

# Stand Firm on Good Governance Norms

First ensure it is possible to enforce them

It is welcome that the government did not back down on the decision to switch over to tougher emission norms codified as Bharat Stage IV (BS-IV) for automobiles. This changeover was announced years ago and industry had plenty of time to switch production lines and be compliant by the deadline. If it thought it could game the system and blackmail the government with tales of inventory build-up that would be a dead loss, it thought wrong. This is all to the good. When the time comes for the automobile industry to switch over to BS-VI, on April 1, 2020, industry will know that the goalpost would not shift and will be ready with compliant vehicles probably ahead of schedule. A similar stand has been taken for tighter emission norms for power plants as well.

For too long, the Indian approach has been to frame laws and observe them more in the breach than otherwise. For long, governments have succumbed to threatened shocks to the system, such as a spurt in unemployment and opted to let implementation slide. That governments, central and state, are moving away from that model is welcome news. To set norms to ensure health, address environmental concerns, protect workers, etc, is good for all stakeholders — those who work in these sectors, the general public, and for the sector as well. Often, tighter norms pave the way for innovation to improve processes. The government is supposed to be the one place where the interests of all groups are addressed. Laws and regulations are an instrument that ensures the well-being of diverse stakeholders. Fear of a backlash from one section should not lead the government to compromise the interest of others.

However, it is important for the norms that are to be enforced to be evolved after consultation and negotiation with all stakeholders, that there should be reasonable time for transition. Besides, the governance structure needed to enable the transition must be put in place. If qualified food inspectors must certify all food sold, for example, a large enough army of food inspectors must be ensured before that norm is enforced.



# Poor Infrastructure Hobbles Digital India

The government's vision of making use of internet-enabled services straddling governance, commerce, education, healthcare and finance is laudable. However, to ride on IT, robust infrastructure is a must, namely, telecom connectivity (read: ubiquitous, high-speed broadband) and stable power supply. Given that mobile phone will be a prime mode to move to a digital economy, the government must make available more and cheaper spectrum for mobile use. The need is to ensure that there is no disconnect between goal and policies. Government agencies must implicitly follow the procedures to make the transition to online services smooth for every citizen.

Take the simple case of e-filing of a complaint of loss of a person's passport to the police. Often, servers crash, and hapless citizens are unable to file their complaint online, mandatory in a place like Delhi. The police blame technology, but lag in filing an FIR delays the process of applying for a duplicate passport. This is unacceptable. Similarly, certificates issued by the government are to be stored in individual digital lockers and a communication protocol is to be established for government departments to access them. So, servers must work. Studies have reportedly shown there is potential for a reduction in the usability of government online services due to factors such as access to internet and usability of services. The need is to fix the glitches, not dispense with technology that brings in transparency and efficiency in public service delivery.

Often, implementation falters due to poor coordination between different government agencies. Digital India is not just about ambitious plans and technical wizardry. The citizen should not suffer because the infrastructure — physical or administrative — is not in place.

When it comes to cloud-sourcing — and naming — the sky's the limit

# Every Cloud has a Silver Lining

It would not be an exaggeration to say that the world depends on clouds more often than ever before, in one form or another. So, it does not suffice any more to think of those wispy or voluminous entities as simply vaporous curds. People now need specific names. School geography lessons did mention cirrus and cumulonimbus clouds but, just like in many other spheres, there is now a demand for diversity. As each cloud sub-genre must find its place in the sun, it is not at all surprising that the World Meteorological Organisation's International Cloud Atlas — a niche publication, if there ever was one — has added 12 new varieties in its latest edition. That the venerable compendium was prompted to expand its lexicon after being deluged with requests from cloud-watching enthusiasts, points to the reaffirmation of a pastime that surely began with the dawn of human consciousness.

Clearly, it's not only new types of, say, geckos — like the one recently discovered and named hemidactylus chipkali after the Hindi word for reptile — that are engaging eagle-eyed aficionados. Suddenly, the sky is not the limit but the remit. If tail-like, wall-like, wave-like and wildfire-induced clouds can be invested with suitably sombre Latin nomenclatures, cloud-spotting can be as rewarding as stargazing, without the need for telescopes.

