.

Though celebrated as the "Tragedy King," he excelled equally in comic and mature roles. Criticism never deterred him; he responded only through excellence. Dilip Kumar may no longer be with us, but his timeless artistry continues to inspire actors and cinema lovers across generations.

SUNIL OKHADE | INDORE

### Speculation over Amit Shah's elevation

Speculation that Union Home Minister Amit Shah may be appointed Deputy Prime Minister has gathered momentum in political circles. If it materialises, the move would evoke memories of LK Advani serving in that role during Atal Bihari Vajpayee's government. However, such a designation may be largely symbolic, as Amit Shah is already widely regarded as Prime Minister Narendra Modi's closest political associate and principal strategist.

His influence extends across both the government and the BJP's organisational structure, where he is seen as playing a decisive role with the Prime Minister's full confidence.

If elevated, the move would likely be viewed as recognition of his contribution to the party's growth and governance, particularly after steering the BJP through the challenging political landscape following the 2024 general election. A cabinet reshuffle, if undertaken, may also be designed with an eye on the forthcoming Assembly elections and the 2029 Lok Sabha polls, rewarding key performers while reallocating responsibilities. Whatever the outcome, Amit Shah is expected to remain the central pillar of the government's political and electoral strategy.

YASHASWI BAIRAGI | UJAJIN

### More resilient power grid is need of the hour

India is expected to face one of the world's biggest power challenges during the anticipated El Niño period from July 2026 to June 2027, according to the Centre for Research on Energy and Clean Air (CREA). Weaker wind and hydropower generation, coupled with soaring electricity demand for cooling, could create a power deficit of nearly 18 terawatt hours. The additional cooling demand alone may reach 10 TWh, roughly one-fourth of Delhi's annual electricity consumption.

The report warns that the resulting supply gap could force greater dependence on coal-fired power plants, leading to an estimated 77 million tonnes of additional carbon dioxide emissions. Having already experienced one of its hottest summers, with electricity demand touching a record 270 GW, India faces the prospect of even greater pressure on its power grid, water resources and agriculture if a strong El Niño develops. Rather than using peak demand as justification for expanding coal capacity, policymakers should accelerate investments in battery storage, grid modernisation and renewable energy integration. Solar power, which already meets nearly a quarter of India's daytime electricity demand and is less vulnerable to El Niño than wind or hydropower, offers the most reliable pathway towards a resilient energy future.

BHAGWAN THADANI | MUMBAI





## America celebrates the 250 years of freedom

At 250 years, the United States appears less like a completed political project and more like a continuing argument that has never settled its own meaning, where universal ideals and uneven outcomes persist within the same institutional framework and shape one another over time



**NILANTHA ILANGAMUWA**

What has happened to Thomas Paine remains unresolved, and that uncertainty matters when trying to understand the United States at its present stage. The United States of America yesterday (July 4) marked its 250th birthday, a moment when one of the world's leading liberal democracies appeared less as a coherent model and more as a divided system, a family business struggling to awaken from its long slumber. How the United States has acted against itself in recent years raises the question of whether it is still accurate to describe it as a single coherent nation-state in the conventional sense, or whether it is better understood as an idea that repeatedly turns inward and contradicts itself. As Wang Huijing, Xi Jinping's leading political theorist, wrote in 1991, "Americans accept only equality of conditions, not equality of results. Once equality of conditions is established, then comes the realm of liberty." Whether one agrees with this interpretation or not, it captures a recurring tension in the American experiment: a belief in formal equality coexisting with persistent inequality of outcomes.

The United States has always been more than a set of territorial and governmental structures. It is an idea that attracts interpretation, projection and reinvention, drawing together disparate intellectual traditions into a single, contested narrative of purpose. Despite sustained criticism, it remains one of the most successful political constructions in modern history, precisely because it is not fixed. In 1783, while British troops were still being evacuated after defeat in the Revolutionary War, Paine claimed that Americans had devised the "most perfect" principles of government anywhere, predicting that the population would exceed 300 million within "two or three hundred years". In 1804, following the Louisiana Purchase, David Ramsay argued that the republic "can never be too large" and would eventually span the continent from the Atlantic to the Pacific. In the political imagination of Thomas Paine and Thomas Jefferson, the United States was a beacon of republican government against monarchy and tyranny. Even in 1862, amid civil war, Abraham Lincoln still described it as "the last, best hope of earth". Yet from the beginning, expansion and idealism were inseparable from fracture, contradiction, and conflict between universal language and particular power.

The life and posthumous fate of Thomas Paine illustrates this tension with unusual clarity. Paine gave the revolutionary project its most accessible moral language, insisting that some principles were non-negotiable: rights of kings, and that authority required consent rather than inheritance. Yet his later life ended in obscurity, his reputation diminished in a society increasingly suspicious of his radicalism. His remains were later disinterred by William Cobbett and transported to England, only to be lost to history, fragmented into uncertain claims and incomplete records. That physical dispersal mirrors the dispersal of the revolutionary certainty he represented. What followed Paine was the substitution of a philosophical project, but its transformation into a governing system expanding across territory, economy and military capacity, constantly negotiating between founding principles and practical power.

This tension is embedded in the structure of the state itself. The United States developed as a system in which competing interpretations of the same constitutional text became engines of political struggle. Federalists and anti-federalists, abolitionists and slaveholders, isolationists and expansionists all claimed fidelity to the founding framework while drawing incompatible conclusions from it. As territorial expansion accelerated, liberty and dispossession coexisted within the same national vocabulary. As industrialisation advanced, contractual freedom coexisted with forms of dependency that contradicted its premise. The modern state, including what later became described as the military-industrial complex, did not emerge as an external distortion of the text, but rather as one of its internal expressions. Its strength lay not in ideological consistency, but in its capacity to absorb contradiction and remain operational across changing historical conditions. By the twentieth century, this elasticity had become both an advantage and a burden. The Cold War presented the United States as a universal model of liberty against external tyranny, yet this framing intensified internal contradictions rather than resolving them. Military interventions, proxy conflicts and intelligence operations expanded alongside declared commitments to democracy and self-determination. The result was not a



TO DESCRIBE THE UNITED STATES AS AN IDEA RATHER THAN A COUNTRY IS THEREFORE PARTIALLY ACCURATE, BUT INCOMPLETE. IT IS AN IDEA THAT HAS ALWAYS REQUIRED INSTITUTIONS, ENFORCEMENT AND COERCIVE CAPACITY TO EXIST IN MATERIAL FORM

The writer is a columnist based in Colombo

simple case of hypocrisy, but a structural duality: the simultaneous production of democratic ideals and the support of undemocratic outcomes under the logic of strategic necessity. Over time, this contradiction ceased to appear exceptional and became normalised within political language itself, absorbed into the routine functioning of policy and public discourse.

While this long historical arc, contemporary polarisation can be read less as rupture than as revelation. Donald Trump, in this context, is not an anomaly outside the American tradition but a concentrated expression of its internal contradictions. The argument that he represents either a decisive break or a total corruption of the system misses the deeper continuity of American political life, which has always oscillated between moral idealism and pragmatic force, between universal language and selective application. The increasing intensity of political conflict reflects not sudden decline, but the difficulty of sustaining older narratives of unity under contemporary conditions.

The more fundamental question is whether the United States ever existed outside the tension it now displays so openly. Historical scholarship repeatedly returns to the same paradox: that a constitutional order capable of expanding rights also contained mechanisms of exclusion; that a political experiment inspiring global imitation was built alongside structures of inequality it struggled to overcome. The so-called hypocrisy of American liberty is not an incidental flaw, but a recurring condition of its development. It is visible in Indigenous dispossession, in the entanglement of slavery with economic growth, and in later global projections of power justified through the language of security and democracy. It is also visible in counter-traditions that repeatedly forced reinterpretation: abolitionism, civil rights movements, labour organisation and reform politics, each attempting to re-anchor founding language against the realities of practice.

To describe the United States as an idea rather than a country is therefore partially accurate, but incomplete. It is an idea that has always required institutions, enforcement and coercive capacity to exist in material form. It is also an idea that has never been stable, continuously rewritten by successive generations who inherit it under different material conditions. The military-industrial system, the administrative state, the intelligence apparatus and the electoral framework are not deviations from the founding idea, but mechanisms through which it scales itself across time and global reach. The consequence is paradoxical: a system powerful enough to preserve continuity, yet structured in such a way that disagreement over meaning becomes permanent rather than resolvable.

At 250 years, the United States appears less like a completed political project and more like a continuing argument that has never settled its own meaning, where universal ideals and uneven outcomes persist within the same institutional framework and shape one another over time. Its history shows that reform and resistance are permanently entangled, since efforts to extend equality repeatedly collide with structures designed to preserve stability, hierarchy and continuity, producing cycles in which change often arrives as adjustment rather than rupture. In modern conditions of extreme wealth concentration and intensified political polarisation, this tension becomes sharper, as formal equality coexists with highly uneven distributions of influence and power, all expressed through the same inherited language of rights and opportunity.

In this context, a 927-page financial disclosure attributed to President Donald Trump, describing extensive income streams from cryptocurrency holdings, property interests and royalty arrangements, is interpreted not simply as personal accumulation but as a symbol of a broader systemic paradox, where economic scale and political legitimacy increasingly overlap in ways that are difficult to disentangle. The result is a governing order that depends simultaneously on adaptation and preservation, where legitimacy requires change but continuity requires restraint, leaving the country defined less by resolution than by the ongoing friction between what it promises and what it produces.

## Even Caesar did not send a lie to the Senate



**DEVENDER SINGH ASWAL**

The ensuing Monsoon Session of Parliament is bound to be turbulent, as the Congress seeks privilege proceedings against Defence Minister Rajnath Singh, alleging that he misled Parliament over Operation Sindoor about the six soldiers who laid their lives in the line of duty. The Speaker, Lok Sabha may seek the comments of the Minister or refer it to the Committee on Privileges for enquiry and report. The Speaker has the inherent power to close a matter if satisfied with the explanation tendered. The veracity or otherwise of the allegation will be ascertained after due procedural enquiry. However, the central question is what consequences would visit if a minister deliberately misleads the Parliament.

The veracity of statements made in the legislature by the members, including ministers, is a fundamental postulate of a deliberative democracy. Ordinarily, it is presumed that the statements made or answers given in Parliament by ministers are sacrosanct, unless proved otherwise. Parliament can function effectively and effectively as the supreme deliberative body of the nation, if accurate and complete information is furnished to it. The Council of Ministers is accountable to the Parliament and the information that they give to Parliament must be correct and complete, without which the doctrine of accountability would become a myth. Accountability of the executive to the legislature is the linchpin of our parliamentary democracy and therefore, it is incumbent upon the ministers to furnish correct and complete and timely information to Parliament and its Committees.

Truth, honesty and integrity are quite integral to the proper and effective functioning of Parliament and its members, even the witnesses deposing before parliamentary committees are deemed to be under oath to speak truth, and complete truth. It is invariably made known to the witnesses that the deposition which they shall make, shall be true, that nothing will be concealed and that, no part of their testimony shall be false. Suppression of truth, giving convoluted answers or to mislead Parliament or its committees constitutes breach of privilege. Therefore, greater responsibility is cast on a minister sworn to bear true faith and allegiance to the Constitution and to discharge his duties faithfully and conscientiously as a Minister for the Union.

An inaccuracy or chance mistake may inadvertently creep in the statements made or replies given by a minister in Parliament. The Rules of Procedure and Directions of Parliament provide that in case any inaccuracy or mistake is detected in any answer given or statement made by a Minister, the same shall be pointed out as soon as it is detected and the mistake rectified with the permission of the Speaker. There are many instances of the Ministers making the correcting statements, especially of the answers given to questions. But making a misleading statement deliberately or concealing information from Parliament, constitutes breach of privilege, unless the Minister invokes the plea of national interest. But making a false or deliberately misleading statement is grossly unethical, against sacrosanct parliamentary conventions and unpardonable. Under the Indian Constitution, the Ministers are sworn to uphold the parliamentary democracy.

"Satyameva Jayate" and "Yato dharmata tato jaya" are the foremost ideals of India's great civilisational heritage. Many consider India as the Mother of Democracy, and justifiably, with reference to Vedic texts and post Vedic literature. The Indian civilisational texts of great antiquity lay immense stress on truth and righteousness. There are inscriptions in the old Parliament Building taken from the Mahabharata and the Manusmriti reminding that members of the Assembly must speak with righteousness, and the righteousness must be based on truth, and truth is not truth, if it leads to deceit. Further, one must not enter either an assembly hall, or he must speak there unless all the thoughts are pure, for one who does not speak or one who speaks falsely, does himself in the sin involve equality.

Even in the republics of Ancient Greece and Rome, truth was considered as the cornerstone of the rule of law, justice and public trust. Honest speeches were viewed as necessity of informed decision making. In the eponymous play of Shakespeare, when the wife of Julius Caesar beseeches and entreats him not to attend the Senate as she fears for his safety and asks him to send a message to the Senate that he is sick, Caesar questions, "Shall Caesar send a lie?" to the Senate. He declines to say that he "cannot come today to the Senate" as that would be false, and prefers to say "I will not come today". Even the instances of sending a lie, he prefers to go to the Senate.

There is no Indian instance of a Minister resigning on the ground of misleading the Parliament, though many ministers have resigned earlier on ground of corruption. In the United Kingdom, there are many instances where ministers resigned for misleading the Parliament, once it was so established. In the British parliamentary usage, officials rather use the term 'mislead' instead of 'lie', because the charge of 'lying' is much serious, as it requires to meet more rigorous test. In the year 2023, Boris Johnson resigned as an MP after learning he faced sanctions. Earlier, he had resigned as PM in 2022 after wide public pressure.

The Privilege Committee of the House of Commons had found that he had deliberately misled Parliament over statements related to Party gate. In 2018, the Home Secretary resigned, admitting that she unintentionally misled the House over immigration removal targets. Yet another historical example is of John Profumo, Secretary of State for War who resigned from Govt. and Parliament in 1963 as he had misled the House of Commons first denying that he had scandalous relations with someone but later admitted that his statement was untrue. These instances show that the convention of resignation for misleading the Parliament deliberately is political as well as procedural. The resignations were forced by sensitivity to public pressure, pressure from within the party and scrutiny by the media. However, it has become an entrenched and salutary parliamentary convention in UK that if a minister deliberately misleads the Parliament, he will lose his ministry as well as his membership of Parliament.

There is no doubt that the Ministry of Defence will place the full and accurate facts before the Parliament to remove all the misgivings as it is inconceivable that the Honble Defence Minister, a veteran Parliamentarian of long standing, of fair image and deeply immersed in parliamentary and constitutional conventions, would think even remotely to mislead the Parliament, and thereby bring the media into the picture, and thereby sacrifice of our gallant soldiers. Let the facts speak for themselves once the matter comes on the floor of the House.



The author is ex Additional Secretary, Lok Sabha & a member of the Supreme Court Bar Association.

## Collaborative effort can make the difference between life and death



**SWAPNA MAJUMDAR**

lucky escape.

Had she not registered with Sneha, an initiative to improve health and nutrition of women and children, implemented by the Centre for Health Education, Training, and Nutrition Awareness (CHETNA), a non-profit, she would have remained ignorant about her anaemia and its impact on her underweight newborn. Neither would she have known how to turn their health conditions around.

Parvati had returned to work as a daily wage labourer soon after giving birth, just as she had done in the cases of her previous two children, without paying much attention to either her own nutrition or that of her third child. She had neither time nor the energy, as she always felt tired, for exclusive breastfeeding for his first six

months, an imperative for his well being and growth, particularly as he was underweight baby.

One of the reasons identified by NFHS for the increase in the percentage of underweight children in MP from 33 per cent to 39.7 per cent is the weak focus on the first 1000 days beginning from pregnancy to the child's second birthday, vital to the both physical and cognitive development. Further, NFHS-6 found that exclusive breastfeeding for the first six months had fallen to 56.4 per cent compared to 74 per cent (NFHS-5) and only 12 per cent of children aged six to 23 months received a minimum acceptable diet.

Fortunately for Parvati and her son, CHETNA was conducting a survey on nutritional anaemia in her village as a part of their Sneha initiative focussing improving maternal and child nutrition in the first 1000 days from conception to a child's second birthday in 25 villages in Ratlam district. While assessing the health and nutrition of pregnant, lactating and newly married women as well as children in the 0-2 age group, they found Parvati anaemic with her haemoglobin at just 9.5g/dl, and her one-year-old son showing early signs of malnutrition, weighing just 6.8 kg.

Evidence indicates that infants born to anaemic



mothers often have lower iron stores at birth. According to NFHS-6 only 39.6 per cent of women took iron-folic acid tablets for 180 days or more during pregnancy indicating inadequate maternal nutrition. Maternal malnutrition and poor breastfeeding practices contribute to adverse pregnancy outcomes and have lasting effects on a child's growth and cognitive development.

But focussed attention can make a difference as shown by CHETNA. Using its four decades of

experience on working on health and nutrition of women and adolescents, CHETNA was able to develop strategies to improve both Parvati and her child's health using targeted interventions in collaboration with the local frontline health workers (AWWs, ASHAs and ANMs) and sustained follow up efforts by its committed staff team.

One of the reasons why the programme has been able to reach out and impact so many women and their young children is because it has smartly used multi-pronged strategies that have demonstrated effectiveness in CHETNA's earlier nutritional interventions.

These include early identification of nutritional risks and, timely monitoring including arranging for blood transfusions and follow up of pregnant women, lactating mothers, and children under two years of age. Organising regular health check-up and growth monitoring camps for children less than two years to enable early detection of growth faltering and anaemia risk helped facilitate timely referrals, iron supplementation, and nutrition counselling, contributing to the prevention of anaemia during early childhood.

By conducting structured home visits and group meetings to promote early antenatal care registration, adherence to iron folic acid supple-

mentation, they were able to make families, especially women and their mothers-in-law, aware of good breastfeeding practices, appropriate complementary feeding, and dietary diversity.

Importantly, the rapport built enabled counselling and integration of gender-sensitive messaging to address traditional practices of women eating last and least. To support improved nutrition at home, CHETNA distributed nutrition kits to mothers.

These kits included dates, ghee pouches, peanuts, and drumstick leaves. Mothers were also given demonstrations and iron-rich recipes using these ingredients to improve nutrition.

The good news is that Parvati and her child are not the only ones to benefit. Over 375 pregnant women and 1000 lactating mothers with children in the 0-2 age group registered under the Sneha programme are learning about their nutritional anaemia and how they can improve their health and that of their young children with simple behavioural and dietary changes and, better feeding practices.

Many of the women are, like Parvati, no longer anaemic and their children have shown steady weight gain and growth, underlining how a collaborative effort can make the difference between life and death.

The writer is journalist writing on development and gender



## The Statesman

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### Paid Complicity

**T**he internet has long confronted governments with a difficult question: where does platform neutrality end and corporate responsibility begin? The answer becomes much clearer when the content in question is not merely hosted but advertised. The discovery that paid advertisements on Instagram allegedly promoted access to child sexual abuse material is not simply a moderation failure. It is a failure of an advertising system that exists to review, approve and monetise content before it reaches users.

That distinction is fundamental. A platform may plausibly argue that billions of pieces of user-generated content cannot all be screened in advance. It cannot make the same claim about advertisements that pass through its own approval pipeline and generate revenue. The Centre's decision to summon Meta, which owns the platform, and direct the Ministry of Electronics and Information Technology (MeitY) to seek an explanation is therefore more than a routine regulatory response. It signals a recognition that intermediary protection cannot become a shield where a platform's own commercial processes are implicated. Reports that the government has ordered the immediate disabling of such advertisements and sought a detailed explanation within seven days reflect an appropriate sense of urgency.

This episode also exposes the limits of the technology industry's growing reliance on artificial intelligence to police itself. AI can process extraordinary volumes of content, but it is only as good as the priorities embedded within it. If advertisements carrying explicit references to child sexual exploitation can survive automated review and even evade subsequent reporting, the problem is no longer one of scale alone. It is one of governance, oversight and accountability. In this case, Instagram is to blame.

The larger issue extends beyond one company. Digital platforms increasingly occupy quasi-public spaces where commercial incentives, algorithmic recommendation and public safety intersect. Their decisions influence not merely what people consume but what criminal networks can market. When recommendation engines and advertising systems become conduits for organised exploitation, the consequences are borne not only by users but by society itself.

India's legal framework has generally recognised safe-harbour protections for intermediaries acting as passive conduits. Yet a platform that accepts payment, vets an advertisement, approves its publication and distributes it algorithmically occupies a materially different position from one merely storing third-party content. That distinction may well shape the next phase of digital regulation, in India and elsewhere. No technological system will ever eliminate every malicious actor. But there is a world of difference between an occasional failure and a systemic lapse involving paid advertisements for one of the gravest crimes imaginable. The measure of a platform's commitment to safety is not found in its public statements after exposure. It lies in whether its business model places the protection of children above the pursuit of engagement and advertising revenue. Instagram's does not. The Centre's intervention should therefore not end with an explanation from Meta. It should mark the beginning of a broader reassessment of platform accountability.

### New Tehran

**T**he week-long state funeral for Ayatollah Ali Khamenei is being viewed across the world as the end of an era. Yet the greater significance lies not in the passing of a man, but in the emergence of a different political order in Iran. Those expecting the death of the Islamic Republic's most enduring leader to trigger institutional collapse may have misread the nature of the Iranian state. What has unfolded instead is a rapid transfer of power to a younger leadership that appears less bound by revolutionary nostalgia and more driven by strategic calculation. The temptation in the West is to interpret every upheaval in Iran through the prism of regime change. That assumption repeatedly proved misleading. Iran's clerical establishment, the Revolutionary Guard and the country's security architecture have demonstrated precisely a capacity for continuity.

The question now is not whether the regime survives, but what kind of regime emerges from the trauma of war. The new leadership inherits a country scarred by conflict, economic sanctions and domestic discontent. Yet it also inherits a strategic lesson. Military confrontation repeatedly proved misleading. Iran and Israel did not end with Tehran's capitulation, nor did it produce the popular uprising that many external observers had anticipated. Instead, the conflict reinforced the importance of deterrence, regional leverage and national resilience in the thinking of Iran's governing elite. That could produce a more assertive Iran abroad even as it becomes more pragmatic at home. Pragmatism need not imply liberalisation. It may instead reflect a recognition that preserving the state requires selective flexibility. Easing some social restrictions, seeking sanctions relief through negotiations and restoring economic stability are not necessarily signs of ideological retreat. They are instruments of political survival.

For the Gulf monarchies, this transition introduces fresh uncertainty. Many have invested heavily in American security guarantees while simultaneously attempting to improve relations with Tehran. If Iran's new leadership proves more predictable in diplomacy but more willing to employ military pressure when necessary, regional capitals will continue pursuing a delicate balance rather than choosing between Washington and Tehran.

The United States also faces a more complicated challenge than before. Decapitating a leadership is easier than reshaping the political system beneath it. Diplomacy conducted with a younger, security-conscious establishment may prove both more difficult and more productive. Such leaders are likely to negotiate from hard-headed national interest rather than revolutionary symbolism. Ultimately, Iran stands at an inflection point.

The funeral ceremonies mark the closing chapter of the revolutionary generation that founded the Islamic Republic. What follows will not be a return to the past, nor necessarily a democratic transformation. It is more likely to be the evolution of a state that has learned painful lessons about war, survival and power. Whether that evolution delivers greater regional stability or merely prepares the ground for future confrontation will depend less on personalities than on the choices made in Tehran, Washington and the rest of West Asia in the months ahead.

# Sectarian Fallout

*A formal agreement between Iran and the United States would likely reduce the risk of direct military escalation and could ease tensions in strategically significant areas such as the Strait of Hormuz. It may also open limited channels for economic stabilisation and diplomatic engagement. However, it would not automatically resolve the underlying competition for regional influence. Instead, it could shift rivalry away from conventional military and coercive domains toward more indirect forms of competition*

**S**ectarian divisions along the Shia-Sunni divide have long been a defining feature of the Middle East. However, in contemporary geopolitics, these identities are better understood not as fixed theological boundaries, but as politically activated frameworks that states and non-state actors mobilize in pursuit of strategic objectives. Over time, what began as historical and doctrinal differences have evolved into a set of overlapping political identities, often expressed through alliances, rivalries, and proxy conflicts.

Regional powers such as Iran and Saudi Arabia have, at different points, positioned themselves, explicitly or implicitly, as representatives of broader sectarian constituencies. This framing has contributed to the emergence of what are often described as "sectarian blocs," though in practice these blocs are neither ideologically coherent nor politically unified.

Instead, they function as flexible alignments shaped by shifting geopolitical incentives, domestic political pressures, and external interventions. The result has been a region in which identity and strategy are deeply intertwined, and where sectarian language often serves as a vehicle for geopolitical competition rather than its root cause.

Despite periodic rhetorical convergence, particularly around opposition to Israeli policies and support for the Palestinian cause, the practical utility of these so-called blocs remains limited. The recent Gaza conflict highlighted these divergences in stark terms.

Iran and aligned actors such as Hezbollah and the Houthi movement engaged in varying degrees of military and political confrontation with Israel and its partners, while responses from several Arab monarchies were more restrained and diplomatically calibrated. Some states prioritized stability, economic



interests, and existing security partnerships with the United States, even as public opinion in the region remained strongly sympathetic to the Palestinians. This divergence exposed a long-standing reality: that sectarian identity in the region does not map neatly into consistent political behavior. Instead, state interests, regime security, and external alliances often override ideological alignment. Nevertheless, such inconsistencies can themselves become politically charged, opening space for competing narratives that frame inaction or engagement in moral, ideological, or sectarian terms.

Against this backdrop, a prospective peace agreement between Iran and the United States raises a counterintuitive but important question: could de-escalation at the interstate level unintentionally intensify sectarian narratives at the regional level? While conventional wisdom suggests that peace reduces conflict, the structure of Middle Eastern politics suggests a more complex outcome. A reduction in direct confrontation may not eliminate rivalry but instead transform its arena and language.

A formal agreement between Iran and the United States would likely reduce the risk of direct military escalation and could ease tensions in strategically significant areas such as the Strait of Hormuz. It may also open limited channels for economic stabilisation and diplomatic engagement. However, it would not automatically resolve the underlying competition for regional influence. Instead, it could shift rivalry away from conventional military and coercive domains toward more indirect forms of competition, including narrative construction, ideological legitimacy, and regional alignment politics.

In such a scenario, political actors may increasingly interpret developments through ideological or sectarian frames. Rather than competing through direct confrontation, states and aligned groups may seek to define the meaning of the agreement itself: whether it represents resistance, capitulation, betrayal, or strategic realignment. These competing interpretations can amplify identity-based narratives even in the absence of large-scale violence.

From Iran's perspective, any agreement with Washington would likely be framed domestically as a form of strategic endurance or moral vindication. The state has historically

emphasized narratives of resistance against external pressure, and this discourse is deeply embedded in its political identity. A negotiated settlement could therefore be presented not as compromise, but as evidence that sustained resistance compelled recognition from a major global power. This framing would serve both domestic legitimacy and regional signaling purposes.

In turn, aligned actors such as Hezbollah in Lebanon and the Houthi movement in Yemen may adapt and reinforce this narrative, drawing legitimacy from Iran's broader "resistance axis" discourse. However, it is important to emphasize that these actors are not monolithic extensions of Iranian policy. They are locally embedded organizations with their own political priorities, constituencies, and constraints. While they may echo Iranian framing when useful, they also interpret regional developments through domestic political lenses.

On the opposing side, rival regional actors may construct counter-narratives emphasizing Iranian expansionism or destabilizing behavior. In some cases, these narratives may take on sectarian overtones, particularly when political competition overlaps with existing Sunni-Shia identity frameworks.

However, the degree to which such framing becomes dominant depends on strategic incentives rather than religious doctrine itself. Importantly, the emergence of sectarian rhetoric is not inevitable. Many regional states operate on the basis of pragmatic and shifting alliances rather than rigid ideological blocs.

Diplomatic normalization efforts in recent years between several Arab states and Iran demonstrate that geopolitical interests often override sectarian narratives when conditions permit. Nevertheless, even in periods of détente, symbolic competition can persist, particularly in media discourse, political messaging, and domestic political arenas.

Certain states with internal sectarian sensitivities may be especially attentive to these dynamics. Countries such as Bahrain, Kuwait, and others with significant Shia populations operate within delicate domestic

political balances, where regional developments can influence internal perceptions of legitimacy and inclusion. Similarly, states with broader sectarian diversity may experience renewed rhetorical activation even if material conflict remains limited. The key risk in such contexts is not necessarily large-scale violence, but rather the politicization of identity in response to external narratives.

Within Iran itself, the consequences of a post-agreement environment could be paradoxical. A weakened but surviving state, facing economic constraints, domestic pressures, and institutional competition, may have incentive to reinforce external "victory" narratives to maintain internal cohesion. Institutions such as the Islamic Revolutionary Guard Corps (IRGC) may play a particularly important role in sustaining the logic of external resistance as a justification for domestic authority and regional engagement. In this sense, ideological signaling may increase even as diplomatic engagement expands.

More broadly, a US-Iran détente may also reshape existing regional diplomatic frameworks, including initiatives such as the Abraham Accords. Shifts in geopolitical alignment could alter the perceived costs and benefits of normalization with Israel, particularly if regional actors reassess their strategic positioning in light of reduced US-Iran confrontation. However, these effects would be indirect and heavily dependent on broader geopolitical sequencing rather than the agreement itself.

Ultimately, the likely outcome of a peace agreement between Iran and the United States is not a straightforward reduction or increase in sectarian tension, but rather a transformation in its expression. Direct military confrontation and proxy escalation may decline, but narrative competition and symbolic framing may persist or even intensify in certain contexts. Sectarian identity, in this sense, functions less as a cause of conflict than as a flexible language through which political actors interpret shifting regional realities.

The key determinant of future sectarian dynamics will therefore not be the agreement itself, but how regional actors choose to respond to it: whether they instrumentalize identity for strategic and domestic purposes, or whether they pursue pragmatic realignments that gradually reduce the salience of sectarian framing in regional politics.

### Việt Nam News

## PCI 2025 marks a shift from rankings to better governance

**T**he most notable – and perhaps the biggest – change in this year's PCI Report is that it will no longer publish a ranking of all 34 newly established provinces and centrally governed cities from first to thirty-four, as it did in previous years.

Instead, the 2025 PCI Report will group localities according to their governance performance. There are several key reasons behind this change.

First, following the recent administrative restructuring, development conditions have changed significantly across localities. Some new provinces were created through the merger of three former provinces, others through the merger of two, while some remained unchanged.

As a result, the workload and governance challenges facing each locality over the past year have varied considerably.

Second, based on our assessment of the 34 provinces and cities, we have observed that the gap in governance quality among localities has been narrowing. In many cases, groups of four or five localities achieved very similar results.

Yet under a traditional ranking system, even marginal differences in scores could translate into substantial differences in ranking. This may create the impression that there are wide disparities in governance quality when, in reality, the differences are relatively small.

For this reason, the PCI research team wants localities to focus more on the data and indicators provided by the PCI rather than on their ranking. The PCI offers a comprehensive source of information that local governments can

use to support reforms, innovation and improvements in governance quality.

What matters most is making effective use of the survey findings and empirical evidence to drive reforms and improve the local business environment.

A third reason is that we have also looked at international practices. In recent years, many assessment frameworks developed by the World Bank and the OECD have shifted from detailed rankings to grouping economies according to performance.

This year's PCI will identify leading groups of localities instead of publishing a numerical ranking from one to thirty-four. We recognise that every locality is making significant efforts to promote economic development and attract investment. The role of the PCI and the PCI research team is therefore to work

alongside local governments by providing data, information and practical feedback to support their reform efforts.

Ultimately, our objective is to contribute to the development of all localities. That is one of the most significant changes introduced in this year's PCI.

Perhaps the most notable finding of this year's PCI is the increasingly proactive roles of local governments.

As Viet Nam continues to deepen decentralisation and delegate greater authority to local governments, many responsibilities that were previously held by central ministries and agencies have now been transferred to provincial authorities. At the same time, local governments have been assigned increasingly specific economic growth and development targets. As a result, their proactive role has become much more pronounced.

Letters To The Editor | [editor@thestatesman.com](mailto:editor@thestatesman.com)

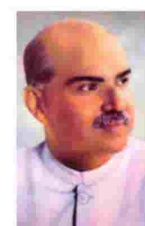
### Tribute

**Sir,** Apropos 'A life devoted to India's unity and progress' by the Prime Minister published today, the commemoration of Dr Syama Prasad Mookerjee's 125th birth anniversary offers an opportunity to reflect on the enduring values that shaped his public life.

While history remembers him for his firm convictions on national integration, his greater contribution lay in promoting principled leadership and strengthening institutions that could serve the nation for generations.

At a time when India is investing heavily in education, research and innovation, Dr Mookerjee's belief that universities should cultivate responsible citizens rather than merely award degrees deserves renewed attention.

Educational institutions must inspire



critical thinking, integrity and an aspirin of public service alongside professional competence.

His life also reminds us that democracy flourishes when leaders possess the courage to defend their convictions while placing the country's long-term interests above personal or political gain. Such qualities are essential for building public trust and preserving the vitality of our democratic institutions.

The most meaningful tribute to Dr Mookerjee would be to uphold these ideals in our classrooms, public life and governance. A nation becomes truly strong not only through economic progress but also through character, unity and enlightened leadership.

Yours, etc., Sanjay Chopra, Mohali, 6 July.

1776

**Sir,** The editorial, 'At 250' (6 July) has provoked me to write this letter. While recollecting and taking stock of America's past and present on its 250th birth anniversary, one should not forget that America is built on the bodies and graves of Red Indians – the Native Americans.

Besides, three events taking place in three different parts of the world at the same time: (i) 1776 – (ii) America's 250th independence, (iii) India losing independence, and (iv) father of modern economics, Adam Smith writing 'Wealth of the Nations' – had

changed the world forever.

Yours, etc., Dr Samares Kumar Das, Jalukie, Peren, Nagaland, 6 July.

### Killers

**Sir,** A Rajasthan hospital recently reported deaths of five young pregnant women due to the defective oxytocin injection, supplied and manufactured by a Amritsar-based laboratory. This is an unforgivable betrayal of public trust. A medicine is expected to heal, not kill. Merely cancelling a manufacturing licence is no remedy.

The guilty manufacturer, quality control officials and every negligent regulatory authority must face swift criminal prosecution. The victims' families deserve substantial compensation, though this will not make up for the loss of lives.

Yours, etc., Brij B. Goyal, Ludhiana, 6 July.







# INTERNATIONAL EDITORIALS





The FT View



FINANCIAL TIMES

“Without fear and without favour”

ft.com/opinion

The flaws in Trump’s Venezuela strategy

US-backed socialist regime has botched its response to the earthquakes

Ever since Delcy Rodríguez was installed as Venezuelan leader in January, following the US raid to seize President Nicolás Maduro, Donald Trump has been effusive in his praise. The US president has called her a “terrific person” and has insisted that Rodríguez, who was Maduro’s vice-president, is doing a “great job”.

After two large earthquakes on June 24, he has stepped up his backing. “Outside of what happened last night... it’s a happy country again,” he said the following day. Those earthquakes, one 7.2 in magnitude, the other 7.5, have devastated a number of cities on the country’s north coast, and have also exposed flaws in the American strategy of backing Rodríguez and fending off discussions about new elections.

It was always an unusual proposition for the US to endorse a socialist regime that was behind the spectacular collapse in Venezuela’s economy and is widely believed to have stolen the 2024 elections. This contradiction has become even more glaring in the aftermath of the earthquakes, which have demonstrated the state’s lack of competence and legitimacy. Even if Washington’s goals are limited to reviving the country’s oil industry, as Trump has sometimes suggested, that is going to be difficult to achieve under the current political structure.

By some estimates, Venezuela’s economy shrunk by as much as three-quarters between 2013 and 2021, the victim of economic mismanagement, corruption and – especially since 2017 – tough US sanctions. Rodríguez was a key member of the Chavista elite behind one of the most disastrous economic records in recent times for a country not at war. Last month’s earthquakes have also exposed how two decades of misrule

have hollowed out the capacity of the Venezuelan state.

Although the worst-affected areas have been in the cities around the country’s main airport and parts of the capital, residents report that in some cases it took days before they received any genuine help. Opinion polls show that Rodríguez is deeply unpopular among Venezuelans. In her first public appearance at a disaster site, she was heckled by angry survivors. Rodríguez has blamed “media laboratories” for giving the impression of chaos.

More broadly, the earthquake has highlighted the shortcomings of Washington’s strategy towards Venezuela. In January, secretary of state Marco Rubio outlined a three-stage approach – stability, economic recovery and only then a political transition. Since then, Rubio and US officials have talked in general terms about elections, but they have given no timeframe and have opposed the return to Venezuela of opposition leader María Corina Machado.

Even if Washington’s goals are limited to reviving the country’s oil industry, that is going to be difficult to achieve under the current political structure

Yet the past six months have shown how hard it will be to orchestrate a sustained economic recovery without first addressing political issues. Companies are interested in investing in Venezuela, but a lot of them are wary of doing so under the current regime. The Chavista elite who still run Venezuela are the same people who appropriated the assets of a series of international companies. There is no rule of law, nor is there confidence that long-term contracts will be upheld. The threat of sanctions still hangs over Venezuela’s economy.

Trump has made it clear that promoting democracy is not one of his priorities. He wants Venezuela to be a country that is safe for US energy companies to invest in and generate substantial profits. But he will struggle to achieve that goal as long as the Rodríguez dictatorship remains in place. Free and fair elections are not an obstacle to Trump’s plans – they are key to unlocking a lasting economic recovery inside Venezuela.

Opinion UK politics

Labour and Tories need to outflank the extremists



mitation, it turns out, may be the greatest form of flattery but it is a poor political strategy. Kemi Badenoch reacted to the Conservative defeat in 2024 by moving towards Reform UK, then a party polling about 10 points behind the Conservatives. Two years later, the Conservatives have lost more than 1,000 councillors, relinquished their opinion poll lead in early 2025 and have become, essentially, a regional annex of Reform.

Reform leader Nigel Farage is increasingly scandal-ridden and questions over donations have forced him off the airwaves, leaving his party reliant on a parliamentary group that lacks his equal. Yet Reform’s woes are not yet translating into a Conservative revival in part because, with some exceptions, the Tory front bench has little to say about Farage’s shortcomings.

Conservatives must stick to what they’re good at, not become a Reform tribute act

Sir Keir Starmer opted for a similar tactic – tilting both rhetoric and immigration policy towards Reform voters while pursuing traditional leftwing economics. Two years later, he hands over a Labour Party that is still the major leftwing party in England but has been eclipsed in both Scotland and Wales. And populist leftwing measures such as renationalising the railways, raising taxes on the rich and blaming supermarkets and petrol retailers for rising prices have not succeeded in winning back voters lost to the Greens, who, in their new populist left guise, are the biggest gainers from Starmer’s failure.

What should Badenoch be doing differently? And how should Labour’s Andy Burnham manage his own populist challenge? The answer is easier for a prospective prime minister than the leader of the opposition because, in the end, governments are re-elected if things are going well and defeated if they aren’t. People support a nationalised railway not because they like to feel that the delayed train from Tamworth is part of a collective endeavour, but because most Britons believe it will be cheaper and more reliable. Whether your railway is run by the state or a private company is neither here nor there. England’s nationalised railways are an improvement on

what went before. The clear task, on the railways and much else, is the same: what people really want is for the government of the day to improve their lot.

The theory from Badenoch’s inner circle is that elections are now fought and won on issues of culture – a theory that has been tested to destruction. The one bright spot of her leadership, the transformation of her own ratings, was driven by her response to the last Budget. It is the only major intervention that was noticed outside the Westminster bubble.

The problem is that Badenoch believes the reason that response worked was her vituperative tone and language towards Rachel Reeves, rather than the content. As a result, she has started launching similarly rebroadcasting attacks on other Labour politicians, comparing Bridget Phillipson to a Gestapo officer and Ed Milliband to Sani Abacha, the Nigerian dictator. None of these outbursts has caught public attention in the way her attacks on Reeves did, which is just as well. Badenoch’s criticism of the Budget landed well because most people agreed with the argument she was making. If people start to notice her comparing VAT on private school fees to the Nazi secret police, there is a risk they may conclude she is unhinged.

The real lesson of Badenoch’s break-out moment is that effective oppositions minimise their weaknesses, show contrition for their mistakes and stick to what they’re good at. It’s not a coincidence that her own standing went up the one time she sounded like Rishi Sunak as leader of the opposition, focusing on tax rises and Labour’s spending plans (a position that, under Sunak, led the Tory party to number one in the polls rather than a tie for third place). If she does the same, gets a more dynamic shadow chancellor and draws dividing lines with Labour on economics and with Reform on social policy, she might just turn things around. The Tory party is never going to be a convincing populist party – given its outsized contribution to the creation of modern Britain, it has to be a party that conserves the UK as it exists.

Badenoch’s approach should also inform Burnham’s. Badenoch’s problem is that the Conservatives need to stick to what they’re good at, not become a Reform tribute act. Burnham’s problem is he inherits a government that has too often forgotten that what governments need to be good at is running the country, not running for election. If either or both of them can manage to return to the core principles of being a good government or an effective Conservative Party, the United Kingdom’s old two-party system might yet be revived.

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Letters

StubHub ruling targets drip pricing, not dynamic pricing

The Competition and Markets Authority’s action against ticket seller StubHub UK (Report, June 24) will be welcomed by customers. After all, the company spent the better part of a year luring them in with artificially low headline prices, only to reveal the true cost at the point of checkout. More than 50,000 fans were short-changed as a result.

But if the industry takes the wrong lesson from it, we will end up

with worse outcomes for consumers.

It should be made clear that this fine has nothing to do with dynamic pricing. StubHub was penalised for drip pricing, for advertising one price and revealing the true cost at checkout. That is deception, pure and simple.

Research shows that delayed disclosure of fees “fools” customers, exploiting their inattention and making buyers less responsive to add-on costs the later they appear in

the purchasing process. Regulators are right to crack down on it.

The danger is that this gets folded into the broader backlash against dynamic pricing, as if the two were the same thing. Dynamic pricing is about allowing prices to reflect market conditions. Often – and this surprises people – that means prices go down. Clearance sales are dynamic pricing. Nobody objects to those.

The real question raised by last

month’s ruling is not whether prices should be dynamic, but whether consumers can trust the price they see at the start of the process.

Transparency is the issue, not flexibility. In that sense, the ruling is not a threat to dynamic pricing – it is an argument for doing it properly.

**James M Kilts** Distinguished Service Professor of Marketing at Chicago Booth School of Business, London ECI, UK

A permanent home for long-term growth

Catherine Day rightly calls for the new UK government “to establish a permanent, independent body to sustain action over time and hold leaders accountable for progress” but gives no elaboration (Opinion, June 25). In the context of how to improve Britain’s long-term economic growth, productivity and employment, we need a permanent agency in the heartland of government but outside of the Treasury, backed by the most powerful ministers, able to exercise economy-wide foresight, with real authority over long-term fiscal decisions.

Even the IMF and World Bank have recently, cautiously, endorsed the practice of “industrial policy” for their member states.

They are right to be cautious, because policy of this kind can easily be subverted. It entails giving public support to concentrated, identifiable beneficiaries, with diffuse costs across taxpayers. The agency must “embed” itself in networks with the private sector while maintaining enough “autonomy” to act in line with the national interest. The risk is real that the agency has too little autonomy and



embeddedness becomes capture; or too little embeddedness and autonomy becomes insulation.

But the bigger danger is that the current structure continues, where long-term plans are made and then buried by the pressures of the budget.

**Robert H Wade** Professor of Global Political Economy, LSE, London WC2, UK

NHS feels the heat in antiquated buildings

Your report “Hospitals cancel operations due to lack of air conditioning in record-breaking temperatures” (June 26) shows how heatwaves are disrupting care and how ill-equipped services are to deal with this increasingly regular feature of life.

People are having operations cancelled and their health is deteriorating because of ageing technology and poor cooling systems in NHS hospitals.

It doesn’t have to be this way. The NHS is adapting to climate change by investing in greener technology, decarbonising and rebuilding or renewing ageing hospitals. But many hospitals predate the NHS, and government promises to rebuild them have not been delivered.

Ultimately, reducing heat-related deaths and operational pressures requires action on climate change itself. Without it, the NHS and its patients will face both a winter crisis and a summer crisis every year.

**Siva Anandaciva** Director of Policy, Events and Partnerships, The King’s Fund, London W1, UK

Job rollout offers lessons

Meg Hillier outlines the difficulties facing the Treasury and Ministry of Defence in agreeing future funding and how it should be spent (Opinion, June 27). A solution might be found in the work Dame Kate Bingham led during the Covid-19 pandemic.

This work showed the benefits of bringing commercial and scientific expertise into Whitehall. Those involved worked with experienced civil servants to ensure the UK could procure vaccines at pace and at a price affordable to the taxpayer. With suitable adaptation, this approach could help unlock the barriers Hillier describes in defence.

**Professor Sir Chris Ham** Solihull, West Midlands, UK

Corrections

● SoftBank acquired Arm Holdings for £24.3bn, not \$24.3bn as wrongly stated in an article on July 2.

● Saks’ net debt on emerging from bankruptcy is about \$800mn, not half of its \$35bn enterprise value as wrongly stated in an article on July 2.

OUTLOOK SPORT

Messi, Williams and the obsession with Goats

It’s the second day of Wimbledon and a 20-year-old ranked 87th in the world is about to take on a wild-card player who has barely set foot on a tennis court in years. Yet Centre Court is packed, and all of the nearly 15,000 people inside rise for a standing ovation as Maya Joint and Serena Williams arrive.

Williams, 44, retired in 2022 from the sport she dominated for much of the preceding two decades. She claimed her return (which proved shortlived) was principally about having fun. “People live to be an athlete,” she said ahead of the match. “Who knows if I’ll ever make it here again? This could be it.”

It has been a big few days for the sporting world’s Greatest Of All Time (the Goats). The same day Williams stepped back on the court, US basketball superstar LeBron James, 41, said he would leave the Los Angeles Lakers but planned to find a new team rather than hang up his sneakers. Footballers Lionel Messi, 39, and Cristiano Ronaldo, 41, both set new records for scoring goals at World Cups, while Lewis Hamilton, 41, tried to improve on his tally of nine wins at Silverstone in the British Grand Prix.

Children of the early 1980s continue to dominate conversation across the world of sport. Oleksandr Usyk, 39, was the first undisputed heavyweight champion boxer in 25 years until he vacated his titles last month. Lindsey Vonn’s attempted comeback was the story of the Winter

Olympics, even if it ended with the 41-year-old being airlifted to hospital after a serious injury moments into her first run.

Even retirement is no barrier. The most followed tennis player on Instagram is Rafael Nadal, 40. Williams is second.

Why is it that audiences cling so tightly to these ageing millennials? Advances in nutrition and injury prevention have helped the very best stay at the top of their game for longer. It’s hard to move on to new heroes when the old ones are still scoring hat-tricks at the World Cup. Longer careers increase the window for great athletes to break records and stake their claim to Goat-hood.

Some see the never-ending Goat era as the product of social media. These athletes came to prominence during the early days of smartphones. They were – and remain – the first idols in our brave new content-led world.

Ronaldo has 670mn followers on Instagram. Catching up with him will take time.

And their contemporaries, including me, now (theoretically) have a bit of disposable income; we can finally afford to watch these fading legends or buy products they endorse. We couldn’t at their peak. That makes them marketing gold.

This particular handful of athletes also understand their power and wield it well. They learnt how to stay relevant regardless of what was happening on the court or the pitch. Williams appeared in the 2016 music

video for Beyoncé’s “Sorry” and made a cameo during Kendrick Lamar’s 2025 Super Bowl halftime show. Messi’s move to Miami and Ronaldo’s to Riyadh brought riches – and made them global talking points again.

All have fostered a special kind of persona – bland yet attention-seeking. That leaves space for the adoring audience to imprint emotions on them. For many, they are cherished characters from a simpler time.

The Goats have transformed from athletes into celebrities. In the same way people line up to snap selfies with the “Mona Lisa” or Michelangelo’s “David”, seeing Ronaldo, Williams or Hamilton in real life is something to flaunt. Messi employed a personal bodyguard tracking his every move during games at his club team Inter Miami – too many fans invaded the pitch in pursuit of a photo.

Those watching Wimbledon’s Centre Court could hardly say they came for the quality of the tennis. Though there were flashes of her old all-conquering self, Williams never looked like she could beat the young joint. A few people slipped out after five games, presumably once pictures had been taken and shared. After Williams lost the first set, empty green seats began to dot the arena. The air got noticeably cooler.

Still, those people will get to boast that they were there the day a true Goat played on the greatest stage there is.

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by Josh Noble



## Opinion

## How to stop AI becoming the enemy of younger workers

## EMPLOYMENT

Sarah O'Connor



Viewed from afar, South Korea looks like a clear winner from the rise of AI. Some of its biggest companies are booming because of the global appetite for chips and data centres. Samsung Electronics and SK Hynix, its leading chipmakers, have both topped \$1tn in market capitalisation. And because these companies have powerful unions, their workers are securing a share of the surge in profits.

In May, for example, Samsung and its union came to a profit-sharing agreement that is expected to award employees in the memory chip division an average bonus of nearly \$400,000. Little wonder that South Korea is one of the few large countries where optimists about AI outnumber pessimists, according

to polling by the Pew Research Center.

But there is more to the story. South Korea has long been an economy with deep fractures between "insiders" with secure jobs in large, productive companies and "outsiders" with insecure jobs in small and medium-sized companies (SMEs). So far, the benefits of AI seem to be following and even deepening these faultlines. The Samsung profit-sharing agreement, for example, does not benefit the workers of the company's subcontractors, who typically receive lower pay and less security.

Then there are those "outsiders" who have yet to get a foothold in the labour market. A study by economists Jinu Han and Samil Oh of the Bank of Korea found that 211,000 youth jobs (aged 15 to 29) disappeared over the past three years, while employment for workers in their fifties increased by 209,000 over the same period.

Youth employment fell particularly sharply in AI-exposed sectors: by 11.2 per cent in computer programming and system integration and management, 20.4 per cent in publishing, 8.8 per cent

in professional services and 23.8 per cent in information services.

The economists concluded that the labour market was "undergoing a seniority-biased technological change" because AI "more readily replaces tasks performed by junior workers that rely on codified, textbook knowledge, while it tends to augment tasks requiring career-based tacit knowledge and social

In South Korea  
211,000 youth jobs have  
disappeared over the  
past three years

or interpersonal skills, which are more common among senior workers".

There have been hints of this "seniority-biased" pattern emerging in the US, too, especially in the software profession. But the trends in South Korea look particularly stark.

Is this a warning for other economies? I think so. But South Korea's "insider-outsider" labour market structures

have probably played a part too. Jiyeun Chang, senior research fellow at the Korea Labor Institute, tells me that "incumbent workers in large firms enjoy strong employment protection, so when firms adjust to new technology the adjustment falls disproportionately on the hiring margin – that is, on young people trying to enter".

Indeed, young people in South Korea were struggling in the labour market even before ChatGPT's release in late 2022. A report by the OECD that year found that the large companies that once drove job creation were shifting towards "a more capital and technology-intensive product mix" and relying more on outsourcing, but that graduates who were unsuccessful in their attempts to get hired by the big companies or the public sector tended to "queue for such jobs rather than fill labour shortages at SMEs". SMEs, meanwhile, were "trapped in a vicious circle": not productive enough to offer good pay, and therefore unable to attract high-quality workers who could boost productivity.

The good news for South Korea is that

the government has money to spare thanks to rising tax revenues from the semiconductor boom. It is planning a "Future Response Fund" to invest in mega-projects, address inequality and provide employment support for people in their twenties and thirties.

One obvious option would be to use some of the windfall money to subsidise companies to hire and train young people, even if their labour can't easily be monetised until they have acquired more expertise. A more imaginative policy agenda could extend security, training and capital to "outsiders" such as the self-employed. In the right conditions, couldn't South Korea's tech-savvy youth create companies of their own that use AI to do new things? Start-ups that could one day even disrupt those corporate giants that denied them a foot in the door?