**STATE OF PLAY** As the PM gets set to shift gears from a domestic agenda, whither G20?

# All the World's at That Stage



**Pranab Dhal Samanta**

The world's most powerful club is at the crossroads today. The Group of 20 (G20), which was reinvented to replace the G8 as a response to the economic crisis of the last decade, isn't sure if its principal patron, the US, wants to bet on it any further. At the same time, member countries like India are in an equal quandary not knowing which way to invest their political energies to globally leverage an otherwise stable domestic environment for greater economic benefit.

The flux became official at the G20 finance ministers' meet at Baden-Baden, Germany, in March ahead of the Hamburg Summit in July, where the US withdrew from the long-standing standard for formulation against protectionism. This was also reflected in the 2016 Hangzhou G20 communiqué. "We will work harder to build an open world economy, reject protectionism, promote global trade and investment, including through further strengthening the multilateral trading system..."

This was reformulated at Baden-Baden to a language amenable to the new US administration to somehow save the day. "(Countries) are working to strengthen the contribution of trade to their economies." Hosts Germany, along with other key stakeholders, are working overtime to achieve a more forward-looking position, at least closer to what the grouping has historically held on protectionism, at the Hamburg Summit in June. India is a key cog in this machine.

The Indian official line unequivocally rejects protectionism, identifying an open world economy as a necessary condition for future economic growth. However, New Delhi has its own set of concerns with European countries trying to push the climate change and green-financing agenda down the G20 route.

Here, US President Donald Trump's strong position against climate change is of help. It can make the broader point that G20 is not the appropriate forum to deliberate this issue.

Similarly, India is against the idea to get all G20 members to sign up to the OECD code on capital flows. But at the same time, it strongly backs the grouping's effort on tax transparency based on the principle that a company must pay tax at the place where the earning is made.

## I, Too, Have a Dream

On the face of it, this may appear like a mixed bag. But India has immensely benefited from joining the G20. The first-row seat meant greater influence in shaping a new architecture of economic governance. The nature of post-crisis cooperation among central banks has seen RBI achieve better visibility on the global plane besides bringing the Indian perspective to the high table.

Yet, political realities of the day have to be taken into account. The White House has just ordered a study to investigate the countries with which it has a trade deficit. India is on the list with a surplus of about \$30 billion. This is a clear extension of the reasoning that reversed the US position against protectionism at G20.

So, if the 2007-08 crisis forced the world to take a relook at the way it ran its finances, the political undercurrents of 2017-18 are forcing the country to re-examine their political priorities, utility of existing power structures and, more importantly, explore elements of a new order.



And a little pre-summit meet on global free trade

For all the uncertainty at play, such transformation can never be that dramatic largely due to the complex arrangements and transactions that have come to define the global economic conversation.

India will, from what we hear, back itself to prove to its American interlocutors that the deficit numbers cloak other realities that are full of opportunity. How? Take the pharma sector, where Indian exports to the US are quite high. The Indian argument is that its companies bring cheaper drugs into the market, a dire public need in the US. The Trump administration, from an Indian standpoint, should see a win-win situation in this and restructure priorities accordingly.

So, what we are essentially seeing is the unthreading of old stitches in order to explore new patterns, new possibilities. A shift was self-evident ever since the change at White House. But it's the nature of this change that's going to play out over the next couple of months leading up to the G20 Summit.

Will the grouping remain a relevant instrument for Trump? Or would the new mosaic be shaped by separate

bilateral deals? What kind of future would a grouping like this have if it fails to reject protectionism? This is a pivotal point for India with much of its future strategy dependent on the kind of bilateral play it's able to get with the US. Which is why Prime Minister Narendra Modi is all set to shift gears from his domestic focus.

## Globe on the Trot

Over the next couple of months, efforts are on to get him to visit the US to meet Trump before the G20. He will visit Germany twice. To Russia for the Saint Petersburg economic forum where he is the guest of honour. China has already made its move with President Xi Jinping set to be in the US this week for his first meeting with Trump.

In other words, the season for high-stakes diplomacy to realign the new power-economic order has begun. A sort of a countdown to what will happen with, and in, G20 on July 7. Either way, the test for India is to find a way and be on the high table when the big calls are made.