New eras require new mantras. For young people who are struggling to get hired the traditional way, this might end up being theirs: if you can't join them, beat them.

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## Burnham must avoid Starmer's mistake when handling Trump

Neera Tanden

When Andy Burnham secured a by-election victory over Reform UK, he did more than just seal his path to No 10 Downing Street – he showed that the Labour Party can beat the populist right. But once he becomes prime minister, Burnham will face a tougher test, this time on foreign policy: resetting a damaged relationship with the US.

In his second term, President Donald Trump has treated the UK as a subordinate to be bullied rather than an ally to be respected. He has threatened punishing tariffs on British goods and warned Sir Keir Starmer's government to "be careful" over the digital services tax. After the White House demanded access to British military bases for Trump's war in Iran, Starmer capitulated – despite having initially denied the request. When Trump dropped his papers at a meeting of the G7 and Starmer scurried to pick them up, we were presented with a visual distillation of the nature of their relationship.

But Trump's bullying does not sit well with the British public. A recent poll found that 85 per cent of Britons hold an unfavourable opinion of him. Starmer's obeisance posture towards Trump no doubt contributed to the sense that he was a weak premier.

Voters around the world expect leaders to stand up for them and that means not wavering or kowtowing. There is no better example of this approach than Prime Minister Mark Carney in Canada. Despite the fact that Canada relies on the US economy more than any other

Voters around the world expect leaders to stand up for them and that means not wavering or kowtowing

country, Carney has struck a defiant note in response to Trump's economic and territorial threats. Negotiating with a hegemon and competing with other nations to see who can be the most Republican gerrymandering in Texas and has become a counterweight to Trump, attacking him online and on air.

Newsum regularly mocks the president as weak and dithering. As a result, his approval rating in California jumped 10 points in five months, hitting 54 per cent in December, and he surged to a lead in polling for the 2028 national Democratic primary. Meanwhile, in Illinois, Pritzker has defied sustained pressure from the administration, including the deployment of the National Guard in Chicago.

These are leaders who have gone toe-to-toe with Trump and grown in popularity as a result. Trump's own appeal rests partly on being seen as a fighter and the protector of ordinary Americans. He bullies foreign leaders and trying to placate him can make them look weak in comparison. The example set by Carney, Newsum and Pritzker proves that voters admire those who stand their ground rather than cowering.

Starmer's departure from office presents Labour with an opportunity to resist the US's angry rightwing populism, much as Canada under Carney has done. Britain is economically weaker and poorer than to Brexit, for which Trump's friend Nigel Farage was one of the main cheerleaders. A strong prime minister should make the case that populism of the kind Farage traffics in has failed to deliver for the people. That is a role Burnham can step into if he chooses not to kowtow to Trump.

The evidence from Canada, California and Illinois is clear: leaders who take the fight to this president do not just serve their people better; they are politically rewarded for it too.

The writer is president and CEO of the Center for American Progress and a former adviser to President Joe Biden

## Putin is running out of options

## WORLD AFFAIRS

Gideon Rachman



Smoke billowed over St Petersburg this weekend, after Ukrainian drones struck the city's oil terminal. In Moscow, long queues formed at those petrol stations that were still open.

The increasing frequency and accuracy of Ukraine's long-range drone strikes have caused Russia's biggest fuel crisis in decades. It has also created a growing sense that the momentum in the war has changed. Mark Carney, Canada's prime minister, said last month: "We, the Germans, the UK, the French all are of the view that the tide has turned... Putin is going to lose."

But few people believe that the Russian leader will simply accept defeat, so western policymakers are braced for a summer of escalation. "The question we're all asking," says one, "is what is Putin going to do?"

Broadly speaking, there are two schools of thought among western strategists. The first holds that we are entering a very dangerous period and that a cornered Vladimir Putin is likely to lash out in an effort to change the direction of the war. A second school argues that Putin's viable escalation options are actually pretty limited. So the bigger

danger may be that western policymakers get so spooked by the threat of Russian escalation that they put pressure on Ukraine to back off.

There are four main escalation avenues. The first is conventional actions on the battlefield with Ukraine. The second is nuclear weapons. The third is a direct attack on Nato. The fourth is "hybrid warfare" – Russian covert efforts to attack western infrastructure or individuals.

There is an expectation that Russia will throw more troops into the "meat grinder" of the frontline over the summer. Putin recently claimed his armies had taken the town of Kostyantynivka, a key target fory in the eastern Donetsk region. But those claims were denied and mocked by Volodymyr Zelenskyy. Western officials reckon that Russia is now losing troops faster than it can replace them – at the rate of 35,000 killed or wounded a month. There is speculation that Putin might call a general mobilisation through conscription. But that would risk a public backlash.

After more than four years of costly fighting, there is little to suggest that Russia is on the cusp of a decisive breakthrough. Putin's desire for revenge and escalation may instead manifest itself in more indiscriminate strikes – such as the missile and drone attacks that killed 30 civilians in Kyiv last week. Yet those tactics, while brutal, are unlikely to turn the tide of the war.

Throughout the conflict, Putin and those around him have dropped heavy hints about the use of tactical nuclear



weapons by Russia. But those threats are taken less seriously than they were at the start of the war. Western decision makers believe China's leader, Xi Jinping, has warned Putin against the use of nuclear weapons. And they think the Kremlin understands the risk that the west could intervene directly in the war, if it went nuclear. The sheer frequency of nuclear sabre-rattling by Putin and his circle has diminished its intimidatory power. As one western official puts it: "He's devalued the currency."

Some western leaders are braced instead for a Russian provocation aimed at the Baltic states or Poland. Security officials in Latvia have said that Russia is "preparing military provocations", potentially aimed at them.

A direct Russian attack seems

Western officials reckon that Russia is now losing troops faster than it can replace them

unlikely. But western strategists have long been concerned by some kind of Russian intervention that could be dressed up as retaliation for Nato aggression or a move to protect Russian speakers in the Baltics. The idea might be to provoke a military and diplomatic crisis that divides the western alliance, leading to increased US pressure on Ukraine to make territorial concessions.

But would Putin really risk it? For the past four years, he has always avoided direct confrontation with Nato, despite concerns that Russia might attack the supply lines and bases on Nato soil that are fuelling weapons to Ukraine. Escalating in the Baltics might also require moving Russian troops from the Ukrainian front. Putin would also have to consider the possibility that opening a second front directly on Nato soil could go badly wrong – risking potential humiliation for Russia.

That leaves hybrid warfare. There has already been plenty of this over the past four years. Some of the better-known episodes include a plot to put bombs inside DHL parcels and an effort to

assassinate the head of Rheinmetall, a leading German arms manufacturer. Russia continues to ostentatiously scope out key western infrastructure, such as undersea cables and energy pipelines. But hybrid escalation, aimed at civilian infrastructure, also carries risks. There is little doubt that the west could retaliate. Security officials note that Russia, the US and its allies, and China may all have placed the cyber equivalent of unexploded bombs inside each other's critical infrastructure.

Putin certainly has escalation options. His problem is that they are all bad. Nonetheless, there is little sign that the Russian leader is ready to accept defeat. So Ukraine and its western backers are braced for a dangerous summer. If they can get through it – while steadily increasing the pressure on Russia – they hope that Putin and those around him may have to accept reality and abandon their maximalist aims by the end of the year. An end to the Ukraine war may finally be in sight.

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## Welcome to the age of the Profit Dollar

## ECONOMICS

Adam Tooze



What is the dollar system based on and how will it evolve? As we mark the 250th anniversary of the United States, our ability to realistically address those questions is clouded by all manner of myths. It is commonplace, for instance, to observe that since the second world war, the dollar has replaced the pound as the reserve currency of the world. But if that is true, it is because the dollar system has been repeatedly reinvented. Today, it is once again in a new and volatile configuration, quite different from that of 15 years ago let alone the 1940s.

To speak of a reserve currency itself risks anachronism. Holding large reserves of currency was not the norm prior to 1945. The gold standard was the

gold standard. From the 1920s, pounds and dollars were held in central bank vaults but only as a second-best. Gold was king. Under the Bretton Woods system after the second world war, dollars were held as reserves, alongside the IMF's special drawing rights. But those dollars were backed by gold.

The world only embarked on the experiment of fiat currencies when US President Richard Nixon took the dollar off gold in 1971. Though petrodollars accumulated to the benefit of some Opec members, the holding of dollar reserves remained small even into the early 1990s.

The norm of holding large quantities of fiat dollars in official reserves only emerged as recently as the new millennium. The so-called Bretton Woods 2.0 system was not planned in Washington. It was adopted in the late 1990s as a form of self-insurance by emerging markets seeking protection against the risks of financial crisis. Above all it was China that pegged its exchange rate and began large-scale official reserve accumulation in the 2000s. This conferred on the US the exorbitant privilege

of stable, official funding of twin deficits – on current account and in government budgets.

Fifteen years later, in the mid-2020s, it is still this configuration that serves as the benchmark for most discussions of the "future of the dollar" and yet it was by no means the historic norm. And by the mid-2010s, in its original form, Bretton Woods 2.0 was already over. Around 2015, new reserve accumulation driven by China tapered off. The balance of different currencies within the pile of reserves has since shifted slowly against the dollar. But the more significant fact is that the accumulation of new reserves has plateaued.

And yet America's twin deficits continue. But how are they funded, if not through official reserve accumulation?

In part through off-the-books holding of reserves on the balance sheets of China's state banks and, above all, through private foreign investors acquiring US assets.

Since the mid-2010s, it is US financial markets that have provided the draw. America's unequal, K-shaped economy is the honeypot of global capitalism. Unlike in the classic phase of Bretton Woods 2.0, it is not China leading the way. Since 2015 Beijing has imposed tight capital controls that trap \$50–60tn in Chinese bank accounts behind a financial firewall. Official reserve accumulation is one thing. A private capital exodus from Xi Jinping's China would be quite another. America's deficits are financed by inflows from Europe, South Korea, Taiwan and Japan.

What then, should we call this latest phase of the dollar system? Bastard Bretton Woods? The hedge fund dollar? Given the latter's outsized role in Treasury markets, it is tempting. But relative value trades are too technical to really capture the flavour of this era.

Discussing the question in Beijing with a Chinese colleague who specialises

in Marxist political economy, he remarked that the quality of a currency system is ultimately defined by the class relations that underpin it.

In that spirit, perhaps the best label for the current era would be the "billionaire dollar" in honour of President Donald Trump and his shameless self-enrichment. Or perhaps that should be the "trillionaire dollar" after Elon Musk and the SpaceX IPO, which has redefined the parameters of wealth.

Certainly, in the current iteration of the dollar system, anyone worrying too much about America's chronic fiscal incontinence can easily seem out of touch. We aren't in the 1990s any more. But if that is so, perhaps it is also time to stop speaking of the dollar as a reserve currency, with all its time-honoured connotations of bank vaults, probity and solidity.

America's currency today is, above all, a promise of liquidity and a vehicle for outsized and unfettered capital accumulation: the profit dollar.

The writer is an FT contributing editor and writes the Chartbook newsletter



# Opinion

## Learning from Nordic happiness

Want security, health care and the American dream? Look to Scandinavia.



Nicholas Kristof

**OSLO** Do you know how to get an American company to grant you excellent wages and amazing benefits, even for an entry-level job?

Move to Norway and take the job there.

Construction workers, hotel maids, gas station attendants and store cashiers will typically earn more than \$20 an hour plus evening or weekend bonuses, about five weeks' paid vacation each year, a pension, maternity and paternity leave that adds up to a year and paid leave when a child is sick. You may even get paid time off if you move homes.

Those are broadly the terms for Norwegian and foreign companies alike, including the likes of 7-Eleven shops, Burger King restaurants and ExxonMobil-affiliated gas stations. Which raises the question: If American and other international firms can offer such munificent terms for retail jobs in Norway, could they do so at home?

We'll get to that, but what unfolds here is a result of the Nordic social and economic model, which aims to reduce inequality, boost opportunity and optimize the quality of life — providing a lift, in particular, for those at the lower end of the income scale. What we tend to think of as “low-wage” jobs aren't truly low-earning in Norway, and they come with state-provided health care and child care, plus strong unions that ensure that layoffs or firings are rare.

You want security, health care and the American dream? Look to Scandinavia.

“We actually live the American dream,” Jens Stoltenberg, a former prime minister of Norway who is the finance minister, told me. “The American dream, it's more reality in the Nordic countries than in America.”

Skeptics have argued that generous welfare benefits and the resulting high taxes have held back the Nordic economies. Perhaps a bit. “Farewell, Nordic model,” *The Economist* wrote in 2006. But Norway is now richer than the United States per capita, and Norwegian workers are more productive than American workers, with higher output per hour. Scandinavians live longer than Americans, and they are happier: The five Nordic countries — Denmark, Finland, Iceland, Norway and Sweden — all rank among the six happiest countries in the world in the World Happiness Report, based on Gallup polling.

Yet the Nordic countries themselves face significant challenges, including fiscal pressures, immigration, widening inequality and perhaps some breakdown in the social consensus. Some doubt whether the model can survive here, let alone be exported to countries that are larger, less homogeneous and more suspicious of taxation.

On the other hand, it's not an alien model but, for Americans, a path we once blazed. Lawrence Katz, a Harvard economist, told me that the United States and Scandinavian nations pursued similar policies from the 1940s through the 1960s. That was the period when the United States rapidly ex-



PHOTOGRAPH BY SAMUEL TRO FOR THE NEW YORK TIMES

panded educational opportunities, had strong unions and, in the 1940s, experimented with universal child care.

The post-World War II period is sometimes thought of as a golden age, for the economic pie both grew and was sliced more equally.

“The United States in the mid-20th century was sort of like Scandinavia today,” Katz said. But America changed course in the 1970s and eventually embraced the Reagan revolution.

One reason for the retreat, I've argued, was racialized political rhetoric that characterized some safety-net programs and investments in opportunity — used by Americans from all walks of life — as handouts primarily benefiting Black people, with a particular emphasis on caricatures of the “welfare queen.”

It's also true that the American economy in the 1970s was underperforming and markets did need a kick in the pants in the form of deregulation. The Nordic countries largely continued their investments in human capital and reducing inequality.

Although I've been visiting the Nordic countries for decades, I became more interested in their model over the past 15 years because of the struggles of my hometown in rural Oregon. Mills and factories closed, meth arrived, and three school friends died while homeless on the streets.

I can't help thinking that they might be alive today if they had been born in

Scandinavia with its strong social safety net.

How does this system work in practice? Consider Hauk Kjaeran, 24, a waiter at Nektar restaurant in Oslo. He has been at his job for only a few months but is paid more than \$25 an hour, not including tips.

He also gets five weeks' vacation, earns a pension, is entitled to hefty parental and sick leave and is studying to be a sommelier, all paid for.

A full workweek in Norway is 37.5 hours, but Kjaeran asked for a 60 percent contract. “I have some other stuff to do, and I like my freedom as well,” he explained.

One waitress at the restaurant is on leave, sailing around the world with friends. I asked the restaurant owner, Veslemøy Hvidsten, what she thought of her missing employee.

“She wanted to do this,” Hvidsten said. “So we said, ‘Yeah, why not?’”

“That's how we build the whole country,” she added. “Taking care of each other.”

When Americans discuss the Nordic system, they sometimes suffer from three misunderstandings.

The first is that these are socialist countries. While they are often run by social democrats, they have market economies. Sweden did experiment in the 1970s and '80s with quasi-socialist policies, but the upshot was an economic crisis. As Johan Norberg, a Swedish writer, put it, “We have been socialists and we've been successful — but never at the same time.”

The second misunderstanding is that because of their strong welfare systems, citizens of Nordic countries lie around while collecting benefits. Sure, some people do manipulate the system, but the labor force participation rate is higher in Nordic countries than in the United States.

The third is that in the case of Norway, its success is mostly a reflection of its oil wealth. Oil has given Norway a nice cushion, but the country has also managed the cushion unusually well — putting it in what is one of the world's largest sovereign wealth funds. Moreover, according to Geir Avelsen, the director general of Statistics Norway, the increase in female labor force participation in Norway since the early 1970s appears to have added roughly as much to the country's gross domestic product as oil has.

Indeed, women are an underappreciated component of the Nordic economic engine. Historically, American women had higher rates of labor force participation than did women in most other countries, but Scandinavia now easily surpasses the United States by this metric. In 2025, some 56 percent of American working-age women were in the labor force; in Sweden and Norway, the figure was around 62 percent; in Iceland, 70 percent. Having the flexibility to work part time or adjust hours is one factor that almost certainly increases the share of women in the labor force in Nordic countries. Another factor is the availability of high-quality day care. Norway's system, which is typical, takes children from the age of 1, and the cost is about \$120 per month. For low-income families, it's nearly free.

“If it wasn't for this kindergarten, we wouldn't have three kids,” Mats Brekke, a solar engineer, told me as he dropped

by the day care center in Oslo where his middle child spends the day. He had his 10-month-old daughter on his arm; she'll start in August.

The day care center where I met Brekke was in a working-class Oslo neighborhood, with bright rooms and a diverse group of children playing with one another — all rattling away in Norwegian. That's one aim of the system: encouraging children in immigrant communities to embrace being Norwegian from an early age.

One-fifth of Norwegians are either immigrants or their children, often from countries like Syria or Somalia with conservative social cultures. Day care centers try to nurture Nordic social attitudes, which tend to be more liberal.

“It's June and we're talking about Pride Month,” said Cathrine Pedersen, the chief of the day care center, which had a rainbow flag fluttering outside.

To understand how the Nordic socioeconomic system evolved, I dropped by the office of Kalle Moene, an economist at the University of Oslo. The system began in the 1930s, he said, when workers in thriving sectors of the economy agreed to hold down their wage demands to support sectors that were struggling.

That principle — sacrificing to help those not doing so well — still underpins the region's business model. Norwegians who are better off will give up some income to ensure that people in blue-collar jobs get by.

Moene argues that this wage compression promotes innovation and dynamism by boosting the profitability of growth industries and by lowering profits in lagging industries.

The lowest wages become higher, destroying bad jobs,” Moene said. “The highest wages become lower, creating more good jobs.”

In addition, the social safety net in Nordic countries means that workers are less fearful of trade and technology costing their jobs. This makes it easier to embrace policies that boost growth overall but threaten some positions, Stoltenberg said.

I wonder if wage compression may also have resulted in political compression. There seems to be less political toxicity in Nordic countries than in the United States and many other countries. By international standards, civility reigns. Right-wing nationalists exist here, but haven't made as many inroads as in Germany, France or Britain.

Eirik Lae Solberg, the governing mayor of Oslo, is an important figure in the country's conservative party. He opposes the country's wealth tax and generally thinks Norwegian taxes are too high. But by American standards, he would count as liberal.

“I strongly believe that what we do in the Nordics to provide opportunity for all is growth-promoting,” Solberg told me. “In the United States, I would probably be on the left.”

For all the success of the Nordic model to date, it is under great pressure.

Many social benefits are expensive, and paying for them is a growing challenge as the population ages and re-

quires more elder care.

“Every institution in the society is under strain,” said Shazia Majid, a columnist at VG, a Norwegian newspaper. She noted that because so many women are working, they aren't able to care for aging parents — at-home labor that would probably fall to women more often than to men — and the system is financially pressed even as it needs tens of thousands more health workers.

Immigration adds to the challenges, particularly in Sweden, where a quarter of the population is now made up of immigrants or their children. Violent crime, often linked by commentators to immigration, is a serious problem in Sweden.

Serious observers, most notably Mario Draghi, the former European Central Bank president and a former prime minister of Italy, suggest that Europe has lost some of its competitiveness, and that sentiment resonates in the Nordics as well. I think there's something to that, but the hand-wringing can be overdone in the case of the Nordic countries. Sweden ranks No. 2 in the Global Innovation Index, produced by the World Intellectual Property Organization, ahead of the United States at No. 3. Finland and Denmark are also in the top 10.

I've been talking about Nordic policies, but what if the big driver of success isn't policy so much as norms? These are traditionally homogeneous societies that maintain village values of mutual support. When researchers “lost” wallets in 40 countries around the world, the two countries with the highest rates of wallets returned (when they contained money) were Denmark and Sweden.

My sense is that norms and policies reinforce each other. Stoltenberg offered an example of policy molding norms. In the 1980s, he and others pushed for paid paternity leaves in part to ensure that dads would spend time with their newborn children. This social engineering worked: Fathers now are deeply involved in caring for children, taking some of the load off mothers.

“That's perhaps one of those reforms that have really changed Norway,” Stoltenberg told me.

Is the Nordic model replicable? Could convenience stores and gas stations in America pay their cashiers and attendants \$20 or more an hour plus a pension and five weeks' vacation?

One challenge, economists told me, is that relative to many American workers, Norwegian laborers often have higher literacy rates, appear more able to pass a drug test, can handle technology better and can be relied upon to stay in their jobs longer, meaning that employers benefit from a more experienced, more productive work force. In effect, Nordic employers can pay more in part because workers generate more income.

In that sense, learning from the Nordics is not so much about mimicking minimum wages and seeing happiness soar. Rather, it's the challenge of investing in human capital from early childhood through university-level education, pushing relentlessly to broaden opportunity at every level.

All this raises taxes. But it also raises skills and makes workers more productive. From a distance, we see how much Nordic workers get; up close, you see also how much they contribute.









## OPINION

## America Is More Than a Creed



GLOBAL VIEW  
By Walter  
Russell Mead

The 250th anniversary of the Declaration of Independence found Americans, as usual, arguing about who the real Americans are and what it takes to be one. In the run-up to the celebration, my Global View columnist participated in two events where American identity was at the center of the discussion. One was a conversation with Prof. Robert P. George at an event sponsored by the James Madison Program in American Ideals and Institutions at Princeton University. The other was a panel at the Aspen Ideas Festival with Monticello's president, Jane Kamensky, and David French of the New York Times, moderated by NPR's Jenn Whittle.

At both events I found myself politely pushing back against assertions that America is best understood as a "creedal nation" and that the Declaration is the definitive statement of the American creed. The Declaration is a weighty and world-altering document, but America is more complicated than a set of ideas.

Whenever somebody tells me that America is a creedal nation, I think back to my own experience growing up in the Carolinas. Not once in my childhood or adolescence did I ever think of my

American identity or anybody else's as creedal, nor did I meet anybody who thought this way. We were Americans not because we believed a set of ideas. We felt American the way Turks feel Turkish and the French feel French.

That didn't mean I bought into what some today call "heritage American" identity. It was obvious even to a child that there was no single American race or ethnicity. The American South in the 1950s might not have been a global melting pot, but black people had been around as long as whites and were as American as anybody else. And somewhere north of Richmond, Va., were those mysterious other people called Yankees—very unlike us God-fearing and patriotic Southerners, but Americans all the same. Ricky Ricardo on "I Love Lucy" had an accent, but Ricky and Lucy were as American as Ozzie and Harriet Nelson. My American homeland was a complicated place with a lot of different kinds of people in it.

When supporters of the creedal nation theory come at me brandishing copies of the Declaration, I respect their sentiments but maintain my dissent. The Declaration isn't a set of propositions in political science issued by an academic committee. It was issued "in the Name, and by Authority of the good People of these Colonies."

"When in the Course of

human events," the Declaration reads, "it becomes necessary for one people to dissolve the political bands which have connected them with another . . ." The existence of an American people was as self-evident to the Founders as the principles the Declaration enumerates. When it came time to write the Constitution, it was "We the People" who established it.

Since colonial times, the American people has been a tribe of tribes. American and

**We're a diverse people but still a people, not a random aggregation of cosmopolitans.**

Jewish identity follow similar paths. Judaism has its creeds and values, but the Jewish people are anything but a consensus-minded group of true believers. Homogeneity has never been the point. Arguing over the meaning of Jewish identity is a characteristic element of Jewish culture. Theodor Herzl, founder of modern Zionism, was an atheist who once proposed a mass conversion of Austrian Jews to Catholicism. But Herzl was a Jew all the same.

American identity works along the same lines. There are creedal Americans, cultural Americans, Americans who embrace the country's diversity and complexity, and

Americans who reject it. There are Americans who care as little for the principles of the Declaration as Herzl did for the Law of Moses, but American identity isn't reducible to political opinions. The whole point of the Civil War was that even after attempting to establish a rival nation based on the negation of the promise of equality in the Declaration, Jefferson Davis remained an American, like it or not.

The American people can't be reduced to an ethnic *Folk* bound by ties of blood and soil. Nor are we simply a random aggregation of deracinated cosmopolitans connected only by a common adherence to a set of political ideas. We are a people. The "mystic chords of memory" that Abraham Lincoln invoked in his first inaugural address are real, and they matter.

Two hundred fifty years ago, the Founders expressed the aspirations of the American people in imperishable language. Today, American flourishing depends on our sense of common peoplehood, on our resolute defense of the ideas and institutions from which so many generations have derived so many blessings—and on the creative tension between these poles of our national life.

*E pluribus unum*: We are one people with many roots. Long may we squabble over the meaning of America; the freedom to differ helps define who we are.

BOOKSHELF | By Bill Heavey

## To Swim The Ice Mile

The Plunge

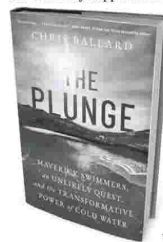
By Chris Ballard

Simon & Schuster, 320 pages, \$30

As the taxi carrying Lynne Cox approached the beach near Dover, England, in 1972, the driver, learning that she intended to swim the English Channel, said, "well, you don't look like a Channel swimmer to me. You're too fat." Nine hours and 57 minutes after entering the water, the American swimmer waded ashore in France, having broken the world record for the fastest crossing at the age of 15.

Welcome to the strange world of cold-water swimming, in which the perfect body is nothing like what you'll see in an *Athleta* catalog. In her late teens, Ms. Cox, who became one of the greatest open-water swimmers of all time, allowed researchers to study her body type. She stood 5-foot-6 and weighed 180 pounds, of which 36% was body fat. Her body happened to be the same density as seawater, meaning that she neither floated nor sank. As one scientist told her, "we've never seen anything like this. You're at one with the water." Her fat also acted like a wetsuit, insulating her from the cold.

Chris Ballard's "The Plunge: Maverick Swimmers, an Unlikely Quest, and the Transformative Power of Cold Water" delves into this parallel universe, populated by people who think nothing of resorting to axes, chainsaws and sledgehammers to break through ice and create open water. Their holy grail, which Mr. Ballard calls



"one of the most rare, difficult, and dangerous athletic feats on the planet," is the Ice Mile, swum in water 41 degrees Fahrenheit or colder. How tough is it? While more than 7,500 people have climbed Mount Everest, fewer than 1,000 swimmers have performed an Ice Mile as recorded by the International Ice Swimming Association (IISA). Imagine an athletic championship in which there is no cutoff time, no official course or venue, and nobody really cares who's the fastest. The victory is simply in finishing. Ice swimmers know they're crazy and celebrate it. Hearing of a new challenge, their answer is "that sounds like a terrible idea . . . what time?"

Like top dancing ante crocodiles, cold-water swimming is unlikely ever to become a mainstream pursuit. Its champions, though, have been around for millennia. Mr. Ballard, a longtime journalist for *Sports Illustrated*, dives into the history and finds figures, such as Euripides and Benjamin Franklin, who extolled its health benefits. Some of its advocates have been on the fringes. In the mid-1700s Richard Russell, a British physician, promoted a regime of cold sea-bathing but, then again, he also advised drinking seawater. In the 19th century, an American doctor, Russell Thatcher Trail, did the same, adding cold-water enemas. Today's ice swimmers rave about the rush and subsequent feelings of alertness, contentment and energy. As James Mercer, a thermal physiologist from the University of Tromsø in Norway, puts it, "I've never met somebody who does this that doesn't swear by it."

The limited scientific study to date appears to back up these claims. Following immersion in 57-degree water, subjects in one study experienced a 530% increase in plasma noradrenaline, a neurotransmitter associated with euphoria and mental clarity. They also showed a 250% rise in dopamine, the feel-good hormone. And these levels, Mr. Ballard notes, "stayed elevated for the full two-hour testing window." He cites one layman's description of the transformative experience: "I can dive in with a long face and what feels like a terminal case of depression, and come out a whistling idiot." Who among us would not exchange his mental state for that of a whistling idiot? Sign me up.

In-depth study of the activity's benefits has been slowed by the same thing that always slows scientific research: There's no money in it. All you need is a swimsuit, cap and goggles. Had a drug brought about these results, Mr. Ballard suggests, "billions would be made." He even supplies *Chillatrex* as a catchy name.

**Cold-water swimming enthusiasts say that the frigid temperatures bring mental clarity and other health benefits. The dangers are real too.**

Cold water can kill you. Jump in and your first reaction is the cold shock response, an involuntary gulp of up to a cubic foot of air. Your head is under water, so this is an excellent way to drown. Also, your heart rate spikes, your blood pressure soars, the blood vessels in your extremities constrict to keep warm blood near your core and you begin to gasp involuntarily. Within only a few minutes, you are likely to lose feeling, strength and coordination. There's a reason Ice Mile swimmers who want their feat accredited by the IISA must first present eight pages of completed medical forms, including an EKG. But the real danger comes during the afterglow, when you're out of the water in dry clothes. Your core temperature continues to plummet because the chilled blood from your extremities returns to your heart.

The paucity of hard scientific evidence for cold-water swimming's health benefits forces the authors to rely on anecdotal sort, which he finds to be overwhelmingly positive. This is where Mr. Ballard wants to have it both ways. He acknowledges that "cold water is not a miracle cure," but treats it as if it were, listing stories of its successes in people with depression, rheumatoid arthritis, multiple sclerosis, lupus and a host of other ailments. "I never get sick anymore," he hears from several converts.

Many of the well-known people who endorse cold-water swimming are professional athletes—people who are, it should be noted, among the most superstitious on earth. Andrew Huberman, a Stanford neuroscientist, podcaster and cold-exposure advocate, is approvingly cited by Mr. Ballard, who calls Mr. Huberman the "Obi-Wan Kenobi of lifehackers" and "a household name." Not in my household.

This is not to say the book doesn't read well. Mr. Ballard knows how to keep a story moving. Thoreau called cold-water bathing "a religious exercise, and one of the best things which I did." The author's verdict? "I tend to agree." Pondering the future of the practice, he writes, "some health claims will prove exaggerated or unfounded—that's the nature of science." I beg to differ. That's the nature of speculation.

Mr. Heavey is the editor-at-large of *Field & Stream* magazine.

## Congress Risks a Key Trump Victory



MAIN STREET  
By William  
McGurn

Congress is putting a major Trump victory at risk. The victory came in March 2025 when the Treasury announced it would spare U.S. citizens

and U.S. companies with

fewer than 20 employees and

\$5 million or less from an

onerous regulation requiring

they declare their beneficial

owners.

Not a sexy win, it didn't

attract much attention outside

the financial press. But sometimes

those are the most consequential.

According to the National Federation

of Independent Business, the

move last year exempted

more than 32 million small

businesses from what the

White House estimates is

more than \$128 billion in

regulatory and compliance costs.

The NFIB's ire is directed at

the Corporate Transparency

Act. In 2020, Congress passed

the CTA as part of the National

Ownership Information Act in

the last days of the first Trump

administration, then voted for

it again to override President

Trump's veto. The law defines

a "beneficial owner" as

anyone who directly or indirectly

exercises substantial control

of a business, or who owns

at least 25% of a company.

Proponents said the CTA

was meant to go after money

launderers and drug dealers.

The results is altogether different:

a hefty compliance burden

on small businesses that

leaves their confidential

business data less secure.

There are questions too

about whether it is constitutional

as a federal mandate

reaching into state-chartered

entities.

Evidence that the CTA

derails real criminals is thin.

More to the point, if law

enforcement really needs infor-

mation from a small business,

it can always obtain a subpoena.

The good news is that so

long as Mr. Trump remains

in office, the law is unlikely

to be enforced. But NFIB

President and CEO Brad

Close worries that could

change once Mr. Trump

leaves office or if Democrats

retake Congress in the

coming midterms.

"President Trump's decision

to exempt American small

businesses from the unconstitutional

Beneficial Ownership Information

mandate eliminated more than

\$128 billion in regulatory costs,"

Mr. Close says. "If Congress

fails to fully repeal BOI

or codify President Trump's

action, small businesses

remain concerned that a

future administration could

reimpose this costly mandate

and its severe penalties."

So Republicans in Congress

have been trying to repeal

the whole thing instead

of settling for the reversible

half-victory that leaves this

law on the books. Given that

Republicans hold the White

House and both houses of

Congress, taking this tax on

small business off the table

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## OPINION

## REVIEW &amp; OUTLOOK

## The Socialist Temptation of Sam Altman

The attitude in Silicon Valley toward government used to be tax but don't regulate us. That looks to be changing in the AI era. OpenAI now wants more regulation, more taxation and even partial government ownership. Is this the devil's political testing of CEO Sam Altman?

OpenAI recently filed for an initial public offering with the Securities and Exchange Commission, which is a chance for early investors and employees to realize capital gains. But the company reportedly also wants to reserve 5% of its shares for the "public"—not as private owners but to the government, perhaps to a sovereign wealth fund.

Beijing takes stakes in major tech companies known as "golden shares" that give the Chinese Communist Party special voting power and veto rights over corporate decisions. OpenAI investors may not want more political control, but that will inevitably be part of its Faustian bargain with government. Why would Mr. Altman want to make his company a vassal of the state?

One reason may be to buy political advantage against competitors. OpenAI faces competition from the likes of Anthropic, Google, Meta and xAI. Unlike its top rivals, OpenAI doesn't have a large pool of cash or profits on its balance sheet to finance its data center build-out.

OpenAI plans to spend \$600 billion on AI infrastructure by 2030, yet it is generating about \$2 billion in revenue a month. An IPO would raise cash, but nowhere near enough to finance its ambitions. Perhaps Mr. Altman hopes that giving the government a stake will lower his company's cost of borrowing.

Government ownership might also yield regulatory favors—such as faster approvals for models, permits for data centers or federal contracts. A government stake could provide an implicit backstop, making OpenAI too big to fail. The government won't want to take a loss on its stake, even if it means keeping it alive like a zombie firm.

OpenAI in its early years supported a more hands-off approach to AI regulation, but the company has been warming to more federal involvement. It recently backed a requirement that government review new "frontier" AI models before developers deploy them. Regulation typically hurts startups, so OpenAI may be hoping to build a regulatory moat.

This spring it released a 13-page white paper, "Industrial policy for the Intelligence Age," which calls for expanding government

control of AI and the private economy. It supports higher taxes on capital gains, corporate income and "automated labor." It also suggests that government "incentivize" a 32-hour workweek with no loss in pay.

Some of these bad ideas may come from its Democratic hires and advisers, including Aaron Chatterji (Biden economist), Laphonza Butler (former California Senator and union organizer), Anna Makanju, (Obama and Biden alumna), and Ann O'Leary (California Gov. Gavin Newsom's former chief of staff).

The problem is that any government ownership comes with high business costs. Company decisions are subject to political intervention if they become at all controversial. The French government has used its stake in automaker Renault to prevent plant closures. The Trump team conditioned approval of Nippon Steel's acquisition of U.S. Steel on the government receiving a veto over corporate decisions, which it has exercised to block an Illinois plant from closing.

AI firms won't be exempt from this political interference, no matter the promises Mr. Altman gets from the Trump White House, JD Vance or Mr. Newsom. Politicians are fickle, and they follow the demands of the polls and interest groups.

The larger harm will be to the U.S. economy if its most dynamic new industry becomes an adjunct of the government. The U.S. has long prospered because it has avoided the snares of state capitalism. It's how the U.S. defeated the *keiretsu* model of Japanese business and the state ownership in so much of Europe. China's state-owned industries are the weakest part of its economy.

Mr. Trump's plunge into buying socialist stakes in U.S. companies may become one of his worst legacies. "It almost becomes a partnership with the American public," he said recently. "The American people can benefit from the success of AI, and by that, they're going to like it better." He means a partnership with American politicians, not the public. Wait until President Newsom or JB Pritzker grabs hold of that precedent.

Americans will benefit from AI through pharmaceutical breakthroughs, productivity gains that raise wages, and myriad other ways that are hard to predict. They benefited from the internet without the government taking a stake in Google or, thank heavens, AOL. OpenAI can succeed or fail on its own.

## OpenAI pursues a Faustian bargain with the U.S. government.

## Parental Consent in the Smartphone Age

The dam seems to be breaking on legislative efforts to protect children on the internet. On Monday the Supreme Court declined to block a Texas law requiring app stores to verify user ages, with a system of parental consent for those under 18. No Justice expressed dissent, and the Texas law might soon be enforced.

Only three weeks ago, a federal appeals court upheld Ohio's law saying that social-media sites can't serve users under age 16 without first getting parental consent. A district court last year had said this was unconstitutional under the First Amendment. Yet the Sixth Circuit Court of Appeals disagreed. The ruling is split, but the lead opinion applies strict judicial scrutiny, and it argues that Ohio's demand for parental consent passes the test.

"That requirement," Judge Eric Clay says, "constitutes a marginal burden that precisely targets the multi-faceted problem that Ohio has identified: Children's unsupervised access to terms and conditions for use of platforms that take advantage of and harm them."

## The Justices won't halt a Texas app-store law, as Ohio's wins on appeal.

Judge Alice Batchelder says she's skeptical that strict scrutiny applies, but in any case she says the internet group NetChoice "did not satisfy its burden to facially challenge The Act." She and Judge Clay also agree that NetChoice lacks standing to bring a lawsuit asserting the rights of internet users under age 16. The opinions, plus a dissent from

Judge Kevin Ritz, run for 71 pages and include other points of legal interest as well. Sooner or later the Supreme Court will no doubt want to settle, in substantive fashion, the many questions that are now being raised about how governments may regulate internet use by minors, consistent with the First Amendment. States won't always get the balance right, and perhaps some of the laws they pass will prove easy to evade, which critics say has been the experience in Australia under its new age law for social media.

How will it go in Texas and Ohio? Who knows. Yet many frustrated and alarmed American parents are probably gratified that at least their leaders are finally trying something.

## Donald Trump, World Cup Referee

When news broke Sunday that FIFA had suspended the red-card disqualification for American soccer striker Folarin Balogun, our first thought was whether President Trump had played a role. Well, of course he did.

It later emerged that Mr. Trump had called his friend, FIFA president Gianni Infantino, to request a review of the red card given for a foul in Wednesday's U.S. victory over Bosnia-Herzegovina. There is no controversy that this President won't throw himself into the middle of, for better or worse.

Count us among those who think the red card was excessive; a yellow card would have sufficed. But Mr. Trump called on his experience as a TV sports viewer to declare that he didn't think Mr. Balogun's infraction "was a foul" at all, and "I'm good at this stuff."

He explained on Monday that he thought it was unfair for Mr. Balogun to sit out the next game, which is what a red card stipulates and which meant he would miss Monday's round of 16 match against Belgium. He also took an unfair swipe at the ethics of the referee who issued the red card.

After Mr. Trump's call, FIFA's disciplinary committee suspended the red card for a year, albeit with little explanation, which means Mr. Balogun could play Monday. This helps the U.S.

## The tournament had the world thinking well of the U.S. Then came the President's phone call.

team since Mr. Balogun is their best goal scorer so far in the tournament. Mr. Infantino said Monday that neither he nor Mr. Trump had influenced the disciplinary committee.

Yet the team will nonetheless now have to play amid the accusation of political intervention. Soccer's governing bodies suspend red cards from time to time, and FIFA suspended a red-card punishment to let Portugal's famous striker Cristiano Ronaldo play in this World Cup. But Mr. Trump's intervention will now be what most people remember, especially if the U.S. team keeps winning. A victory may have a Trump asterisk attached.

The shame is that this is easily the best U.S. men's national team in World Cup history. It can compete well against Belgium even without Mr. Balogun, and Americans have been supporting the team with inspiring patriotic spirit. This World Cup has also shown the world's visiting soccer fans the friendly, down-to-earth side of Americans they don't hear about from the global press. It has been an encouraging demonstration of U.S. "soft power."

Alas, Mr. Trump's intervention made the story all about him. Whether the U.S. team won or lost Monday evening (this went to press before the game), the players didn't need Mr. Trump's intervention.

## LETTERS TO THE EDITOR

## Put Student Learning Before Partisan Politics

Your editorial "Orders From Teachers Union Headquarters" (June 24) correctly notes that the new Education Freedom Tax Credit has important implications for the debate over school choice, but the tax credit's most transformative potential may lie in a less contested area: funding literacy tutoring for public-school students who need it most.

According to the National Assessment of Educational Progress, two-thirds of American students aren't reading at grade level by the end of third grade. Early, intensive tutoring is one of the most effective interventions available to change that, and it's a support that teachers want in their classrooms.

Governors, regardless of party, have already begun opting in. Those who don't risk watching their states' education dollars flow elsewhere, funding literacy tutoring for children in other states instead of their own. It would be a missed opportunity if school-choice policies prevented states from deploying this tool for literacy.

EVAN MARWELL  
CEO, EducationSuperHighway  
San Francisco

Teachers unions would rather protect political control than expand educational opportunity for families.

Their demand that governors reject the new federal tax-credit scholarship initiative isn't a defense of children. It is a defense of the status quo.

This initiative doesn't take money from public schools. It doesn't force a single family to leave a public school. By expanding privately funded educational support, this opportunity can generate additional resources that can help lower- and middle-income parents, including students who will remain in public schools. That shouldn't be controversial.

For too long, powerful special interests have treated families as if they exist to serve institutions. Institutions exist to serve families and students, not the other way around.

Governors shouldn't allow union threats or partisan pressure to block educational opportunities from reaching children who need them. If a state refuses to participate, educational resources generated by taxpayers will support students elsewhere.

We urge every governor to put students first, opt in to the federal tax-credit scholarship initiative, and give families the educational opportunities they deserve.

NORTON RAINEY  
ACE Scholarships  
Denver

## The Socialist Takeover Is a Chronic Disease

Regarding "The Socialist Wave Reaches the Heartland" (Review & Outlook, July 2): The Democratic Socialists of America's roughly 100,000 members are a rounding error among some 45 million registered Democrats. Yet in two weeks they deposed the chair of the Congressional Hispanic Caucus, took an open Brooklyn seat by 20 points and ended a Denver incumbency that began in 1997.

The instrument they're using is the closed primary in a safe district: a contest that a disciplined minority can dominate precisely because almost no one else shows up. DSA organizers themselves describe their winners in the vocabulary of "cadre." They should; it is the correct term of art.

The comparative politics of the 20th century is unambiguous on one point: regimes and movements built on disciplined party organization out-

last personalist and military ones. The Bolsheviks had perhaps 25,000 members in February 1917. They never persuaded Russia; they out-organized it, then dissolved the freely elected Constituent Assembly after one session when it returned what they thought was the wrong answer. The DSA's own published program openly contemplates rebuilding the Senate, the two-party system and judicial review.

I grew up in Brazil under the long shadow of a right-wing dictatorship, and I hold no brief for MAGA, a movement that will struggle to outlive its founder. That is precisely the point. Personalist movements are an acute fever. Cadre parties are a chronic disease, and chronic diseases are the ones that kill you slowly, at first, and then suddenly—but always on schedule.

GILBERTO LOPES  
Hollywood, Fla.

## America Already Has a Progressive Tax Code

Newly elected Democratic socialists on their way to Washington would do well to read Phil Gramm and Michael Solon's excellent op-ed debunking the myth that Ronald Reagan's tax cuts heavily favored the rich ("The Surprising Truth About Reagan's Tax Cut," June 20).

The familiar refrain that the rich should "pay their fair share" overlooks a basic fact: They already do. The authors note that in 2022 the top 20% of taxpayers paid 88% of all federal income taxes. But it's important to add that they earned little more than half of total income that year. In other words, their share of taxes far exceeded their share of income.

## The Enduring Political Grift

Regarding your editorial "The Trump Family and 'Honest Grift'" (July 2): Foreign governments poured millions into the Clinton Foundation when Hillary Clinton was secretary of state, and Hunter Biden enjoyed a six-figure salary in a Ukrainian energy company—plus a kickback to the "big guy."

Yet they mostly got a pass from the media and Democrats. As you note, President Trump's financial windfall is no different except more brazen, and since the Democrats as well have zero credibility addressing this issue, this problem is unlikely to be resolved anytime soon.

ARI WEITZNER  
New York

## My Cab Driver and America

Karl Rove's op-ed, "Heritage Americans: An Un-American Idea" (July 2) reminded me why I always sit in the front seat and talk with cab drivers.

Years ago in Washington my driver was a Kenyan immigrant. I noticed he drove entirely with hand controls. When I asked why, he smiled and said, "I had polio as a child and can't use my legs, so when I bought a cab, I had to spend an extra \$2,000 to have it adapted."

There was no trace of self-pity—only gratitude for the opportunity to work in America. Mr. Rove's Nigerian cab driver and mine came from different countries but shared the same conviction. When I asked what America meant to him, he said, "In America, if you work hard, you do well."

PATRICK HENRY  
Torrence, Calif.

## Pepper ... And Salt

THE WALL STREET JOURNAL

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## OPINION

## A Conservative Court, but No Monolith

By Elizabeth Price Foley  
And Mark Pinkert

The Supreme Court's just-ended term should but won't silence critics who claim its conservative majority is pro-Trump or ideologically monolithic. The six Republican-appointed justices haven't operated as a predictable bloc. Most of them aren't consistently originalist and often use other methods of interpretation—pragmatism, institutionalism, incrementalism, textualism—instead.

By contrast, the three Democrat-appointed justices almost always vote together in contentious cases. As a result, the ostensibly conservative court has fluid majority coalitions that don't produce consistent conservative wins.

### Republican-appointed justices aren't consistently originalist and don't vote in lockstep, unlike liberals.

Two related decisions handed down on June 29, both written by Chief Justice John Roberts, illustrate the point. In *Trump v. Slaughter*, the court held that the Constitution gives the president power to fire subordinate executive officers, which Congress can't restrict by statute. But in *Trump v. Cook*, it carved out an exception for Federal Reserve governors. As Justice Amy Coney Barrett noted in her *Cook* dissent, these rulings stand in "serious tension."

That tension flows from differing interpretive methodologies. *Slaughter* used originalism; *Cook* gestures at originalism but ultimately turns on pragmatism—that is, attention to the perceived real-world effects of the ruling.

All six Republican-appointed justices joined in *Slaughter* to overrule

a key New Deal-era precedent, *Humphrey's Executor v. U.S.* (1935). All three Democrat-appointed justices dissented. *Humphrey's Executor* held that Congress could establish "independent" agencies, whose officers were substantially insulated from presidential removal. It laid the foundation of the modern "deep state" by enabling the creation of a bureaucracy resistant to presidential control, effectively creating an unaccountable "fourth branch" of government.

The *Slaughter* opinion is a model of originalist methodology. It examined Article II's text, which vests "the executive power" in a single president and gives him the power to appoint (with the Senate's consent) executive officers. It then examined these provisions' original public meaning, gleaned from the Federalist Papers, Constitutional Convention records and state ratifying convention debates. Based on these sources, *Slaughter* concluded that executive officers were created to "serve as envoys of the President, not his equals"—to assist the president in carrying out his executive power, not to exercise power independent of him. Because of this, executive officers must "remain accountable to the President, and the President to the people," and "neither Congress nor the courts may saddle him with those with whom he cannot work" (emphasis the court's).

*Cook* took a sharply different approach. Chief Justice Roberts and Justice Brett Kavanaugh joined their three liberal colleagues in an opinion that abandoned originalism in favor of pragmatism. Rather than relying on constitutional text or founding-era materials, the majority divined an unwritten "principle" from the existence of the First and Second national banks: "that monetary policy



The U.S. Supreme Court

should not be subject to political interference." That principle, the majority reasoned, justified an exception to the constitutional rule just announced in *Slaughter*.

Four justices dissented. Justice Thomas said the First and Second Banks were an "ahistorical analogy" because they were far weaker than the Federal Reserve and exercised no executive power. Justice Barrett agreed, highlighting the inconsistency between the two cases: "How can history support both a categorical rule and a carveout?"

The *Cook* majority didn't even discuss the deep historical divisions among the Founders over the constitutionality of a national bank. In 1791, Rep. James Madison, Secretary of State Thomas Jefferson and Attorney General Edmund Randolph all argued that a national bank was unconstitutional. Only Treasury Secretary Alexander Hamilton argued otherwise.

President George Washington signed the bill creating the First Bank of the U.S., but Congress gave it a 20-year charter. When that charter expired in 1811, Congress

declined to renew it. The Second Bank was chartered in 1816, and the Supreme Court held that it was constitutional in *McCulloch v. Maryland* (1819). But the debate raged for many years thereafter.

In 1832, President Andrew Jackson vetoed a reauthorization of the Second Bank's charter, declaring it an unconstitutional monopoly favoring the few over the many. Congress failed to override the veto, and the Second Bank's charter expired in 1836. For 77 years the U.S. had no central bank, until the creation of the Federal Reserve in 1913.

The conservative justices have other jurisprudential differences. *Learning Resources v. Trump* posed a question of statutory interpretation. Chief Justice Roberts and Justices Neil Gorsuch and Barrett joined the three liberal justices to conclude that the International Emergency Economic Powers Act didn't authorize President Trump's tariffs. In *Trump v. Barbara*, the chief justice and Justice Barrett joined the liberal bloc in holding that the 14th Amendment confers citizenship to U.S.-born

children whose parents are in the country unlawfully or temporarily. The other four conservatives disagreed with the majority on the Citizenship Clause's original meaning.

In *Chatree v. U.S.*, Chief Justice Roberts and Justice Kavanaugh joined the three liberal justices to rule that police violate the Fourth Amendment by using a broad "geofence warrant" to pull Google location data for all phones in a specific area. *Chatree* amplified a nonoriginalist Warren court decision, *Katz v. U.S.* (1967), in which the liberal Justice Hugo Black accused the majority of rewriting the Fourth Amendment "to bring it into harmony with the times" and achieve a desired outcome.

There's no obvious ideological through-line in these important decisions. The Republican-appointed justices' methodological flexibility means that the three liberal justices only need two colleagues—usually including Chief Justice Roberts—to win major cases. For Republicans and conservatives, the result is frequent frustration, reminiscent of Justices Sandra Day O'Connor and Anthony Kennedy.

Liberals find the court frustrating too, not because of "their" justices' heterodoxy but because there aren't enough of them. Hence the calls on the left for court packing. If that ever happens, it will transform the court into what the left falsely claims it is now—another partisan branch, producing predictable results and destroying the judiciary's independence forever.

Ms. Foley and Mr. Pinkert practice constitutional and appellate law at Holtzman Vogel PLLC. She is a professor of constitutional law at Florida International University.

## Putin May See an Opportunity to Destroy NATO

EDITOR  
AT LARGE  
By Gerard  
Baker

to attack a NATO member state?

On its face the idea seems preposterous. In his disastrous war on Ukraine, the Russian military has suffered 1.4 million casualties, a third of them killed in action. His economy is faltering, as fuel and labor shortages and higher prices eat into his people's living standards. Enemy drones are reaching deeper into his territory, causing damage and fear in similar proportions.

He is mired in a struggle against a country with a population and a military a fraction the size of his own. Since the decision to launch that war has worked out so well, are we seriously being asked to believe that he would attack an alliance with an economy and military many times the size of his own?

A month ago I would have scoffed at the idea. But conversations with

multiple senior European political, military and intelligence figures in the past few weeks suggest to me the possibility is real and rising.

For some Americans, including perhaps the president, the idea that Russia may take a shot at some feckless Europeans who have been notably unhelpful with America's military preoccupations in recent months might induce a yawn of indifference or even a smirk of Schadenfreude. But the risks of any Russian provocation in Europe for America's global security are profound. Ukraine, a non-NATO member, is one thing. If we failed to respond to Russian aggression against a member of the alliance, NATO would become a dead letter.

Which is why Mr. Putin might attack. As my last week Ferdinand Foch, the general who commanded French forces at the Battle of the Marne in 1914. He famously reported: "My center is yielding. My right is retreating. Situation excellent. I am attacking."