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## WIT & WISDOM

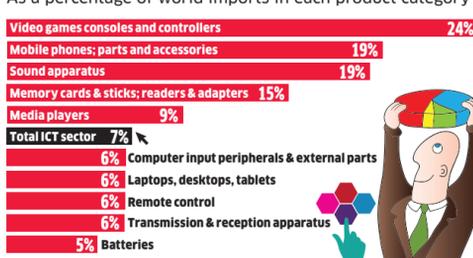
"A dog teaches a boy fidelity, perseverance, and to turn around three times before lying down."

Robert Benchley  
Humorist

## Trade: Share of Fake ICT Goods

Counterfeit ICT products accounted for as much as \$143 billion, or 6.5%, in world trade in 2013. Video game consoles and controllers were the most common counterfeit ICT products...

**Share of counterfeit goods in world trade, 2013**  
As a percentage of world imports in each product category



ICT: Information and communication technology  
The above figures should be interpreted as follows: in 2013, 6.5% of world trade in ICT products was in fake goods; 18.8% of globally traded mobile phones were fake, etc

## CAMERADERIE



No, sir, I'm younger than you, my reincarnations notwithstanding.

## ELECTORAL FUNDING

# Break Rotten Pipelines



**Anjana Menon**

India has attempted to overhaul election funding by allowing unlimited anonymous corporate backing for political parties through election bonds. At its best, it will allow most companies to legitimise political funding. But at its worst, it will open the floodgates for scandal.

For the government to truly introduce transformational reforms, a multi-contributed public funding is the only way forward.

For 70 years now, India's elections have proved its democratic mettle. They have also been the wasteland for graft and rent-seeking. Wealthy individuals, companies big and small have been hounded by political parties into shovelling cash to them. All this is on top of the corporate machinery that's called into play from jets to jamborees.

Several companies, wearied by the curtain call of different actors in power, have already established electoral trusts. These trusts distribute money to the top national and state parties. At the state level, money goes to politicians in regions that companies have business interests in.

The playbook is an easy read. In a country where labyrinthine rules can be flexed to trouble businesses, election funding is a safeguard. It's a small guarantee against undue harassment, and a big opportunity for government contracts, subsidies and preferential credit.

Trouble is, while the plan for formalising funding offers kosher money accountability for companies, it does nothing to stop the business-politician nexus. And as long as that nexus exists,

there will be scandals. Brazil is a classic proxy. It shares with India the 79th position on Transparency International's Corruption Perception Index. A study, 'The Spoils of Victory: Campaign Donations and Government Contracts in Brazil' (The Journal of Politics, April 2014, goo.gl/fiqCN3), by Taylor C Boas of Boston University, F Daniel Hidalgo of MIT and Neal P Richardson of the University of California, Berkeley, looked into campaign donations in the 2006 Brazil elections. It revealed that companies got back 8.5 times the value of their donations from parties once they came to power, mostly in public works contracts.

Brazil banned companies from making political donations in 2015. The country's top court made the ruling after it found that businesses that benefited from contracts with Petrobras, the state oil company, gave millions in campaign donations to the ruling party.

There are several countries that have banned campaign funding to improve the credibility of elections. Norway is a classic example where the majority of the political funding is done by the government.

By lifting limits for funding and retaining anonymity, the Indian government is opening up a window to be under the spotlight, even for legitimately granted allowances to businesses. It's a wobbly plank to stand on as the 2019 general election looms. Instead, by setting up a government fund, with money from willing citizens, companies, foundations and the exchequer, there is better chance of a clean-up.

A government political fund can then disburse the money depending on the number of seats a party is contesting, its track record of development in states in which it is governing, and its size. For parties in power, this would also shift the discourse to development politics rather than caste and religion.

The Election Commission will have to recalibrate the spending limit for candidates and make it in line with actual spends, rather than dumbed down idealistic numbers currently in play. Combine that with Prime Minister Narendra Modi's idea of wanting to have both state and general elections at one go — which would also lessen the cost of campaigning in the country — it's a worth a shot.

This doesn't mean that unaccounted cash would be wiped out of election funding. Far from it. As long as India continues to be a cash economy that will be a hard one to get rid of. Still, a government-disbursed fund could be the start to breaking linkages between policy decisions and corporate patronage.

Unless governments break the nexus between politicians and business, the rich will get richer and the powerful will have more. In India, that scenario runs the risk of derailing the government's agenda of 'Sabka saath, sabka vikas' (With everyone, progress for all).