A sudden show of unexpected force just as he appears to be reeling from his ill-advised Ukraine war could be to Mr. Putin's advantage. Although Mr. Trump's verbal shock

treatment has jolted European NATO members into finally doing more in their own defense, they are still nowhere near ready for a defensive war. Government officials say it will be at least five years before their militaries are close to being capable of replacing U.S. capabilities in Europe.

### Even a small incursion could doom the alliance if it lacks the political will to respond with force.

Mr. Trump has 2½ years left in office. There is no guarantee his successor will have as skeptical an approach to NATO. If Mr. Putin chose the right targets, European leaders suspect Mr. Trump's administration wouldn't come to a NATO country's aid, fatally undermining the credibility of the alliance's collective-defense commitment—and with it, NATO's existence—a dream outcome for Mr. Putin.

His political needs might also be suited by an attack on NATO. A former British defense official said to me last week, "After four years of

failure and rising popular discontent at home, he desperately needs a military victory." What better way to lift morale than to plant the Russian flag in some NATO field?

All this suggests we are now in a narrow window of opportunity for Russia to make a move. If Mr. Trump goes ahead with plans to cut European deployments, that window gets wider.

Sure enough, intelligence reports point to rising risks of Russian action. Last week a Polish news report said U.S. officials had warned Warsaw that Russia may attack the country. In an interview last month, a senior military figure from a NATO nation identified multiple risks, including a Russian seizure of islands in the Baltic and an incursion to "assist" the Russian minority in Estonia. None of these would amount to a full-scale invasion, but each would be enough of a provocation that if NATO failed to respond, its credibility would be in tatters.

Is Europe really worth defending with U.S. blood and treasure? Is NATO still an essential strategic interest? I've long sympathized with the argument that a large U.S. commitment to the European theater is an anachronism in our security posture, a throwback to 20th-century

geopolitics. China is obviously the biggest threat to U.S. security and leadership; managing that relationship requires a shift of strategic resources and attention toward the Pacific. The Europeans can and should take care of their own freedom and security.

But whether we want it or not, we are in a cold-to-simmering war with an axis of resistance that runs from Beijing through Tehran to Moscow. The U.S. is still dealing with the fallout of an inconclusive war with Iran that has left us militarily depleted. As we scramble to manage potential opportunistic moves by China's Xi Jinping in the Asia-Pacific, Mr. Putin could deal a timely and fatal blow to an already weakened trans-Atlantic alliance. That would be another hammer to the head of Western security and hegemony, and a dramatic enhancement of the power of Russia's alliance with China and our other adversaries.

Perhaps all the talk of an imminent Russian attack is merely disinformation from European officials, trying to keep President Trump from further weakening NATO. But if you were the American president, would you want to take that risk?

## Can AI Repair the Broken Modern State?

By Tom Tugendhat

The last time the British people were this concerned with Crimea was the winter of 1854. British troops had been sent there, along with the French, to defend the Ottoman sultan from the predations of Russian Czar Nicholas I.

Fighting far away from their usual supply lines, British soldiers froze to death, not for lack of supplies but for lack of competence. Vital supplies went down with ships sunk by winter storms or sat idle in the harbor at Balaklava while men died on the heights

above. Despite spending on what was needed, the bureaucracy couldn't deliver to those in need.

The scandal brought down a government. Charles Dickens's "Little Dorrit" mocked the civil service with the fictional Circumlocution Office, which was dedicated to the science of "how not to do it." Radical reform was required to rebuild the civil service and replace its patronage system with open competition. Government eventually won back its legitimacy by delivering on its promises.

Today's lessons from Crimea are different. Despite being at war, the Ukrainian Ministry of Digital

Transformation has introduced an app, recently enhanced with an artificial-intelligence assistant, that gives people access to the state. Dila lets Ukrainians pay taxes and get passports and helps wounded veterans claim benefits. But Kyiv's success isn't mirrored elsewhere.

In 2024, for the first time in more than a century, governing parties in every developed country lost vote share. The White House changed residents, as did 10 Downing Street. President Emmanuel Macron's group took a pounding in France, and Germany's governing coalition collapsed. Even in India, Prime Minister Narendra Modi's support ebbed. From country to country, the complaint often was the same: You just don't deliver.

This failure is visible in the U.S., where Congress spent \$42 billion in 2021 to wire rural America for broadband. Four and a half years later, the first two towers—one in Nebraska and one in Louisiana—went live. Last year it was reported that a multibillion-dollar program for electric-vehicle chargers, also started in 2021, had led to only a few hundred being installed. California's high-speed rail, approved by voters in 2008, has no trains in service and only one remote segment under construction.

British and European voters are no better off. We have demanded control of migration in election

after election, but the numbers keep rising. Homeowners struggle to get a permit to add a bedroom, and taxpayers can't get through to the agency that fleeces them. This came home during Covid when many people reached out to elected officials but their cries for help went unanswered.

### Governments consistently fail to deliver on their promises. Technology can help them do better.

The obvious fix, the one we keep trying, is more staff and more cash. But we can't afford that anymore. In the U.K., public-sector productivity in 2023 was reported to be down by 4.1% since 2019 while the tax take is hitting postwar highs. Taxpayers are getting less in return while the public payroll swells and the private sector grows sluggishly if at all.

We need another answer. The tool of our age, the break from the patronage networks of the past, is AI. Without it, government can't deliver and people will look for an alternative to the democracies that have failed. How AI is used matters. Pointed at the elite, AI concentrates power; pointed at the citizen, AI gives it back.

That is where government comes in. It shouldn't be up to the tech barons but to elected officials to decide the principles. We need people beholden to voters to make the tough calls.

The work itself is straightforward. A permit checked by AI against the building code might clear in an hour, expediting a potentially contentious application. A machine can also tell a taxpayer what he owes and why, in plain English, in a minute, saving hours if not days. With legal principles agreed to beforehand and decisions neatly logged, this new way of doing government would save years in court time and appeals.

That is the delivery state we need, and it's possible only with AI. Avoid the delivery state and we will teach our citizens that compliance is for suckers and politics belongs to whoever promises to tear it all down. The strongman's appeal was never his cruelty. It was always his speed.

In the Crimean War, British supplies sat in the harbor while the army froze. Democracy's answer was reform, not revolution. Today's tool is different, but the answer is equally urgent. It's time for the AI state.

Mr. Tugendhat, a Conservative, is a member of the British Parliament and a distinguished fellow at the Hudson Institute.

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## EDITORIALS

### Why Trump should not have intervened in that World Cup dispute over Folarin Balogun

To Donald Trump's supporters, the U.S. president was doing his job when he called — reportedly as many as three times — FIFA president Gianni Infantino, a pal, to argue that the red-card suspension for the star U.S. soccer player Folarin Balogun should be lifted.

After all, the decision in the game, in which the U.S. vanquished Bosnia and Herzegovina in San Francisco on Wednesday, had been controversial. It is clear that Balogun stepped on an opponent's ankle, but whether there was any malicious intent is open to debate; we looked at the slow-motion replay like much of the rest of the soccer-loving world and thought Balogun's eye was on the ball with his body in motion.

In this brave new world of video-assisted officiating, such frame-by-frame reviews are of colossal importance, but human referees are better at elucidating intent. A good case could be made that a yellow (cautionary) card would have been a better decision than sending Balogun off the field and thus automatically applying the one-match ban that would have kept him off the field Monday night.

But that's not our point here. We're also not even particularly writing about soccer but about Trump's ability to tarnish almost everything he touches with the corrosive rot of self-interest. It may be that Infantino and the various FIFA bodies did not take Trump's strong-arming into account when they decided to suspend Balogun's ban, which the rules say was not subject to any appeal. Infantino has claimed as much.

But we'll never know the truth, will we? Certainly, most of the world's media have already decided what happened.

The U.S. president asks his powerful pal to find a way to get Balogun back on the field, even though Trump previously had no clue what a red card meant. FIFA duly figured out a way. The U.S. got its star back but at the cost of everyone's integrity: FIFA's, Balogun's, the U.S. coaching staff's, the underlings (such as Secretary of State Marco Rubio) who needlessly congratulated the boss.

Whether or not Trump's intervention affected the outcome is almost beside the



President Donald Trump holds up a red card during a meeting with FIFA president Gianni Infantino in the Oval Office of the White House on Aug. 28, 2018, in Washington. EVAN VUCCI/AP

point. The appearance that it might have is itself damaging.

A red card in soccer might not seem like much of importance, but it's a talisman for Trump's habitual inability to accept the importance of nonpartisan institutions in democratic life, be they the Federal Reserve, the judiciary or even the results of democratically held elections.

No one questions that the U.S. needs Balogun just as Argentina needs Lionel Messi and England Harry Kane. If this turnaround really was a direct consequence of Trump's lobbying, what we inarguably are witnessing is something closely akin to a government body taking part in match-fixing.

Before Trump, Republicans had great respect for playing by the rules and, just as importantly, of being seen to be playing by the rules.

Examples abound of those smart enough not to make these kinds of calls. Take, for example, the furor in the United Kingdom over Prince Harry's demand for government-paid security on his visits home with

his family, something the British government and its deliberative body have denied him.

That's an arguable matter, too, but what is inarguable is that Harry's father, King Charles III, is constitutionally forbidden from interfering in the decision-making of those independent bodies. Most reasonable people will see that there can be little doubt that the British monarch would want both to see his grandchildren and keep them as safe as possible. And he is, after all, the titular king. He could demand to intervene but instead has demurred because he sees the bigger principle in a situation that comes with a considerable amount of personal cost. Intervene there, and public confidence in crucial institutions is further undermined.

This, of course, is what Trump should have seen. Make those phone calls and the team's achievements on the field are undermined, as is its level of global support as a relative newcomer among elite soccer nations. And these are changes that are about far more than one player, last far

longer than just one match, and touch sports and other forms of soft diplomatic power that range far beyond soccer.

In fairness to Trump, he's not entirely alone. The British newspaper The Sun reported Monday that lame-duck British Prime Minister Keir Starmer had let FIFA know through diplomatic channels he was opposed to a potential change in kickoff time on Sunday, although that probably had more to do with the impact on British fans traveling to the game than the game itself, although one never knows. Dumb idea from a man who has made many prior mistakes.

Such is the furor over this World Cup that government leaders make fools of themselves. Clearly, it's too much to ask someone like Trump not to make that call to his FIFA buddy. But we can hope for future leaders, be they local or national, who will have a better grasp of the bigger picture and not pick up the phone.

The U.S. has benefited enormously from the World Cup. Trust Trump to score a goal against the U.S. team.

### For kids, a 'boring' summer can be the most exciting, memorable

The Fourth of July has come and gone, and for many families, summer has reached its sweet spot. The pools are open. The bikes are out. Library reading logs are filling up. School feels far away.

At least, that's the nostalgic version. And yet, for many children in the city and suburbs, summer doesn't look like that at all. Children of working parents, by necessity, are often enrolled in camps that run the same hours as the school day.

We empathize with those parents and exist among their ranks. When your job doesn't come with a summer break, it can become difficult to give your kids the kind of laid-back experience many of us enjoyed in our youths. This is doubly true for single-parent households.

But as parents scramble to make it all work, here's something to remember: Kids don't need every hour of summer optimized. Some boredom is one of the healthiest parts of childhood.

That belief is made visible in its purest form in the emergence of the '90s

summer," an effort to liberate today's tightly scheduled children.

What is a "90s summer," you might ask? For those unfortunate enough not to bask in the nostalgic glow of such memories, a '90s summer means less screen time, plenty of outside play, roaming with your friends and embracing boredom, that fleeting magic that breeds creativity and the exploration of frontiers not yet explored by the young mind.

Essentially, it's a trend in which parents are giving their kids unstructured summer breaks replete with the kind of freedom and downtime they enjoyed in their own childhoods. In various dosages.

To be sure, a 2-year-old can't do a "feral kid" summer. He or she is still the kind of handful that needs constant minding.

But for elementary- and middle-school age kids? They can handle a bit less rigidity. And the advent of devices such as the Gizmo watch — which allows kids and parents to communicate without all the bells and whistles of a smartphone —

means that responsible kids can handle a little bit more independence while still having the backstop of a way to get in touch with Mom, Dad, grandparents or the babysitter.

Children grow by having unstructured time. The discomfort of boredom often becomes the spark for curiosity, creativity, independence and discovering lifelong interests.

As Oberlin College psychology professor Nancy Darling writes, "a bored mind is a busy mind." When children aren't constantly entertained, they learn to entertain themselves. They discover what they enjoy, solve problems and become more independent.

The idea shouldn't be throwing them into a complete void, but pairing freedom with opportunity — providing access to books, art supplies, toys, outdoor spaces or friends — and then letting children figure out what to do with them.

None of this is an argument against camp. Many families need it, and many

children love it.

And, of course, every family has different circumstances. Not every neighborhood lends itself to the kind of free-range childhood many adults remember, and safety has to come first.

The point isn't to eliminate structure. It's simply to leave enough empty space for children to discover what they'll do when no adult has planned the afternoon for them.

Even if you can only do it in small doses, finding ways to let kids unplug and slow down this summer, even if it's after a day of fun at the park district, is good for everyone in the family.

Childhood doesn't need to be optimized every waking hour. Some of its greatest gifts arrive disguised as boredom — an afternoon with nothing scheduled, a bike pointed toward a friend's house, a library book that unexpectedly becomes impossible to put down. Those moments rarely show up on a calendar, but they're the ones children remember decades later.

#### ON THIS DAY 26 YEARS AGO: TEACHER REALITY CHECK

Few professions reward workers merely for showing up. Many public schools do, though.

This helps no one, certainly not teachers who show initiative and excellence. Certainly not students held hostage by mediocre instructors.

That is why providing pay incentives for educators who do their job especially well — like in the real world — makes plain sense. For too long, the emphasis in schools has been on the efforts poured into them, rather than on what comes out.

Unfortunately, the nation's largest teachers union still doesn't get it.

At its annual conference this week in Chicago, a majority of the National Education Association's 9,000 delegates rebelled against their own leadership by rejecting proposals to link teacher pay with student performance. Pay-for-performance plans force teachers to come up with specific goals, then to achieve them in order to receive the pay increases they automatically get now.

... Many fear such programs only drive wedges between wealthy and poor schools and create divisiveness among teachers. They also argue base salaries are so low it's hard enough to draw new teachers to the profession, that efforts should focus on raising that base.

But competition is coming to public schools, whether teachers like it or not. One-size-fits-all systems of the past that reward only seniority and additional education help to breed mediocre teaching corps and mediocre schools.

Across the country, politicians, parents and business leaders are calling on teachers to be held more accountable for student achievement. Even NEA leadership recognizes traditional systems of compensation must change in order to attract and retain good teachers.

Experience suggests that careful design of any pay-for-performance program is key to making it work. A handful of major city school districts already have launched new incentive pay programs, with mixed but encouraging results.

In Denver, teachers receive bonuses of up to \$1,500 on top of their usual scheduled raises. After the first year, 85 to 90 percent of the goals set by the 346 participating teachers were met, and teachers reported working better as a team.

As one NEA delegate wisely stated during the debate to an unsympathetic majority: "The positions of our past are not written in sacred ink."

Unfortunately, some still believe the ink is indelible.

Tribune editorial board, July 7, 2026

#### EDITORIAL CARTOON



MICHAEL RAMIREZ



# OPINION

# What Chicago's Pride Parade revealed about the rule of law

By Pegah Banihashemi  
SPECIAL TO THE TRIBUNE

On June 28, the 55th annual Chicago Pride Parade stepped off from Grace Street and Broadway under this year's theme, "Free to Be Proud." Leading the procession as one of the parade's community grand marshals was the Alliance of Illinois Judges, the state's association of LGBTQ+ judges.

I marched as a judicial extern with the Cook County Circuit Court, walking alongside judges from courtrooms across Illinois. Openly LGBTQ+ judges walked shoulder to shoulder with colleagues who are allies. It was a small but powerful reminder that the rule of law is not only written into court opinions. Sometimes it is lived out in public, on a sidewalk, over a 2-mile walk through Chicago's Northalsted neighborhood.

That distinction matters more than it might seem. The judiciary, in almost every society, is the branch of government built to judge, to sanction, to punish. Judges are trained to maintain distance and not to take sides. So when a body whose entire function is to sit in judgment instead chooses to stand, visibly, with a community that has spent decades being judged, something genuinely different is happening. Illinois Supreme Court Justice Sanjay Taylor marched with his wife. Cook County Judge Cecilia Horan walked alongside her law clerks. U.S. District Judge Mary Rowland — one of a small number of openly LGBTQ+ federal judges in the country — marched with her wife, Julie Justiz. They are the people who preside over custody disputes, criminal sentences and civil rights claims in this city, and on that Sunday they wore rainbow ribbons and Pride colors without hesitation.

The Alliance of Illinois Judges was founded in 2009 by 15 Cook County judges, led by Judge Thomas Chiola, who in 1994 became the first openly gay person elected to public office anywhere in Illinois. What began as informal dinners among judges who felt isolated in their own profession has grown into an organization of nearly 200 LGBTQ+ and allied members, now led by Judge Jill Rose Quain. Illinois' first openly transgender judge and elected official.

It is worth considering what that kind of visibility can do at a city level. Researchers who study hate crimes and community well-being have long argued that both are shaped not only by the



Cook County Judge Cecilia Horan, first past president of the Alliance of Illinois Judges, marches with fellow AIJ members and other judges as AIJ serves as a community grand marshal on June 28 at Chicago's Pride Parade. PEGAH BANIHASHEMI

law on the books, but by who is seen enforcing, interpreting and embodying that law. When the people responsible for punishing wrongdoing are also visibly part of the community they might otherwise be asked to judge, something shifts in how a city understands itself. For generations, judges have been remembered mostly as strict enforcers — the ones who send people away. What happened on Sunday inverted that image, if only for 2 miles. The same institution that once, not so long ago, treated homosexuality as a pathology or a crime showed up in Pride colors to celebrate it.

History offers a reminder of how recent that inversion is. The early 19th century Yorkshire, England, Anne Lister — now remembered as one of the first women to leave a detailed written record of a lesbian life — chose to live openly with her partner, Ann Walker, and in 1834, the two women took Communion together at a local church, an act many historians now consider an

informal marriage. They did this in a country where, in 1835, two men, James Pratt and John Smith, were hanged for sodomy. Public judgment, family shame and the threat of the gallows did not stop Lister and Walker from choosing each other. Their courage is part of why, generations later, cities such as Chicago, London and New York can call Pride a celebration.

I think inevitably of Iran, where I have watched this same struggle play out with none of that celebration. Iran's Islamic Penal Code, adopted in the years after the 1979 Islamic Revolution, imposes the death penalty for consensual same-sex relations between men. I have followed cases of Iranian police raiding private gatherings, arresting frightened young people and delivering them to some of the country's harshest judges to be sentenced. I think of families who fear even acknowledging that a son or daughter is gay, and of the rare parents who find the courage to accept a child publicly, only to

face condemnation from their own relatives. Many still remember the moment in 2007 when Iran's president, addressing Columbia University, dismissed a question about LGBTQ+ Iranians by claiming the country simply does not have queer people — a statement met with disbelieving laughter in the hall, and with quiet devastation by the Iranians who knew otherwise.

It was not always this way. In February 1978, a year before the revolution, two men held a wedding ceremony at Tehran's Commodore Hotel, attended by friends connected to the royal court. It caused a scandal, but it happened openly. Today, that same event would very likely end in arrest and execution, not a wedding announcement.

At the parade, Horan, the Alliance of Illinois Judges' immediate past president, told me that Pride used to be substantially smaller and that I could see by looking around how different it had become. As a researcher of

constitutional law and democracy, I believe good law can reshape bad culture, not merely reflect it. It made me wonder whether Iran's own constitution might, someday, make room for that same kind of recognition.

That is, in the end, what Sunday's parade was really about. Chiola and fellow judges founded the alliance so that judges like them would no longer have to choose between their careers and their lives. Seventeen years later, that organization led a parade through the heart of Chicago.

My hope, admittedly a distant one, is that a similar day might be possible elsewhere — that judges in Tehran might one day walk beside their neighbors rather than sentence them.

Pegah Banihashemi, a native of Iran, is a legal scholar and journalist in Chicago whose work focuses on human rights, constitutional and international law, and Middle East politics.

# Ukraine is front of mind ahead of the NATO summit spectacle



Daniel DePetris

Every summer, the leaders of NATO member countries sit down and talk shop about the state of the world and what reforms the alliance should enact to make it a more capable force.

Before Donald Trump became president, the meeting was a boring affair, with scripted public chitchats and platitudes about transatlantic solidarity. Trump has replaced the sitcom with a reality show that, more often than not, leaves the European leaders with ulcers.

At this week's NATO summit, Trump, per usual, will blast many of his European colleagues for penny-pinching on their defense budgets, notwithstanding the alliance increasing its collective non-U.S. defense budget by 20% from last year. If NATO delegates left last year's summit on a relatively upbeat note, the participants will be lucky to escape this year without a tongue-lashing. Trump is still peeved at Europe's unwillingness to support a war in Iran.

One constant between this year and the last is the war in Ukraine, which is grinding on with no end in sight. According to a draft NATO summit communique leaked last week, the organization is set to announce \$80 billion in new military support to the Ukrainian army this year and "at least equivalent levels" of funding for 2027. This will be music to Ukrainian President Volodymyr Zelenskyy's ears, who is in desperate need of air defense intercept-



Ukrainian firefighters evacuate an elderly woman from the scene of an attack as Russian missiles and drones strike Kyiv on Monday. The large-scale attack happened a few days after the deadliest assault on the capital this year. PAULA BRONSTEIN/GETTY

tors as Russian President Vladimir Putin orders increasingly lethal missile barrages against the Ukrainian capital of Kyiv.

Trump, Zelenskyy and Putin all want the war to end, but the problem is that each wants that to happen on their own terms. Despite the Ukrainian advancements in drone warfare against Russian targets and Putin's ongoing military offensive, neither has shown much inclination toward a middle ground. This was the case when President Joe Biden was in office.

Even as the combatants remain stubbornly opposed to compromise, the war itself is changing. Full frontal assaults that characterized the conflict's first two years have been replaced by the use of stand-off weapons launched beyond the front line, which is not so much a front in the traditional sense of the word but rather a 15- to 20-mile block of territory between the two sides where any movement is quickly neutralized by attack drones. The Russians now

send small teams of two to three men to pierce Ukrainian defenses and, assuming it works, destabilize Ukrainian-controlled towns and cities until reinforcements arrive.

Putin is also relying more on large-scale airstrikes against Ukraine's biggest population centers. Last week, Russia attacked Kyiv for about 12 hours, killing 31 people. On Monday morning, Kyiv was hit yet again, with 12 people killed and at least 15 buildings damaged. The objective is to make the Ukrainian people's lives so miserable that they become disillusioned with the war effort and press the Zelenskyy administration to negotiate a peace on Moscow's terms. Yet that bet is about as delusional as Putin's public boasts about nonstop progress, which in turn are about as ridiculous as his protestations that Ukrainians are eager to be a part of the Russian Federation.

On Ukraine's side, the tactics have shifted as well. Back in 2023, the Ukrainian army bet that a large-scale, U.S.-supported

counteroffensive would push the Russian army out of the country or pressure Putin into taking diplomacy seriously. Neither of those things happened; much of the Russian army may have been composed of mercenaries and criminals, but their defensive preparations were able to ground Kyiv's offensive into dust. The Ukrainians lost thousands of men, the lines barely moved and the entire operation was halted after Ukrainian commanders concluded the cost was too great.

Today, Ukraine is fighting smarter. Ukrainian troops, who are a precious commodity at this point in the war, are no longer being ordered to go headfirst into Russian lines. Instead, the Ukrainian army is leveraging its technological prowess and mastery in drone warfare to strike Russian targets beyond the immediate battlefield. Ukraine has expanded the war to new terrain deep into Russia by hitting oil refineries, gas turbines and the energy infrastructure that the Kremlin needs to

produce gas for its own industry. Russian refineries have been hit at least 194 times this year, an 11-fold spike from the same period in 2022. Crimea, the crown jewel of Putin's imperial fantasies, is being especially hard-hit at the moment.

Ukraine's decision to take the war to Russia is also confronting Putin with an enormous political problem. Up until this year, Russian civilians were largely insulated from the war. The Kremlin's calculation was to ensure that Moscow and St. Petersburg, where Russia's elite lives, were kept as far away from the war's consequences as possible. Yet Ukraine's deep-strike capabilities have torn this asunder, and Russian officials are now forced to admit that the country is actually experiencing difficulties.

The Kremlin's calculation was to ensure that Moscow and St. Petersburg, where Russia's elite lives, were kept as far away from the war's consequences as possible. Yet Ukraine's deep-strike capabilities have torn this asunder, and Russian officials are now forced to admit that the country is actually experiencing difficulties. Long lines at gas stations, once a rarity in one of the world's biggest producers of fossil fuels, are now common. Putin's political position remains secure, but every dark cloud hovering over Moscow as a result of a Ukrainian strike on a refinery is making the Kremlin's goal of keeping ordinary Russians fat and happy more difficult.

Will any of this make a diplomatic settlement to the war more likely? Don't bet on it. Putin has treated every Ukrainian tactical success as a reason to escalate. And with the ongoing military support Ukraine is receiving from Europe, Zelenskyy doesn't have an incentive to compromise either. The war will continue throughout the year.

And Trump, who once viewed the conflict as his best chance to get a Nobel Peace Prize, will get bored of bashing his head against the wall — if he hasn't already.

Daniel DePetris is a fellow at Defense Priorities and a foreign affairs columnist for The Tribune.



## OPINION

# Student loan changes at the federal level call for Illinois leadership

By Michael Frerichs  
and Jeannie Tarkenton  
SPECIAL TO THE TRIBUNE

A major shift in federal student lending is about to reshape how thousands of Illinois families pay for college. Grad PLUS loans have been eliminated, Parent PLUS borrowing is now capped at \$20,000 per year and \$65,000 over a student's lifetime, and new federal limits will make it harder for families to bridge the gap between aid and the full cost of a degree.

For many students, that gap is the difference between graduating and stopping just short of the finish line.

Every year, thousands of Illinois students work hard to get into college and even harder to stay there. They've proved themselves academically and found ways to pay for their first years. But a financing system built largely around family wealth still struggles to recognize their individual promise.

We have heard from Illinois families facing exactly this reality. One parent described a daughter who was one semester from graduation after exhausting scholarships, federal aid and family savings. She wasn't asking for special treatment. She was asking for the chance to finish what she had already earned.

We come at this from different sides of the same problem. One of us has spent more than a decade in public office expanding college savings and access to higher education financing for working families across the state. The other built Funding U to serve students whom the traditional credit system overlooks, designing a private lending model based on academic performance and future earning potential rather than family wealth. Together, we have reached the same conclusion.

That is why we partnered through Illinois' Student Empowerment Fund to launch the Illinois No-Cosigner Loan. The program was designed to help students



People walk near the Quad on the University of Illinois campus in Urbana on Sept. 15, 2025. EILEEN T. MESLAR/CHICAGO TRIBUNE

who have exhausted grants, scholarships, work-study opportunities and federal loans, but still face a final funding gap that threatens their ability to complete their degree.

Borrowing should never be the first option. Students and families should first maximize grants, scholarships and federal aid. But when those resources fall short, too many capable students are shut out because traditional lending relies on family wealth, a co-signer or an established credit history rather than a student's own record of achievement and future earning potential.

Credit scores were never meant to define human potential. Yet for

too many students, a FICO score determines whether they get to finish school or walk away just short of a degree.

Students who demonstrate academic commitment and strong future earning potential should have access to responsible financing even if they lack family wealth or an established credit history. In other words, students should be evaluated on what they have accomplished and what they are capable of becoming. Responsible lending models can expand opportunity while maintaining strong underwriting standards.

The Illinois No-Cosigner Loan was launched in 2025 with a \$75 million investment. One year later,

the program has delivered more than \$2 million in loans to nearly 200 Illinois students pursuing degrees in healthcare, education and high-demand fields such as science, technology, engineering and math. These are the nurses, teachers, engineers and skilled professionals Illinois employers urgently need.

As federal student loan policy changes, tuition bills will not disappear. Students will still enroll in college, institutions will still open their doors and employers will still depend on a trained workforce. The question is not whether demand for education will continue, but whether students without family

wealth will still have a fair path to complete their degrees.

Illinois is showing there is another way forward. Through practical public-private partnerships such as the Student Empowerment Fund, the state is helping students complete their education, strengthening its workforce pipeline and offering a model other states can follow.

At a moment of significant change in higher education, that kind of innovation is not simply good policy. It is an investment in Illinois' future.

Michael Frerichs is Illinois' state treasurer. Jeannie Tarkenton is founder and CEO of Funding U.

## Voice of the People

Editor's note: Here is a selection of letters from Tribune readers sharing thoughts on Chicago's bike lanes. We will publish the remainder on Wednesday.

### Opposed to segregated lanes

I am strongly opposed to segregated bike lanes that reduce much-needed auto lanes. Dearborn Street north of Chicago Avenue is a prime example. There is now only one lane for auto traffic, bordered by a parking lane on either side and a segregated bike lane closest to the curb. There is absolutely no room for cars to pull over if an emergency vehicle needs to pass, so I am guessing emergency vehicles do not drive down Dearborn at all unless the destination is actually on that block. And good luck to any unfortunate citizen waiting for an emergency vehicle trying to reach them.

Bike lanes are almost completely wasted space during the winter months. Cars and emergency vehicles still have to creep along that one lane while the bike lane sits empty of everything but ice and snow.

Bike lanes do not seem to do much to keep bike traffic off the streets and sidewalks because such a large percentage of bike, e-bike, scooter and e-scooter operators ignore traffic laws and lights. I can't tell you how many times one of them has whizzed dangerously close past me on the sidewalk, oftentimes when there is a green segregated bike lane open for their use right alongside me. I can't cross a street with a green light without checking in all directions for one of these idiots to cut across my path against the light.

It's a shame our overworked and understaffed police force doesn't have the capacity to issue citations to these dangerous riders. That might raise some much-needed revenue for the city.

—Kay Whitman, Chicago

### Scourge of fat-tire e-bikes

Chicago's network of bicycle lanes is commendable. Whether for convenient commuting, enjoyment of lakefront vistas or a personalized architecture tour, bike lanes open up our city by making it traversable, welcoming and fun.

For bike lanes to be successful,



cyclists, pedestrians and drivers must show each other respect.

Commonsense rules of the road, along with a little politeness, go a long way, especially at crosswalks, intersections and traffic signals. Curbing foul epithets and hand gestures will also help optimize the safety and effectiveness of Chicago's bike lanes.

That said, there's one impediment to success that needs to be addressed. Over the past year, we've seen a surge in the number of fat-tire e-bikes. Often used by delivery services, these two-wheelers create a lot of problems. Weaving in and out of traffic with reckless abandon, the riders cut off drivers and cyclists alike. The streets are enough of an obstacle course given the double-parked maze of trucks and SUVs the city already faces. And forget about opening your door, driver or passenger; you don't see them as they carelessly ride in a serpentine manner down the street.

These fat-tire behemoths are a nuisance that needs to be reined in with traffic rules strictly enforced. They are ruining a good thing for everyone.

Chicago streets have approximately 138 miles of traditional bike lanes and 70 miles of protected ones. The city ranks high among large cities for its cycling infrastructure. Let's safeguard this community asset by

respecting each other regardless of your choice of transportation.

Safe travels, everyone!  
—Lindsay Resnick, Chicago

### Cities are for people

Back in 2012, I bought a bike for \$50 at a garage sale. I'd just graduated from law school and had to start paying for public transit. I thought a bike was the perfect cheat code for getting around the city for free. Back then, there were no bike lanes, and I battled rush hour drivers for one week before giving up on biking. For years, I got around via transit, walking and — eventually — the new technology of ride-share.

When I became a mother in 2020, my transportation needs changed. In 2021, on vacation on a car-free island, I rented a bike with a baby seat on the back, and it opened my eyes to a new way of getting around. I quickly bought a used bike with a baby seat. A few months later, I upgraded to an electric cargo bike. I started biking around my neighborhood for school drop-off and errands. Then I started riding my bike to work, taking Halsted Street from Lincoln Park to Bridgeport. I loved the freedom my bike gave me, but I also experienced many close calls with drivers in the same bike lane where Riley O'Neil recently lost his life.

A 2024 study sponsored by the

Eva Villalobos, left, and Claudia Zuno, both of Chicago's Brighton Park neighborhood, hold signs as a biker rides past during a protest about the newly constructed protected bike lane along South Archer Avenue on May 18. Villalobos and Zuno are in favor of the removal of the protected bike lanes.

JOSH BOLAND/CHICAGO TRIBUNE

and running errands around the neighborhood — but only if we feel safe enough to ride. The bike network in our neighborhood is just barely good enough that I feel safe biking with the kids. My wife does not.

I pray that, by the time our kids are old enough to bike on their own, the city has invested in more protected bike lanes. Otherwise, our "second car" will have to be an actual car; we will join the ranks of other parents stuck chauffeuring their kids around town, clogging the streets with traffic and fighting over scarce parking.

—Paul Joice, Chicago

### City has failed us cyclists

As a full-time and year-round pedal-power bicycle commuter, I can tell you firsthand the city has failed big time regarding bike lanes of any sort. The city also gets a big fat "F" for this last winter's maintenance and in general for the bike lanes, protected or painted.

Let me count the ways:  
■ The city rarely plows the protected lanes. They even do a very poor job in the Loop.  
■ The city does not salt the protected bike lanes.  
■ The city does not clean the protected lanes.

Because the street is pitched, water builds up in the gutter/street and becomes a problem on winter nights when the temperature drops. That forces me and others to ride on the street (see Elston) with the cars since the protected lanes (which they don't salt) are dangerous.

You're lucky if the paint in the painted bike lanes makes it a year. I have asked many of aldermen why the city does not enforce the 2-inches-of-snow plow route. They are leaving money on the table by not enforcing the snow route. Streets such as California where there is a painted or shared lane and a snow route are especially hard on bicyclists because the city can't plow to the curb.

Don't put any infrastructure in if you aren't going to take care of it. I have been commuting by bike for more than 30 years.

—Thomas Lemke, Chicago

city's Department of Transportation showed that Chicago experienced a 119% increase in biking citywide between fall 2019 and spring 2023, the highest growth rate among the 10 largest cities in the United States. In 2025, Chicagoans took 6.8 million trips on Divvy bikes. What is the city willing to do to continue growing that number? Are our leaders willing to reimagine our streets as places for all kinds of transportation? Are they willing to carve out space for my son and his friends to ride safely in their neighborhoods?

I hope the answer is yes because cities are for people, and we're out here already.

—Molly Fleck, Chicago

### One fewer car on the road

People who complain about bike lanes think they take away road space from cars and therefore increase traffic, but they fail to appreciate that, without bike lanes, many of those bikes would instead be another car on the road. My family — two working adults, two kids — has one car, and my cargo e-bike is effectively our "second car." It is perfect for getting the kids to school

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## COMMENT &amp; FEATURES

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## THE JERUSALEM POST

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## No F-35s for you

The US should not provide Turkey with F-35 fighter jets or advanced fighter engines, Prime Minister Benjamin Netanyahu said Monday, warning that such a move would upset the regional balance of power and threaten Israeli air superiority in the Middle East.

Speaking on *Fox & Friends*, he said Turkey is "a great country" but is governed by President Recep Tayyip Erdogan, whom he accused of calling for Israel's annihilation, occupying part of Cyprus, threatening Greece, backing Hamas, and allowing the influence of the Muslim Brotherhood to shape Turkish policy.

The balance of power in the Middle East is ultimately protected by Israel's air superiority and America's posture in the region, Netanyahu said.

His warning came as US President Donald Trump heads to Ankara for this week's NATO summit, where Erdogan is expected to press for renewed access to the F-35 program and relief from US sanctions. Turkey was removed from the F-35 program in 2019 after buying Russia's S-400 air-defense system, which Washington said could compromise the aircraft's stealth technology.

Erdogan's record gives Israel every reason to be alarmed. Since the October 7 massacre, he has called Hamas "a liberation group," said Israel is a "terror state," compared Netanyahu to Hitler, and said Turkey could "enter Israel" as it had entered Libya and Nagorno-Karabakh. In March 2025, during Eid-al-Fitr remarks, he prayed that "Zionist Israel" be "destroyed and devastated."

This is not normal diplomatic criticism. It is the language of a leader who sees the Jewish state as an enemy to be defeated, humiliated, and ultimately removed.

Israel has heard this kind of language before. Iran has spent decades promising a world without Israel. Erdogan's Turkey is not Iran, but when a NATO leader publicly prays for Israel's destruction and supports Hamas after the October 7 massacre, Israelis are right to take him literally. Trump should tell Erdogan today that the F-35 is off the table.

Trump and Erdogan may have a working relationship, but this is not a question of personal chemistry between leaders. Washington and Ankara may have areas where they can cooperate. Turkey remains strategically important. It sits between Europe, Russia, the Black Sea, the Middle East, and the Mediterranean. It has a large army and real influence.

None of that justifies handing Erdogan America's most advanced fighter jet.

The F-35 is a strategic platform. It would give Turkey stealth, reach, intelligence-gathering capacity, and a place inside a military ecosystem built on trust. That trust was broken when Ankara chose the Russian S-400. It was broken again by Erdogan's embrace of Hamas, his threats against Israel, and his use of anti-Israel incitement as a pillar of his regional identity.

Supporters of a deal will argue that bringing Turkey back into the F-35 program could pull Ankara closer to the West. That argument ignores Erdogan's behavior. He has repeatedly taken what the West offers and used it to expand his room for maneuver. He trades with Moscow, pressures NATO allies, threatens Greece and Cyprus, courts Islamist movements, and then asks Washington for another prize.

Rewarding this pattern would be a serious mistake. For Israel, the issue is existential. Israeli air superiority is not a luxury. It is how a small country surrounded by threats prevents world war. It allows Israel to strike Iranian weapons convoys, deter Hezbollah, monitor Syria, defend its skies, and keep hostile armies from believing they can change the map by force. Weakening that edge would invite adventurism.

The danger reaches beyond Israel. Greece, Cyprus, moderate Arab states, and pro-Western forces across the region would read an F-35 sale as a sign that Washington is willing to ignore aggression when Erdogan applies enough pressure. Iran, Hamas, and Hezbollah would read it as another crack in American seriousness.

Trump has an opportunity to show responsibility. He can tell Erdogan that Turkey's path back to deeper defense cooperation runs through real changes: The S-400 problem must be resolved, Hamas support must end, threats against Israel must stop, and Turkey must behave like a NATO ally rather than an Islamist power playing both sides.

Until then, no F-35s. America should strengthen allies who stabilize the region. It should not arm leaders who threaten them.

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## Is the Gaza peace plan dead?



• By NEVILLE TELLER

US President Donald Trump's 20-point plan for the Gaza Strip, announced on September 29, 2025, linked a one-off hostage/prisoner exchange to a transition period in which Gaza would be demilitarized and placed under tightly managed international oversight.

The new governance features a technocratic National Committee for the Administration of Gaza (NCAG) – a Palestinian body running services and reconstruction. It would operate under the strategic control of a Trump-chaired "Board of Peace" and an international security presence.

Hamas is to be removed from governing authority and stripped of its military capacity. In its place vetted local forces and international troops would enforce a terror-free, demilitarized Gaza. Meanwhile massive, externally directed reconstruction and investment programs would get under way.

In due course the Palestinian Authority would inherit Gaza from this interim committee, but only if the PA completes a prescribed reform program on security, corruption, and governance. At that point a unified Palestinian administration over Gaza and the West Bank, backed by elections, is envisaged.

Beyond that, the plan holds out the prospect of US-backed negotiations toward a Palestinian state, but only once the demilitarization process is in progress, and the reformed PA proves it can govern Gaza within this heavily circumscribed framework.

The plan was formally adopted by the UN Security Council on November 17, 2025, in Resolution 2803.

Eight Arab and Islamic states had already issued a joint statement welcoming Trump's effort and confirming that they were ready to work with the US on implementing it: Egypt, Indonesia, Jordan, Pakistan, Qatar, Saudi Arabia, Turkey, and the UAE.

Even Hamas had agreed to some parts of the proposal, including hostage release and transferring authority, while maintaining that other elements – such as its own disarmament – required further negotiation.

The first phase of the plan – ceasefire plus hostage and prisoner exchange –



PALESTINIANS MAKE their way past the rubble of residential buildings as displaced people shelter in tents in Gaza City, last week. (Mahmoud Issa/Reuters)

was achieved and ended large-scale Israel-Hamas hostilities.

For phase two the UN resolution authorized a temporary International Stabilization Force (ISF) to help demilitarize Gaza and train Palestinian police, with US coordination and contributions from Arab and other states.

As of mid-2026, Indonesia, Morocco, Kazakhstan, Kosovo, and Albania had pledged troops, while Egypt and Jordan have agreed to train Palestinian police.

However, no ISF units have actually been deployed inside Gaza, while the \$100 million earmarked by the UAE for police training remains frozen.

Meanwhile the military geography on the ground has been changing. Since the ceasefire the IDF has steadily reduced the area controlled by Hamas from 47% of the Strip to 40% or even less. In May 2026 Prime Minister Benjamin Netanyahu said that he intended to expand Israel's control to 70% of Gaza territory.

However territory and population are not in balance. No more than 15% of Gaza's population remains in Israeli-controlled areas; at least 85%, and perhaps more, are living in wretched conditions in the coastal zones and urban enclaves held by Hamas. Reports speak of overcrowding, problems with sanitation and access to services, and a severe lack of water.

Gaza's traditional water sources have been badly degraded by the war, leaving much of the population reliant on minimal supplies, some trucked in daily. Trump's 20-point plan and its Board of Peace envisage substantial investment

in repairing Gaza's water infrastructure, but in reality these water-sector reconstruction measures remain largely at the planning and pledge stage.

More generally, despite Trump's announcement that billions have been pledged through the Board of Peace, the *Financial Times* reported on May 27 that no donor money has actually reached the World Bank, and that informed sources said "not one US dollar" had yet been spent on Gaza reconstruction through the Board's funding mechanisms.

Turkish and Egyptian construction giants, US and European firms, and Gulf-based companies are preparing bids to benefit from the envisaged multi-billion-dollar rebuild. Most projects are at planning or competition stage, except for one large-scale build actually under way.

A Gaza-based contractor, Masoud & Ali Contracting Co. (MAC), is constructing an Emirati-funded housing compound for tens of thousands of displaced Palestinians in an Israeli-controlled part of southern Gaza.

In addition a few businesses and contractors have started limited reconstruction – principally Palestinian, Egyptian, Turkish, Gulf, and some Western firms. This activity is patchy, often outside Trump's Board of Peace framework, and hampered by unresolved security conditions and frozen financing.

In mid-2026 Trump's 20-point Gaza peace plan can best be described as wilting. While still formally in play, phase two is largely stuck. The ceasefire is repeatedly violated, Hamas demilitariza-

tion and therefore Israeli withdrawal have not occurred, and reconstruction in accordance with the plan remains minimal.

THIS IS not precisely the picture presented on March 24 by Nikolay Mladenov, the UN high representative for Gaza and director-general of the US-backed Board of Peace, in his first appearance before the UN Security Council. He was present to brief members on progress in implementing the Gaza peace plan endorsed the previous year in Security Council Resolution 2803.

Mladenov informed the council that a plan, developed with and guaranteed by the US, Egypt, Turkey, and Qatar, "is now in place for the decommissioning and reintegration of armed groups in Gaza." He described the principle at the heart of the framework as: "one authority, one law, one weapon."

This formula, he stressed, applies without exception to all armed active militias in the Strip, explicitly including Hamas. The objective is the complete decommissioning of weapons in Gaza and their transfer to the control of the technocratic Palestinian authority.

Mladenov said that the first priority, after consolidating a total ceasefire and emergency humanitarian measures, would be to identify and remove heavy weapons systems and military-grade infrastructure, including tunnels. Subsequent stages would expand disarmament in parallel with staged Israeli withdrawals. The process would be supervised by Palestinian security forces answerable to the National Committee. Crucially, Mladenov linked compliance with disarmament to the start of large-scale reconstruction, arguing that collecting the most dangerous weapons is a precondition for economic recovery.

Meanwhile, starting on June 30 the Board of Peace held a two-day "reset" meeting at a Cyprus resort, bringing together board officials, the NCAG, and allied advisors to review stalled plans for postwar governance, reconstruction, and a transition away from Hamas rule. Participants later called the talks "highly productive."

So the Gaza peace plan is not dead; it is languishing. It could surely be nursed back to health.

The writer, a former senior civil servant, is the Middle East correspondent for Eurasia Review. Follow him at: [www.a-mid-east-journal.blogspot.com](http://www.a-mid-east-journal.blogspot.com)

## The absurdity of 'Queers for Palestine'

• By JAN KAPUSNAK  
and FELIX HAIBACH

The slogan "Queers for Palestine" evokes solidarity with the oppressed.

Yet it often exposes a central contradiction in contemporary progressive politics: queer identity is used to legitimize a cause whose dominant political and armed forces would not protect queer life but erase it.

The problem is not that queer people care about Palestinian aspirations for statehood. Nor is it that activists criticize Israeli governments.

Israel is a democracy with deep political divisions, and many Israelis oppose their own government's policies. The problem begins when concern for Palestine is accompanied by silence – or outright ignorance – about the realities faced by queer Palestinians themselves.

Many pro-Palestinian activists denounce Zionism – the Jewish people's right to self-determination – as one of the defining evils of our age, while saying remarkably little about Hamas, the Palestinian Authority, religious coercion, patriarchal violence, or the persecution of LGBTQ people in Palestinian society.

The absurdity of this position was captured in a widely shared interview during a pro-Palestinian demonstration in Boulder, Colorado. A visibly queer activist was asked what would happen if he walked through Gaza dressed as he was.

He replied that his "white privilege" and American citizenship would protect him. It was a fantasy. In Gaza, neither privilege nor passport guarantees safety. Queer Palestinians know this better than anyone.

The contradiction is even sharper among queer activists with roots in the Middle East who enjoy freedoms in Berlin, Amsterdam, or New York that are denied across much of the region: the freedom to live openly, organize, publish, and protest.

Yet some who those freedoms not to defend universal queer rights but to



A WOMAN holds a placard reading 'Queers 4 Palestine' during the 2023 Taiwan Pride Parade. (Annabelle Chih/Getty Images)

demonize the one country in the Middle East where queer public life exists openly on a large scale.

This double standard is often expressed through accusations of "pinkwashing" – the claim that Israel promotes LGBTQ rights to distract from its treatment of Palestinians.

But this is largely a straw man. Serious defenders of Israel do not argue that gay rights justify Israeli security policies.

Debates about the conflict are based on security, law, and competing national claims – not on Tel Aviv's LGBTQ-friendly or the absence of comparable public queer life in Kamalshah.

No one claims that same-sex parenthood cancels out security-based checkpoints. The criticism of alleged "pinkwashing" pretends to expose propaganda but often functions as propaganda itself.

What it cannot erase is the reality of flourishing queer life in Israel.

That reality complicates the anti-Israel narrative because it highlights an uncomfortable fact: the freedoms that make queer life possible in Tel Aviv are precisely the freedoms denied by many of the movements romanticized by activists.

This year's Tel Aviv Pride Parade made that contrast impossible to miss.

ON JUNE 12, more than 100,000 people filled the streets for the city's first Pride Parade since the October 7 massacre.

Even as missiles from Iran and Yemen had sent Israelis into bomb shelters only days earlier, Tel Aviv still turned its streets into a public celebration of freedom, openness, and belonging.

In Gaza, by contrast, a pride parade would likely be crushed before it began.

Even anti-Hamas protests planned for June 26 were met with intimidation and violence by the very "resistance" movement celebrated by many "Queers for Palestine" activists.

The freedoms visible at Tel Aviv Pride did not emerge by accident.

Over the past four decades, Israeli LGBTQ activists have fought for them in the streets, through public campaigns, in the Knesset, and above all before the Supreme Court.

They challenged religious parties, conservative politicians, and deep social prejudice. These rights were not gifts handed down by the state, but hard-won victories achieved through democratic struggle. And those battles are not over.

This is why the accusation of "pinkwashing" is so offensive. It reduces those hard-won achievements to public relations stunts.

It tells Israeli LGBTQ people that their rights matter only when they can be used against Israel; otherwise, they are dismissed as an inconvenient narrative.

Israel, like every democracy, is imperfect. Same-sex marriages still cannot be performed domestically because marriage law is controlled by religious authorities.

Homophobia exists among ultra-Orthodox Jews, Islamists, Arabs, Christian conservatives, and parts of the political right.

Jerusalem Pride still requires heavy police protection. But these shortcomings underscore the point rather than undermine it: Pride in Israel is evidence of democratic contestation.

Slogans such as "No Pride in Apartheid" or "No Pride in Genocide" pretend to offer moral clarity, but they rest on false and inflammatory accusations. Israel is not an apartheid state, and the war against Hamas is not a genocide.

These slogans do not explain the Israeli-Palestinian conflict; they reduce it to a stage play in which Israelis are always oppressors and Palestinians are always victims. Worse, they do nothing for queer Palestinians.

Serious queer politics would defend queer Palestinians and speak honestly about their horrendous situation in Gaza and the West Bank. It would defend queer Israelis against antisemitic attacks. It would criticize Israeli governments without demonizing Israeli society.

Queer liberation cannot be built on selective blindness or political ignorance. It cannot excuse Hamas while erasing the democratic struggle of Israeli LGBTQ people. A movement that does so is not liberating. It is absurd.

Jan Kapusnak is a political scientist and freelance writer based in Tel Aviv.

Felix Haibach is a historian and political scientist based in Munich and a former foreign-policy speechwriter for German Chancellor Helmut Kohl.



# New York is not Berlin in 1933



**ABOVE THE FOLD**  
By MICAH HALPERN

New York today is not Berlin in 1933. It is not!

The fear is real. The threats are real, nasty, vicious, and sometimes accompanied by acts of physical violence. Jewish reactions are natural, normal, neither exaggerated nor contrived. New York's Jews are reacting to real incidents and real hostility. And to real, unadulterated fear.

And the permissive attitudes of a burgeoning number of city leaders, men and women elected to serve the public, are setting the tone. New York's leadership, principally Mayor Zohran Mamdani, has let the situation fester and spread by hedging his responses to attacks against Jews by speaking in universalities.

When a Jewish institution, synagogue, or person is attacked, he speaks about all hatred. He calls all hatred bad. He speaks about condemning all hatred but never voices condemnation against Jew hatters specifically.

He can't. Mamdani sets a tone, and all else follows.

New York City is exhibiting a serious failure in public safety and civic leadership. It is not only the Jewish population who will pay the price of the Democratic Socialists of America and their fans. The entire city is at risk should their promises of defunding police and abolishing prisons ever be put in place.

An attack against Jews in a synagogue is couched in terms of all citizens in New York deserving of safety.

Any hatred and all attacks that target groups are wrong, he implies. Separating anyone out because of their religion is wrong, Mamdani continues. Attacks against churches, synagogues and mosques are all wrong, he intones. He is a broken record playing an intentionally flawed song.

And yet, New York today is still not Berlin in the 1930's.

Large swaths of the Jewish community in New York are afraid because the threats are real. The democracy is failing to protect them – a minority that is being openly targeted. It is not a trivial matter. I know too many elderly Jews who do not venture outside their homes after dark.

Too many who have tucked their Star of David necklaces inside their shirts. Too many who have stopped wearing their treasured necklaces with the Hebrew names of their grandchildren displayed when they do go outside. And too many men and boys who now cover their kippot with hats, caps, even bikers' helmets.

And yet, New York today is still not Berlin in the 1930's.

The answer is not to panic, not to make theatrical comparisons to the rise of Nazism. The answer is to make the city safe for Jews and for the Jewish community. The answer is to provide a safe environment for Jews who reside in New York and Jews who visit New York. Safe for all Jews.

The Berlin parallel does not work because, despite the Democratic Socialist of America stance on Israel is because of the Law of the Land. The laws of the United States and even the laws of New York have not been turned against the Jew as they were in Germany.

There might be people in power who hate Jews, but the democracy and the power of democratic protections are still in place – even if sometimes ignored or hedged.