Since you may have issues with EVMs...

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## Citings

# Back to the Future

**KARL LULRICH**

Bicycle use in China had been in steady decline since the 1990s. Indeed, the aspiration of most city-dwelling Chinese has been to own a car, which has contributed to clogged streets and air pollution in first-tier cities. Remarkably, bike-sharing may spell the return of the bicycle in China...

Today, about 500,000 shared bikes are in use in Beijing, with similar penetration in other first-tier cities. At least five separate companies are vying for dominance. Users are crazy about the service. Traffic and subway lines are noticeably better. I've never seen adoption of a hardware-based service happen so quickly...

Bike-sharing in China is almost free. The charge is about 1 RMB (\$0.15) per hour (with various fixed plus variable pricing models for different services). Most trips are, of course, less than an hour, so a trip costs 15 cents for most users. By comparison, the subway in Beijing, cheap by global standards, is a minimum of 3 RMB (\$0.50) per trip.

Those I spoke to in Beijing, including venture capitalists who financed the businesses, claim there is no government subsidy (other than allowing the bikes to be parked on sidewalks and the maintenance and provision of bike lanes). But I think the economics actually pencils out. The bike earns about 7 RMB per day (\$1), so it only needs to be used for 30 days to cover the manufacturing cost.

From "Why Bicycles are Making a Huge Comeback in China"



the speaking tree

# Creative Forgiveness

**JANINA GOMES**

We need to find truth, love and forgiveness even in the midst of hatred, destruction and pride. Napoleon said, "What astonishes me most in this world is the inability of force to create anything. In the long run, the sword is always beaten by the spirit." In so saying, Napoleon touched upon an important principle of forgiveness. That forgiveness is creative and it springs from love. It is the ability to embrace the pain of injury to oneself, while extending one's hands in love.

Forgiving is not easy. The hurt that others inflict on us haunts us from the past and sullies our future. Unfortunately, we tend to identify forgiving with only forgetting. But by learning to live in the present, we will enable ourselves to embrace the pain of the infliction and heal ourselves as well as others.

Often, we let painful memories reinforce pain. There's so much negativity attached to the memory. To release the memory, Raymond Studzinski says, is to see the injuring party as a human person who, like oneself, lives in an imperfect world fraught with stress and conflict. Forgiveness is to accept what has happened as past and not as the final word on the other or oneself. That makes it creative.

Edward Guinan says, the heritage that martyrs, resisters and saints have left us is: "Love can and must be lived today, despite the pain and difficulty of life. Tomorrow will carry the tenderness and peace which we live now."

## Chat Room

# Lower PPF Rate Blunts Tax Sops

The reduction in small savings rates, especially the Public Provident Fund, is an appropriate example of what one hand giveth (read: tax benefits announced in the Budget), the other hand taketh away. This is fiscal brinkmanship, not fiscal management. Combined with the considerably low bank deposit rates and several price barriers to transact in banks, this constitutes a neat recipe for aggravating currency hoarding, financial exclusion and migration of savings from financial assets to physical assets. Ultimately, the lower-middle and middle classes, which, by default, are financially docile, illiterate and unsophisticated, are asphyxiated by these inimical measures, with no one caring.

**MR DAS**

Byemail

# Modi's Tactful Communication

Appropos 'How Modi Govt Managed to Solve the GST Puzzle' (Apr 3), it is a universal feature that tactful and timely interaction solves many a ticklish issue if one does not stand on prestige. A statesman is one

who chases non-partisan issues to the logical end. Non-partisan issues are easier to carry conviction and the opposition is bound to relent sooner than later. The fact is, the bureaucracy takes undue advantage of politicians' weaknesses. Weak political leadership is the source of inefficiencies and hitches in the system.

KUMADA  
Mumbai

# Liquor Will Go With the Flow

Appropos the Edit, 'Punish Drunk Drivers, Not Legal Business' (Apr 3), the Supreme Court order to ban liquor vendors on or in the vicinity of highways will fail to rein in drunken driving. Those on wheels will stock or buy by taking a detour and it will be fun as usual, risking their own and others' lives. Livelihood of businessmen engaged in restaurant-cum-bars will be ruined. It may lead to bottle licking and sale of spurious liquor injurious to health.

**CL SURI**

New Delhi

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