The strong media presence in the United States, both traditional and new media, plays a huge role in the lives of New Yorkers. That media is part of the debate. And that media holds leadership to account. It holds their feet to the flame.

GERMANY IN the 1930's began instituting anti-Jewish laws. They removed Jews from professions. They pushed Jewish children to the back of the classrooms, and then, then they removed students and professors from universities. Germany required businesses to be labeled as Jewish.

None of this can happen in the United States. None of it, not even under Mamdani.

Talk about education as an answer to this plague of Jew hatred is popular, but it lacks a true understanding of Jew hatred. Although education is, in principle, vitally important, those who hate Jews have internalized their hatred.

Changing them would mean deprogramming them. Education can influence only those who are undecided; it will never convince a true Jew hater. That is why converts, people like the son of Hamas who now defend Jews and criticize their heritage, become heroes in the Jewish community. And that is why they have targets on their backs put there by former friends and their families.

A meaningful response must be accompanied by increased visible protection. It must have credible follow-through against threats. It must combine security, police, public messaging, media coverage, part-



NEW YORK CITY Mayor Zohran Mamdani delivers a speech to mark America's 250th anniversary at City Hall last week. Mamdani let the situation fester and spread by hedging his responses to attacks against Jews by speaking in universalities.  
(Anna Connor/Pool via Reuters)

nerships with other communities and civic leadership up and down the line – not only in the Office of the Mayor.

It requires immediate responses to attacks, then investigation and prosecution. Jews need to attend trials and speak to the court before sentencing. Reassurances and slogans are too easy and so empty.

The evil Jew hatters will not stop on their

own. They must be stopped. When that is successfully accomplished – “when,” not “if” it is accomplished, Jews will feel safer. There will be fewer incidents, real and reported.

It is as simple as that because New York today is not Berlin in the 1930's.

The writer is a columnist and a social and political commentator. Watch his TV show Thinking Out Loud on JBS.

## The slow drift

*How Democrats lost their way on Israel and American Jews*

By MICHAEL J. SALAMON and LOUIS LIBIN

We have seen the concern mounting. We have experienced it firsthand.

Recently, there have been moments when American Jews who grew up in Democratic households sense unease that turned to something sharper, like betrayal.

For some, it was a particular vote in Congress. For others, an offhand comment on social media, or a protest sign that went a little too far.

But the truth is, the transformation of the Democratic Party's relationship with Jews and Israel did not happen overnight. It was a slow drift, imperceptible at first, until suddenly it became impossible to ignore.

It's easy to imagine what we're seeing now – the open hostility, exclusion, ugly rhetoric – just appeared out of nowhere. But that's not how this works.

The Democratic Party's evolution on this issue has been years, even decades, in the making. And for those who once felt a sense of belonging, it's painful to admit just how much has changed.

For years, Jews were woven into the very fabric of the Democratic coalition. Jews marched for civil

rights, stood with labor unions, campaigned for social justice.

American parents and grandparents saw in the party a home and a bulwark against hate. But something shifted. Slowly, tentatively at first, the party began to accommodate voices that were, at best, indifferent to Jewish concerns, and at worst, openly hostile.

The 2012 Democratic National Convention's platform language on Jerusalem as the capital of Israel was quietly removed, only to be hastily restored after a public outcry.

It was a small thing, barely a blip in the news cycle, but it felt like a warning. If support for Israel could become controversial, what else might change?

The years that followed saw a growing discomfort with Israel among progressive activists. Criticism, once focused on specific policies, morphed into something broader, more absolute. The distinction between opposition to Israeli government actions and opposition to the existence of a Jewish state became blurred.

In campus debates and activist circles, “Zionist” became a slur. And often, party leaders acquiesced.

It wasn't just rhetoric. At the 2016 Democratic National Convention, pro-Israel delegates were

heckled and shouted down. At the 2020 convention, the party's left wing pushed for platform changes that would have been unthinkable a generation ago.

And most recently, in Chicago, Jewish delegates found themselves praying outside in the summer heat because no space had been reserved for them inside, while two ground-floor rooms were set aside for Muslim prayers, one for men and one for women.

What's most striking is how silent most Democrats have been in the face of these changes. Poll after poll shows that the vast majority of rank-and-file Democrats do not share the extreme positions of the loudest activists.

Most are uncomfortable with the rhetoric of hate, the calls for Israel's destruction, the demonization of Jews who dare to speak up. And yet, silence prevails.

It's easier to look away than to confront the painful truth: the party you grew up with, the party you loved, is no longer the same.

Why do so many choose to stay quiet? Part of it is denial. It's hard to admit that something as fundamental as political identity might be in question.

Part of it is a fear of being labeled, ostracized, or being accused of disloyalty. But there's also a sense of helplessness. The machinery of the party now

seems geared toward those with the loudest voices, not the broadest consensus.

This is not a call for American Jews to abandon the Democratic Party. It is important for American Jews to stand up to this shift both for their own sake as well as Israel. Political coalitions are always in flux, and history shows that change is possible. But silence has a cost. When good people say nothing, extremists take over.

Many Democrats are anguished by what's happening. They are not anti-Israel, nor are they anti-Jewish.

They are uncomfortable, confused, and unsure of what to do. To them, we say: speak up. Write to your representatives.

Push local party organizations to stand for the values you believe in.

Demand that your leaders draw a clear distinction between legitimate criticism of Israeli policies and the kind of rhetoric that endangers Jews here and abroad.

The Democratic Party did not become inhospitable to Jews overnight. It happened bit by bit, meeting by meeting, platform by platform, as too many people looked away. The only way back is to refuse to look away any longer.

## The Democratic Party's war on Jews

By ORI SOLOW

Last month, the Democratic Party sent American Jews a message.

It did not send it in one resolution, one rally, or one speech. It sent it through a series of political choices: who was elevated, who was defeated, what activists demanded, and what party leaders were too afraid to say.

The message was this:

You may belong in the Democratic coalition, but only if you make your Jewishness politically unobtrusive.

You may mourn Israelis, but quietly.

You may support Israel's existence, but carefully.

You may call yourself a Zionist, but prepare to defend yourself as though you have confessed to a moral crime.

That is not inclusion. It is a loyalty test.

On June 23, candidates backed by New York City Mayor Zohran Mamdani won a series of Democratic congressional primaries in which Israel was a defining issue.

In one of the most revealing contests, Brad Lander defeated Rep. Dan Goldman after declaring that Democrats could not keep funding “Netanyahu's wars” and calling the Biden administration's approach a “catastrophic mistake.”

Mamdani then described New York's political shift as the beginning of a national project. “When does the race for 2028 begin?” It starts now.

That should alarm every American Jew. Not because Democrats are forbidden from criticizing Prime Minister Benjamin Netanyahu. They are not.

Not because Palestinian civilians do not deserve dignity, safety, and a political future. They do.

And not because Jewish voters demand blind loyalty to any Israeli government. We do not.

The danger is greater.

The Democratic Party is increasingly being shaped by a movement that does not merely oppose a policy or a prime minister. It treats the Jewish state itself as a moral stain.



NEW YORK CITY Mayor Zohran Mamdani greets Brad Lander, candidate for New York's 10th Congressional District, after winning the primary elections in Brooklyn, last month.  
(Eduardo Munoz/Reuters)

It treats Zionism, the belief that Jews, like every other people, have a right to national self-determination, as presumptively racist. It treats Jews who refuse to disown Israel as political obstacles to be overcome.

That movement is no longer whispering from the margins.

It is winning primaries.

It is setting activist priorities. It is forcing congressional Democrats into private meetings where lawmakers openly acknowledge the pressure to support measures they believe are reckless.

On June 30, House Democrats debated a proposal to bar funds from going to Israel. One lawmaker told *Axios*, in reference to the measure: “We know it's crap, but...” The unfinished sentence says everything.

The issue is no longer whether Democrats agree with Israel on every decision.

The issue is whether Democratic leaders are still willing to say that Israel has a right

to exist without treating that statement as a political liability.

For generations, American Jews believed the Democratic Party understood something fundamental: minorities should not have to justify their fear before it is taken seriously.

The party taught America that prejudice does not become acceptable because it is fashionable. It taught America that hatred does not become harmless because it is popular. It taught America that silence in the face of bigotry is not neutrality. It is permission.

Yet when antisemitism appears in progressive spaces, those principles suddenly seem negotiable.

A Jewish student is called a “Zionist” as though it is an accusation.

A synagogue needs security because Jews are targeted for their connection to Israel.

A Jewish public figure is expected to answer for every action of a foreign government simply because he or she is Jewish.

And too often, Democratic leaders respond

not with clarity but with choreography: a statement condemning “all hate,” a reminder about “complexity,” a plea for “dialogue,” and then silence when the activists in their own coalition cross the line.

That is not moral leadership. That is cowardice with better vocabulary. Jewish Democrats themselves are now saying so.

IN JUNE, Jewish party figures told *Axios* that they increasingly feel shunned inside the party they helped build. One long-time Democratic strategist described the party as “the latest institution that welcomed us and is turning hostile.”

Rep. Jared Moskowitz warned that party leaders were not taking the problem seriously and that condemnation statements had become irrelevant.

They are right.

Because this is not merely a debate over aid, diplomacy, or war.

It is about whether Jews are permitted to define their own identity.

No other minority is routinely told that attachment to its homeland is proof of bigotry.

No other people are expected to renounce their right to national self-determination to be welcomed into progressive spaces.

No other community is told that the hatred directed at it is somehow less serious because the people expressing it claim to be fighting oppression.

But Jews are. Jews are told that Zionism is racism, even though Zionism is the belief that Jewish life should never again depend on the mercy of rulers, mobs, or governments that can withdraw their protection overnight.

Jews are told that calls to eliminate Israel are merely political speech, even though eliminating Israel would mean dismantling the world's only Jewish state in a region where Jews have repeatedly been massacred, expelled, and persecuted.

Jews are told that concern for Israeli civilians is morally suspect, even after October 7 proved exactly why Israel's survival is not

an abstract question.

And Jews are told that they must make themselves smaller in order to remain acceptable.

Smaller in grief.

Smaller in identity.

Smaller in conviction.

Smaller in public.

That is the real betrayal.

The Democratic Party is not losing Jewish trust because Jews have suddenly become intolerant of criticism.

It is losing Jewish trust because too many Democrats have stopped distinguishing criticism from demonization, activism from intimidation, and solidarity from exclusion.

The party does not need to become a party of unquestioning support for Israel.

It does need to become a party capable of moral clarity.

Instead, it needs to say that Hamas's murder of Israelis was evil.

It needs to say that Israel has the right to defend its people.

It needs to say that Zionism is not racism.

It needs to say that antisemitism is antisemitism even when it comes from progressive activists, college campuses, or Democratic primaries.

And it needs to say that Jewish Americans do not have to surrender a central part of their identity to earn a place in public life.

The political right has its own antisemites, conspiracists, and extremists. They deserve no excuses and no safe harbor.

But the failures of the Right do not excuse the failures of the Left.

A political movement that can recognize hatred everywhere except inside its own coalition is not fighting bigotry.

It is managing it.

And a party that asks Jews to pass an ideological purity test before it will protect them is not offering belonging.

It is putting Jews on trial.

The writer is an Israeli-American Modern Orthodox Jew and founder of SZM, a social media movement advocating for the safety of Jewish New Yorkers and empowering the next generation of Jewish voices.



# The war Israel is preparing for may not be the one ahead

• By LIRON ROSE  
and AVNET KLEINER

One of the most common mistakes in Israeli public discourse is the tendency to interpret major developments through the prism of transient political figures such as Donald Trump, Benjamin Netanyahu, Recep Tayyip Erdogan, or Vladimir Putin.

Leaders matter, but they are not the central story. The real story is the geopolitical upheaval unfolding before our eyes, a structural transformation that may reshape the Middle East and redefine Israel's strategic position for decades to come.

To understand this emerging reality, Israel must momentarily set aside domestic political debates and examine the broader geopolitical chessboard.

For decades, Israel operated under the assumption that the world was fundamentally unipolar and that Washington was the primary address for every major strategic challenge.

Yet, the American trajectory is increasingly clear. After Iraq and Afghanistan, the United States seeks to reduce its direct involvement in prolonged regional conflicts and expects allies to shoulder a greater share of the security burden.

At the same time, global centers of economic, political, and technological power are gradually shifting eastward and southward. In a fragmented and multipolar world, a small state cannot afford to rely exclusively on a single strategic pillar, however indispensable that pillar may be.

## Turkey: The strategic challenge of tomorrow

While Israeli policymakers remain focused on Iran, the more complex long-term challenge may ultimately emerge from Ankara.

Iran is undoubtedly dangerous. Yet its

ideological rigidity often isolates it internationally and limits its room for maneuver. Turkey presents an entirely different challenge.

With a population approaching 90 million, the second largest military in NATO, and one of the world's fastest growing defense industries, Turkey increasingly behaves as a middle power with ambitions extending far beyond its borders.

Turkey combines a developed economy and advanced military capabilities with a distinctly neo-Ottoman worldview. Significant segments of the Turkish elite increasingly see their country as the legitimate heir to the Ottoman legacy, seeking influence across the Balkans, the Caucasus, North Africa, and the Levant.

In this worldview, Israel is often perceived not merely as a regional competitor, but as an alien entity occupying what many Turkish strategists still regard as former Ottoman space.

Ankara has translated these ambitions into concrete policy. It has established a military presence in northern Syria, expanded its influence in Libya and the Caucasus, strengthened its foothold in Africa, and promoted regional infrastructure initiatives such as Iraq's Development Road project, designed in part to bypass Israel as the primary land bridge between Asia and Europe.

Ankara masterfully exploited, and some would argue actively accelerated, the disintegration of Syria to advance its geopolitical position toward Israel's northern border.

It now appears determined to replicate elements of this strategy in Lebanon by expanding its political, economic, religious, and security influence there.

The acute concern is that Turkey may seek to exploit Israel's strategic exhaustion after nearly three years of continuous warfare to establish a deeper foothold along Israel's northern strategic flank.

The rivalry between Israel and Turkey is therefore not simply a product of Erdogan's policies. It reflects a deeper geopolitical competition between two regional powers with conflicting interests in security, trade, energy, and regional influence. Even in a post-Erdogan era, this structural competition is unlikely to disappear.

The danger for Israel is not that Turkey will become another Iran. The danger is that Turkey may emerge as the dominant regional power while Israel continues to think in terms of the Middle East of the 1990s.

By the time Jerusalem recognizes the strategic shift, the regional balance of power may already have been fundamentally altered.

## The Kurdish lesson: Where Turkey stopped the game

If proof is needed that the Israeli-Turkish rivalry extends far beyond rhetoric and can directly affect core security initiatives, one need only look at the Kurdish issue.

For decades, Israel's security doctrine relied on the "Alliance of the Periphery," cultivating ties with non-Arab actors on the margins of the Middle East. The Kurds in Iraq and Syria were seen in Jerusalem as natural pro-Western allies and as a strategic lever against hostile regimes.

According to multiple reports, during the recent confrontation with Iran, Jerusalem and Washington examined advanced plans to leverage Kurdish militias to open an additional internal front against Tehran. What appeared in Jerusalem as a rare strategic opportunity was perceived in Ankara as an existential threat.

Turkey responded forcefully. Through diplomatic pressure, economic leverage, and military signaling, Ankara reportedly succeeded in influencing American priorities and blocking the initiative.

For Israel, the lesson is stark: Turkey is not a bystander. It is a regional power with



TURKISH NAVY ships and helicopters take part in the Blue Homeland-Mavi Vatan 2025 military exercise in the Aegean last year. (Kenan Gurbuz/Reuters)

sufficient leverage to constrain Israeli initiatives, shape Washington's calculations, and turn an Israeli strategic opportunity into a strategic liability.

## From dependency to strategic influence

Israel is currently performing effectively at the tactical level. It has significantly degraded Hezbollah, disrupted smuggling routes in Syria, and weakened Iran's regional position. Yet these are the battles of the present.

The greater danger for nations is to win today's wars while losing tomorrow's strategic competition because they failed to recognize changes in the international system.

Alongside managing immediate security challenges, Israel must begin thinking in terms of decades rather than election cycles.

This means expanding strategic ties with emerging centers of power such as India, Japan, South Korea, and Singapore, while simultaneously deepening regional partnerships with Greece, Cyprus, and Egypt. It also requires cultivating long-term relationships in Africa,

Eastern Europe, and Latin America.

These partnerships should not replace the alliance with the United States, which remains indispensable, but rather complement it in an increasingly competitive world.

Israel possesses a rare combination of military power, technological superiority, intelligence capabilities, innovation, and human capital. The question is not whether Israel has the tools to shape its environment. The question is whether it possesses the strategic will to use them.

Ultimately, Israel must decide whether it wishes to remain a state that primarily reacts to regional developments or evolve into a power capable of shaping the regional order itself.

Liron Rose is an entrepreneur, a co-founder of the Masad Haaretz Institute, and the creator and host of the geopolitical podcast HaYanshuf.

Avnet Kleiner is an alumnus of the Tikvah Fund Leadership Program and specializes in strategic development, public policy, and international relations, with extensive experience in cultivating partnerships in Israel and the United States.

# The international implications of the US-Iran memorandum of understanding

• By EFRAIM INBAR

Iran emerged from the war waged against it by the US and Israel badly battered. Yet it secured a memorandum of understanding (MOU) with the US that is widely perceived as a diplomatic victory over the world's greatest power. This impression will not fade quickly.

The American signature on the MOU reflects President Donald Trump's priorities: domestic politics matter more than strategic considerations. Lowering oil prices ahead of the November 2026 midterm elections took precedence over preventing nuclear proliferation and defeating rogue states that challenge the world order. Given what we know about how politicians think, Trump's decision to prioritize electoral prospects is not surprising.

Likewise, Western states refrained from supporting the war against Iran and from responding to Trump's call to join the short-lived attempt to escort oil tankers through the Strait of Hormuz against Iran's wishes – reflecting the West's broader reluctance to confront bullying states.

Unlike in the past, this time it was the US that led the capitulation to the economic extortion of Iran's religious zealots. Iran's demand to collect transit fees in the Strait of Hormuz, and the US agreement to recognize Iran's (and Oman's) right to "manage" the international waterway (Article 5 of the MOU), set a dangerous precedent. Other countries bordering international shipping lanes could follow Iran's example in violating international law.

The US – whose Marine Corps still takes pride in this day in having fought pirates and ransom demands in the Mediterranean as early as the 19th century, far from American shores – capitulated to Iran when it blocked the Strait of Hormuz.

Having imposed its own blockade on the strait for ships traveling to and from Iranian ports, the US lost its patience just as Iran was heading toward economic collapse.

Every war involves two equations: the first measures which side can inflict greater damage, while the second focuses on each side's capacity to endure pain. Iran's higher tolerance for suffering compared to that of the US made it the winner in this violent test of wills.

The rise in fuel prices ahead of the midterm elections apparently overshadowed other considerations in Washington, producing a form of strategic blindness. The world watched a global power fold before a determined group of Muslim extremists.

The Iranian regime remains in place, sealing the fate of its people to suffer longer under cruel tyranny, since help is not "on the way." Washington pledged in the MOU to refrain from interfering in Iran's internal affairs (Article 2), thereby relinquishing its claim to be the world's beacon of democracy and its defender.

The MOU and America's subsequent conduct will certainly not make it "great again."

The MOU constitutes a blow to American deterrence. It appears to be a victory for the isolationist wing of the Republican Party and carries troubling implications for the international community. The majority in both houses of Congress that voted to end the war signals exhaustion and war fatigue.

These developments, together with the Trump administration's problematic treatment of NATO allies and partners in other regions, erode the credibility of the American security umbrella and reinforce the existing tendency among allies to doubt Washington's commitment to honoring its obligations.



BOATS ARE seen anchored off Oman's northern Musandam Peninsula near the Strait of Hormuz, last month. Iran's demand to collect transit fees in the Strait of Hormuz, and the US agreement to recognize Tehran's right to "manage" the international waterway, set a dangerous precedent, the writer argues. (AFP via Getty Images)

Moreover, despite Trumpist bravado, the goal of preventing Iran from obtaining nuclear weapons has been sidelined. The Iranians succeeded in deferring discussion of the nuclear issue while receiving substantial funds and sanctions relief from the very start of the negotiations. It is difficult to see how the Trump administration will secure nuclear concessions without resorting to military force – an option it is now clearly reluctant to use.

What we are likely witnessing is a replay of Trump's first-term diplomacy toward North Korea. Then, he held several summit meetings with that country's leader in pursuit of denuclearization, only to lose interest after meeting persistent resistance and to see the issue aside. Iranian intransigence may well elicit the same response.

The MOU's acknowledgment that Iran will retain its current nuclear capabilities (Article 9) amounts to an endorsement of proliferation, increasing other states' inclination to pursue nuclear options of their own.

Indeed, against the backdrop of Vladimir Putin's nuclear threats, the nuclear weapons debate has been renewed in Europe. The cracks in NATO are fueling this discussion in particular. Turkey's leader has already declared that he finds it unacceptable for others to possess nuclear weapons while his country does not. South Korea and Japan are witnessing active public debate on the nuclear question, and Australia has rekindled a similar conversation.

In the Middle East, the first signs of a nuclear arms race are already visible, with Saudi Arabia, Turkey, Egypt, and the Emirates as the most likely candidates.

The MOU strengthens Iran and its regime with a massive infusion of cash. It confers legitimacy on Iran's presence in Lebanon and rescues its proxy Hezbollah from the IDF's heavy hand – contrary to the position of the Lebanese government, which is finally daring to demand the disarmament of the Shi'ite militia.

Radical Islamists in the Middle East and beyond are receiving a tailwind from the agreement. The involvement of Qatar, which supports Muslim extremists worldwide, and of Pakistan, whose military rulers continually court radical Islamist circles, further empow-

ers the fiercest enemies of the US, of moderate Arab regimes, and of Israel.

The US also committed to withdrawing its forces from Iran's vicinity, a clause that enables Iran to continue pressing for the removal of American bases from Gulf states.

The MOU is a display of American weakness that will only invite further aggression against the US and its allies. Indeed, some Gulf partners are already recalibrating their foreign policies, having lost confidence in Washington and needing to accommodate Iran's rising regional influence.

THE DISREGARD for Israel – an ally that was willing to fight alongside the US against Iran, unlike many others – further damages American credibility. The MOU also undermines the peace process in which the US has been so heavily invested. That process rests on the foundation of a strong Israel backed by a committed United States.

In the near term, the MOU also complicates Israeli military planning against Iran's nuclear program – the only realistic means of thwarting it – and risks its most alarming consequence: a nuclear-armed Middle East.

A multipolar nuclear Middle East would be a strategic nightmare. As it has done in the past, Israel must seize every opportunity to prevent additional states in the region from acquiring nuclear weapons.

Against the backdrop of the worldwide unraveling of alliances, Israel must navigate its relationship with the US with great care. As a small country, Israel has no substitute for its partnership with the United States. It must redouble its efforts to sustain bipartisan support in Washington and maintain its standing among the broader American public.

Despite everything, Israel remains a critically important strategic asset – particularly in a region where the US has no other genuine friends that share its core values.

One can only hope that the US will overcome its isolationist impulses.

The writer is a senior researcher at the Jerusalem Institute for Strategy and Security and head of the department of strategy, diplomacy, and security at Shalom Academic Center.

# Let us not fool ourselves: Iran has not changed

• By ELIE KLUTSTEIN

One of the loudest chants at the mass funeral for Iran's slain supreme leader, Ali Khamenei – echoed by both the public and the leadership in Tehran – was "Death to the US."

Even Mohammad Ghalibaf, the head of Iran's negotiating team, vowed to avenge the leader's death, as did state media and the government's main intelligence office. Most notable were the calls to assassinate US President Donald Trump, accompanied by offers of a huge reward for whoever succeeds in this mission.

These calls contradict the way Trump depicts his current relations with the Islamic Republic's leadership. Several weeks ago, he claimed that it includes "good people," who are not as radical as their former colleagues, and that "we get along with them." He repeated this claim several times, as if trying to convince not only us but also himself.

Trump isn't naïve. Like every good salesman, he is trying to sell his deal and portray it as the best thing he could have achieved, despite the obstacles and challenges. He probably knows that Iran and its leaders have not suddenly become enlightened or turned into peace-loving fans of the US.

Quite the opposite. They are bloodthirsty and will wait for the opportune moment to seek revenge. Moreover, Trump probably also knows about the growing calls within the Iranian regime to preserve components of the "nuclear option" in order to deter any future attacks on the Islamic Republic.

One of Tehran's main news outlets, Fars – which usually serves as a mouthpiece for the IRGC – published a lengthy article only a few days ago calling for the preservation of Iran's nuclear ambitions as a guarantee against any attempt to topple the regime.

The American president, for his own reasons, is sticking to diplomacy again despite all the Iranian defiance. The White House is willing to pay what might seem like a reasonable price to calm global energy markets and to buy more time ahead of the midterm elections, while also getting through major events such as the 250th anniversary of the United States and the World Cup with relative ease.

Current polling in the United States, however, suggests that the deal with Iran doesn't improve the Republican position. The governing party usually suffers setbacks in the midterms, and there's no reason to believe it will be different this time.

This will only sharpen Trump's dilemma before the deal's 60-day deadline and will force the president to choose between increasingly narrow options that might not be to his liking. If the deadlock in the negotiations continues, his patience might even sooner.

Given that the best Trump can hope for now with the Iranians is an Obama-style deal, he might realize soon that his legacy is on the line. He may not get what he wants from Tehran, and he may also be seen as the president who dared to fight Iran but couldn't finish the job. In this case, he could face even fewer options than he had hoped for.

Either way, we must not fool ourselves. The Iranian leadership has not changed its goals or ideology, and the chants to kill Americans and Israelis are still what the public hears from its government. Once we realize this and know who we are dealing with, we may assess the situation in a more sober and rational manner.

The writer is a research fellow at The Misgav Institute for National Security.



# COMMENT

## Editorials

### History remembered: compass showing the path humanity must not stray from

Tuesday marks the 89th anniversary of the Lugou Bridge Incident, the start of Japan's full-scale invasion of China.

The weathered stone arches of the 834-year-old bridge stretching over the Yongding River in Beijing's southern suburb stand as an eternal witness to Japan's wartime brutality, yet that country's narrative of the incident continues to obscure and distort the facts.

Many Japanese textbooks offer ambiguous, blame-shifting descriptions of the incident, erasing the premeditated military provocation and painting the full-scale war as the result of "an accidental clash" between Japanese and Chinese troops.

This systematic distortion of history amounts to a blatant refusal to acknowledge Japan's wartime aggression — let alone accept responsibility for the suffering it inflicted upon its neighbors.

Declassified historical files irrefutably prove the incident was a carefully orchestrated military plot of Japan. Long before July 1937, political circles in Tokyo had prearranged a regional conflict to coincide with Japan's Tanabata Festival. A sharp military troop surge in North China further exposed Japan's aggressive intentions, as the Japanese forces in Beijing nearly tripled within four months in 1936, laying the groundwork for the deliberate provocation of conflict.

Japan's distortion of wartime truth extends far beyond the incident. Channel NewsAsia's recent investigative documentary series on Japan's infamous Unit 731 presented the long-concealed atrocities of Japan's state-run biological warfare program to the world.

An archival book, *Black Box: Unit 731*, published on Sunday in Harbin, Heilongjiang province, where the notorious unit was based from 1936 to 1945, further unveils solid documentary evidence of the unit's systematic wartime crimes and how Unit 731 personnel traded experimental data for postwar immunity, escaping all judicial punishment to occupy elite social positions.

The Chinese people harbor indelible memories of the suffering caused by the war. However, their remembering of this period of history is not to perpetuate hatred, but to draw lessons from the past to cherish and safeguard peace.

History rarely repeats itself exactly, but, as has

been said, it often rhymes. All countries in the region must remain highly vigilant to the emergence of neo-militarism in Japan today.

Eighty-one years ago, the Chinese people thoroughly defeated the Japanese militarist aggressors. Under the banner of the national united front against Japanese aggression established at the initiative of the Communist Party of China, the nation stood up to fight the Japanese invaders with an iron will.

This victory was a vital part of the World Anti-Fascist War, with China's immense sacrifices — over 35 million casualties — underpinning the defense of human civilization and global peace.

The Lugou Bridge Incident and other Japanese war crimes against the Chinese people are recalled to honor fallen heroes, cherish peace, create a better future and prevent the right-wing forces of Japan from rewriting history.

History cautions that humanity rises and falls together. Only when all nations treat each other as equals, coexist in peace and support each other can we uphold common security, eradicate the root cause of war and prevent the recurrence of historical tragedies.

The Chinese people's victory against Japanese invaders 81 years ago was a historic turning point for the Chinese nation, which emerged from the grave crises of those times to embark on the journey toward its great rejuvenation.

The Chinese People's War of Resistance Against Japanese Aggression (1931-45) shows that might may rule the moment, but right prevails forever.

Chinese modernization follows the path of peaceful development. The country always stands on the right side of history, unwavering in its commitment to uphold justice and peace.

War is a mirror. It shows us the true value of peace. Although peace and development are the trends of the day, the world is far from peaceful. The sword of Damocles still hangs overhead. All countries should learn from history and devote themselves to peaceful coexistence.

Prejudice, hatred and war bring only suffering; respect, equality and shared prosperity are the right path.

### Old playbook makes NATO destabilizer

As the two-day North Atlantic Treaty Organization summit starts in Ankara, Turkey, on Tuesday, the internal fractures within the transatlantic alliance are already apparent. Just days prior to the summit, US President Donald Trump took to social media to describe the relationship between the United States and the other NATO members as "ridiculous" and "not reciprocal".

His repeated complaints of the US NATO allies free-riding on defense issues and his threats to reconsider the US' security commitments have cast a shadow of uncertainty over a summit that was supposed to showcase unity.

At last year's summit in The Hague, almost all member states — under US pressure — agreed to increase defense spending to 5 percent of GDP by 2035; a military spending goal unprecedented since the Cold War. Under the agreement, 3.5 percent would be spent on "core defense" and 1.5 percent on security-related initiatives. The Ankara summit will supposedly review the implementation of this commitment.

Many NATO member states have acknowledged that they face significant challenges achieving the 5 percent goal due to problems with funding allocation and fiscal sustainability. Spain has opted out of the spending goal, while Italy plans to take a detour by reclassifying a mega bridge project as defense expenditure to meet NATO's spending target. The Ankara summit, therefore, is expected to face severe tests in terms of making any progress related to the defense spending plan.

Adding to the rift between the US and other NATO members is Trump's expressed disappointment with some NATO allies' refusal to support the US in the military campaign it launched with Israel against Iran.

Analysts have noted that the US wants Europe to contribute more financially and follow its instructions. Europe, while aiming to keep the US engaged in the NATO framework, seeks autonomous decision-making for its own benefit. These diverging demands are making it difficult to bridge the rifts in the alliance, leaving the summit's prospects fraught with uncertainty.

Despite the internal challenges, in a move to

show the bloc's vitality, NATO Secretary General Mark Rutte has extended formal invitations to the defense ministers of the alliance's four "Indo-Pacific" partners — Japan, the Republic of Korea, Australia and New Zealand — to join summit-related events in Ankara. The move underscores NATO's deepening engagement with the region, raising serious concerns about the potential consequences for Asia-Pacific stability.

NATO claims that the "Indo-Pacific" is important for the alliance, given that developments in that region can directly affect Euro-Atlantic security. This approach will only further complicate the security situation in the Asia-Pacific. Regional countries can manage their own affairs using their own wisdom and methods without external intervention. The involvement of NATO will only make the security situation in the region more unpredictable.

In the process, the Sanae Takaichi government of Japan has disgracefully flirted with NATO and facilitated its entry into the region, using the alliance as a vehicle to fast-track Japan's remilitarization and to enhance Japan's profile as the US' linchpin bridging its Asia-Pacific and transatlantic military architectures.

NATO should be wary of serving as a stepping stone for Japan's neo-militarists. It is time for the bloc to reflect on its own behavior and abandon the flimsy pretexts for its eastward expansion.

Today's world is not that of NATO's founding. Resorting to old playbooks to survive is not just anachronistic — it is dangerous.

If NATO were truly committed to peace and stability, it would embrace common, comprehensive, cooperative and sustainable security — not the narrow, exclusive security it peddles for one of its members.

The alliance should respect the sovereignty and territorial integrity of all nations. Military, technological and economic prowess does not equal moral ascendancy.

Unless NATO learns to recognize the importance of noninterference, mutual respect and diverse development paths as pillars of security, it will remain trapped in Cold War thinking, unilateralism and bloc rivalry — a war machine forever trading others' security for its own.

Luo Jie

CHINA DAILY



## Opinion Line

### Beautiful game's ugly truth: FIFA's red card 'suspension'

When Folarin Balogun's name is read out before the match between the United States and Belgium in the Round of 16 of the 2026 FIFA World Cup on Monday, US time, at Lumen Field in Seattle, it might be greeted with loud boos. Not because spectators doubt his talent — he has got three goals in three matches so far — but because they doubt the process that led to his one-match red-card ban being suspended.

Football has always been forgiving when it comes to mistakes, but selective justice is another thing. FIFA's extraordinary decision to suspend Balogun's red-card ban after a reported intervention from US President Donald Trump has transformed a disciplinary controversy into an institutional embarrassment. FIFA insists it merely exercised discretion under Article 27 of its disciplinary code. Yet rules that bend due to the US president having a word in the ear of the president of football's governing body cease to look like rules; they become suggestions.

Belgium has every right to protest. It is not merely facing the US for a place in the last eight. It is facing an opponent given an exception unavailable to everyone else. The Royal Belgian Football Association's argument is simple: an automatic suspension is supposed to be automatic. If a red card can suddenly become negotiable, every future disciplinary decision becomes a political campaign rather

than a legal process.

Football's greatest strength was always its promise that 90 minutes flatten hierarchy. The whistle recognized neither passport nor president. Until now. But, one telephone call appears to have achieved what appeals panels, coaches and lawyers could not. The optics are ruinous. An organization that endlessly lectures the world about protecting football from political interference has seemingly become remarkably accommodating when the interference comes from the White House.

This is not an isolated symptom. The tournament itself is beginning to look like an entertainment product optimized for business executives rather than football supporters.

Nothing demonstrates this absurdity better than the technology. The ball now contains a chip so exquisitely sensitive that a strand of hair can apparently trigger forensic reviews lasting several minutes. Every microscopic contact is analyzed with scientific obsession. Yet the same competition demonstrates extraordinary flexibility when applying its disciplinary code. Precision for pixels; elasticity for principles.

Then come the hydration breaks. Officially they exist for players' welfare. Conveniently, they also create perfectly packaged advertising windows worth millions. Football pauses not because exhausted mid-

fielders demand it, but because broadcasters do. FIFA does.

Spare us also the FIFA president's spin that the extra ad revenue goes to the broadcasters. We weren't born yesterday. Everyone knows FIFA is also raking it in.

FIFA demands microscopic consistency from referees but offers macroscopic discretion to itself. Integrity has become disposable. Money and politics have squeezed something precious out of this World Cup: football's soul.

FIFA's inability to prevent the Iranian team from being subjected to unfair treatment and intense political pressure during this World Cup reinforced the uncomfortable impression that the organization's celebrated neutrality functions selectively. Principles seem robust when convenient and negotiable when inconvenient.

Balogun himself should not become the villain. Players accept the decisions placed before them. The real issue sits far above the dressing room.

When the Seattle crowd reacts to his name before kick-off, those boos — if they come — will not be aimed at the talented striker. They will be directed at an institution that has managed the remarkable feat of making the world's most popular sport look smaller than the politics surrounding it. That is a far more damaging own goal than any red card could ever be.

— LI YANG, CHINA DAILY

## What They Say

### Time-sharing would help expand 'last mile' AI usage

**Editor's note:** China is rapidly expanding the use of artificial intelligence technology in the manufacturing sector. Yang Chao, director of the second research office of the department of innovative development, which is under the Development Research Center of the State Council, spoke to China Economic Times about how the country can harness the potential of AI for the benefit of the sector and the broader economy. Below are excerpts of the interview. The views don't necessarily represent those of China Daily.

To cover the "last mile" of intelligent transformation, it is necessary to help micro, small and medium-sized enterprises use AI through an approach that is lightweight and inclusive.

Governments should take the lead in providing public AI services in industrial parks so that micro, small and medium-sized enterprises operating in the parks can rent the services according to their needs. This will not only enable the enterprises to share the services but also the cost of the services.

Innovative financial solutions, such as equipment leasing, can be adopted to rent out AI equipment on a monthly basis so that companies don't have to spend large sums of money to purchase equipment.

China's AI industry has abundant application scenarios. The country contributes approximately 30 percent of the world's manufacturing growth, and has numerous industrial scenarios, including factory quality inspection, intelligent scheduling, flexible production lines and predictive equipment maintenance. These

scenarios form a complete loop for data iteration and feedback.

Moreover, China has a large consumer base, including a large number of AI users. This helps create a robust data flywheel that enables the continuous improvement of domestic models.

China's AI industry offers highly cost-effective services. Domestic large models are attracting developers and users worldwide, as their API calls cost only a small fraction of the fees charged by leading overseas products.

For the AI industry to continue to flourish, innovation, application and security compliance are essential. China has swiftly developed its legal and policy framework for AI governance, including interim measures adopted in 2023 to manage generative AI services, the Cybersecurity Law, which was revised in 2025, and the guidelines issued in May this year to regulate the use of AI agents and facilitate their innovation.

Nevertheless, the following measures are needed to fully unlock the potential of the country's AI indus-

try. There should be a classified and tiered supervision system. The registration process should be streamlined for low-risk AI applications that are only used internally by enterprises.

At the same time, strict measures should be taken to ensure data security for enterprises using these applications and access management should be improved.

For high-stakes scenarios such as critical infrastructure, there should be stringent protocols, such as security assessments, red team testing, permission isolation and final reviews conducted by humans.

Enterprises' compliance costs should be substantially reduced. Efforts should be stepped up to develop a system of market-oriented, third-party compliance services and facilitate mutual recognition of certification results.

AI application scenarios should be expanded to create more opportunities for the application of AI technology. Prudent and inclusive regulatory sandboxes should be promoted.

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# VIEWS



China and the World Roundtable | Uncovering the Truth behind Japan's Historical Distortions

**Editor's Note:** Certain forces on China's Taiwan island have been distorting history for their selfish gains, downplaying the atrocities committed by Japan during its colonial rule there and advocating so-called friendship with Tokyo. On May 27, the Taiwan research center of the Institute of Modern History, Chinese Academy of Social Sciences, held a seminar to expose these falsehoods. Three experts share their views, as reported by China Daily's Li Huijuan.

## Japan's colonial rule a dark chapter of Taiwan island

### Japan's centuries-long scheme reveals expansionist ambition

Studying colonial history is not about stirring up hatred, but about uncovering the truth; not about dwelling in the past but about safeguarding the future. Japan's long history of coveting China's Taiwan island, and the military suppression, political control, economic plunder, cultural assimilation and destruction it engaged in during its occupation of the island expose the manipulative lie of so-called "friendship" between the island and Tokyo, as touted by the island's separatist forces.



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Japan's 50-year occupation of Taiwan was not merely an outcome of the 1895 Treaty of Shimonoseki, but the culmination of Japan's long-standing expansionist strategy, a strategy that dates back to the late 16th century when feudal lord Hideyoshi Toyotomi, who unified Japan, envisioned using the Korean Peninsula as a springboard to conquer China and dominate East Asia. This aggressive vision laid the groundwork for Japan's continental policy, and remained the underlying logic of sustaining national development through military expansion well into the Meiji era.

Japan's southward expansion began with the Ryukyu Islands. In 1609, Japan's feudal domain of Satsuma invaded Ryukyu, capturing it and forcing it into vassalage and tribute. Over the ensuing nearly 300 years, Ryukyu maintained its tributary relationship with China, while being compelled to accept Satsuma's domination and heavy tribute obligations.

After the Meiji Restoration of 1868 — which returned Japan to direct imperial rule under the Emperor — Japan's national strength swelled rapidly, accelerating its expansionist efforts. In 1879, Japan dispatched troops and officials to incorporate Ryukyu into its territory, the centuries-old Ryukyu Kingdom collapsed.

During its annexation of Ryukyu, Japan also set its sights on Taiwan island. In 1871, Ryukyuan fishermen were caught in a storm and landed in Taiwan, where clashes with local indigenous communities led to casualties. Japan exploited the incident, framing it as an "assault on Japanese nationals" and launching a punitive expedition in 1874.

Although Japan withdrew under diplomatic pressure from the Qing (1644-1911) government of China and international criticism, the operation helped it achieve key strategic objectives: testing the Qing government's coastal defense capabilities and diplomatic red lines, fabricating the false logic that Ryukyuan were Japanese nationals, conducting a combat rehearsal for future southward expansion, and gaining crucial experience for larger-scale aggression.

In 1894, Japan instigated the First Sino-Japanese War and in the following year compelled the defeated Qing government to sign the unequal Treaty of Shimonoseki, ceding the entire island of Taiwan and its affiliated Penghu Islands to it, marking the beginning of a 50-year-long bloody colonial rule.

Japan's colonial rule over the island was characterized by brutal suppression of civil uprisings and large-scale massacres. Taiwan island residents were denied the right to stand for election or vote, economically exploited, and subjected to cultural

assimilation efforts aimed at erasing their history and national identity. Under the autocratic rule of the governor-general and a police-dominated administration, they lived in an isolated, surveilled and brutally oppressive giant prison. During World War II, many Taiwan compatriots were conscripted and sent to the battlefield. Therefore, any rhetoric that glorifies Japanese colonial rule, downplays the massacres, or distorts history betrays historical truth and desecrates civilization.

### Colonizers plundered rather than modernized island

"Taiwan independence" separatists peddle the theory that the island saw modernization during Japanese colonial rule, while overlooking Japan's invasion and exploitation, even venerating colonial figures such as Yoichi Hatta.

However, this so-called "modernization" was essentially continued colonization of the island.

Instead, the island's modernization began under the late Qing Dynasty (1644-1911), with progress in sectors such as transport and industry, including railways, steamships, telegraphy, postal services and coal mining.

When Japan occupied the island, Taiwan already had a stronger economy under the late Qing Dynasty compared with Japan in the early days of the Meiji Restoration. Therefore, it is misleading to attribute Taiwan's growth solely to Japanese colonization.

The so-called colonial modernization



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was, in reality, Japan's exploitation of Taiwan's resources and people.

The colonial authorities seized large tracts of newly cultivated or ambiguously titled land, stripping local farmers of their land on dubious pretexts and transferring it to Japanese enterprises.

By the time of the island's restoration, more than six million of its residents held less than 30 percent of the land, with the rest being held by the Japanese.

Since the early 20th century, Taiwan's sugar production was largely shipped to Japan, with *zaibatsu*, such as Mitsui and Mitsubishi, monopolizing the island's modern sugar industry. Sugarcane farmers were stripped of any say in the cultivation and pricing of the crop.

Although rice production increased, it was mostly exported to Japan at low prices, forcing Taiwan people to turn to sweet potatoes. Emerging industrial sectors such as electricity and chemicals were also dominated by Japanese capital, which funneled substantial profits back to Japan, investing them in other industries and even overseas expansion.

The island's foreign trade was also controlled, with agricultural products and raw materials largely exported to Japan. In return, the Chinese island imported expensive fertilizers from Japan.

Following its full-scale invasion of China in 1937, Japan imposed a wartime regime on Taiwan, further exploiting its manpower, finances, trade, and agriculture. Farmers were allowed to keep only minimal grain for subsistence, with the rest requisitioned. Being tied to Japan's war chariot, Taiwan suffered heavy bombing by the US military during late World War II, which severely damaged its farmland, factories and other infrastructure.

Taiwan's postwar economic difficulties, including food shortages and unemployment, were direct results of Japanese colo-

nia rule.

Japanese colonization left the Chinese island's economy structurally deficient. The colonial authorities integrated Taiwan into Japan's economic sphere through unified tariffs, currency and other measures.

By 1939, Taiwan's foreign trade was almost entirely dependent on Japan and its occupied territories.

Before the 1930s, Tokyo treated Taiwan primarily as an agricultural base, with industrialization limited to food industries such as rice and sugar. After the 1930s, industrialization was promoted to meet wartime needs, focusing on fertilizers, cement, aluminum, papermaking, and shipbuilding, but the industrial structure remained unbalanced.

During Japan's colonial rule, Taiwan residents were excluded from senior management roles in government and business.

Indigenous Taiwan capital was restricted to traditional sectors such as agriculture and small-scale crafts, while being barred from modern manufacturing, thus suppressing local investors. Local workers earned less than half of what Japanese workers in Taiwan did, and even their wage growth lagged significantly behind increases in labor productivity.

All of this proves that the claim that "Japan modernized Taiwan" is a complete fallacy.

### Tours reveal misery under Japanese rule

After Japan seized the Chinese island of Taiwan, people on the Chinese mainland had gradually realized Japan's colonial oppression in Taiwan. In response to Japan's propaganda about its "achievements", tours of prominent figures such as Sun Yat-sen, Zhang Taiyan, and Liang Qichao to the island had exposed how

Japan's colonial rule there was far from the "success" it was being made out to be.

Zhang Taiyan, a philosopher who visited the island in late 1898, refuted the Japanese claim that the occupation of Taiwan was "divinely ordained" and resisted the sycophantic trend of ennobling the colonizers.

His criticism on issues such as heavy taxation, electoral injustice and educational inequality reveals the harsh reality of colonial rule. Similarly, Liang Qichao, a prominent Chinese thinker, offered incisive critiques in letters during his 1911 visit from Japan to the island of Taiwan. His observations profoundly influenced and encouraged Taiwan compatriots to resist oppressive rule.

While in Japan, Liang had come across newspaper and magazine commentaries praising Japanese rule in Taiwan, while friends he had from the island painted a starkly different picture.

People on the Chinese mainland, too, were curious to know the actual situation across the Strait. This prompted Liang to travel to the island and investigate.

Upon arrival, Liang was warmly received by the islanders, which convinced him that they still cherished deep sentiments for the motherland. He observed that Japan deliberately restricted access from the Chinese mainland to Taiwan.

Also, contrary to Tokyo's claims, his investigation revealed that the island people had suffered immensely under Japanese domination.

In his fourth and fifth letters, Liang expressed great disappointment about the claims of development made about the island — while certain so-called modern administrative facilities on the island were not uncommon elsewhere in the world, Japan engaged in rampant economic exploitation and educational discrimination on the island.

Beneath the ostensibly "orderly" society on the island, Liang observed the profound suffering of its people. His poems reveal how Japanese colonial authorities expropriated farmers' land, selling it to Japanese sugar companies and leaving the dispossessed farmers to starve in winter. Others had no choice but to sell themselves into labor.

Liang's observations also highlighted discrimination in the field of education, with quality education being reserved for Japanese children, while children from Taiwan island were relegated to inferior schools with limited curricula.

Liang's worry — about Taiwan residents losing a sense of belonging to the motherland as the colonialists suppressed the Chinese language and his compatriots being rendered illiterate — is foreseeable.

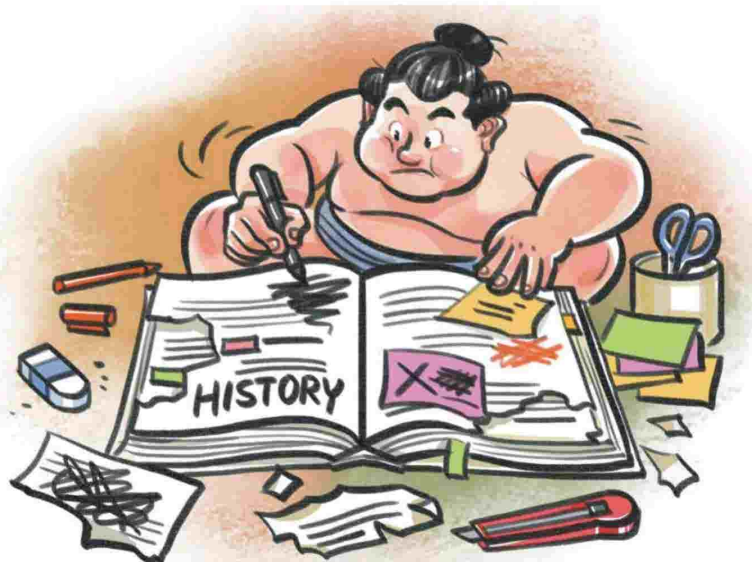
Just as revealing is Japan's import policy and its effect on prices on the island. According to Liang, Japan's severing of Taiwan's economic ties with the Chinese mainland led to increased prices and a higher cost of living on the island.

Nearly all daily necessities, from straw sandals to noodles, were imported from Japan but sold at much higher prices in Taiwan. The colonizers' arbitrary pricing resulted in price hikes that far outpaced wage growth, leaving the people economically crushed and with no way out of colonial oppression.

The views don't necessarily reflect those of China Daily.



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## How I keep my date with strolls even on hot and sunny afternoons



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While the central government is concentrating on curbing desertification, local governments are leaving no stone unturned to plant trees, bushes and grass on bare land.

As summer temperatures keep rising across China, meteorologists have been warning people not to venture out into the afternoon sun to avoid getting sunburns or, worse, suffering heatstroke.

However, I, a retired man who loves taking a stroll now and then, have mostly laughed away such warnings and have been keeping my date with walks three times a day.

I venture out not because I am immune to hazards from the heat but because of the trees lining both sides of the street bordering the four edges of my apartment complex. Of the four roads, 1,000 meters long in total, two are under the cover of paulownia trees, one shaded by locust trees and the fourth is lined with lilac, cherry and crab apple flowers. Taking an afternoon stroll under the shade of those trees has always been a pleasant experience for me.

Planting trees alongside streets seems to have become a priority of municipal authorities planning cities in China.

For thousands of years, wood and grass

have either been burned as fuel or used as animal feed across China, depriving many regions of greenery. By the 1970s, desertification had escalated to such an extent that sandstorms were a regular feature in northern China, with more than a dozen being reported every year.

It was against this backdrop that the central government decided to take nationwide greening actions.

The Three-North Shelterbelt Forest Program — called Sanbei Gongcheng in Chinese — was launched across around 46.7 percent of the country's land area. The more than 70-year-long project — which started in 1978 and will go on until 2050 in northeast, northern and northwestern China — has increased the area's forest cover from 5 percent in the late 1970s to 14 percent now.

Billions of trees have been planted and desertification has largely been checked. Beijing, for instance, now experiences only two or three sandstorms each year as compared to more than a dozen a year 30 years ago. In fact, studies suggest that the few

sandstorms sweeping northern China in recent years originated not in China but in neighboring countries.

While the central government is concentrating on curbing desertification, local governments are leaving no stone unturned to plant trees, bushes and grass on bare land. For city planners, sidewalks are ideal spaces for planting trees. Having visited a few dozen countries, I have the feeling there are more trees on the sidewalks of Chinese cities than in many developed countries.

To confirm the same, I checked online data only to conclude that it is not available in a comparable form. I was just about able to confirm that the forest coverage of Beijing was 44.95 percent in 2024, while New York City's tree canopy cover stood at 23.4 percent (as of 2021) according to the NYC Urban Forest Plan. As a Beijing resident who has visited New York several times, I feel this comparison is reliable.

That is reason enough for us to give a thumbs-up to the local governments that have been carrying out tree planting pro-

grams in the Sanbei areas over the past 50 years. I doubt there is another government in the world that has the vision and courage to launch such a long and costly project in an area nearly half the size of Europe.

Planting trees is just the first step in the goal of growing trees on sidewalks. During my uneventful walks around my block over the past few years, I have seen trucks with water tanks watering the trees and bushes, gardeners trimming the trees, and workers wrapping up tree trunks to help the plants survive harsh winters.

I also saw workers paving the sidewalks every two or three years to get rid of roots that were cracking the pavement. I understand that lots of money must have been spent on keeping the trees healthy and our sidewalks smooth.

Such investments may not lead to any "grand achievements" that help some politicians get more votes. But the efforts certainly provide us citizens with a better living environment, enabling us to take a stroll even on a hot mid-summer day.