

# A Crucial Step to Get Economy Going

Engage the Opposition, amend the law fast

The Cabinet has done well to move on the bad loan burden of banks, which has been throttling credit growth. The core of the reform proposal reportedly is appointment by the Reserve Bank of India of an oversight committee that would shield bankers from individual accountability for decisions and also give directions to banks to take action against defaulters under the bankruptcy code. This makes sense. Restructuring of loans will involve banks taking significant haircuts in many cases, to clean up their books. Senior management involved in decision-making must have an assurance that such haircuts would not put them in the crosshairs of agencies such as the Central Bureau of Investigation and the Enforcement Directorate. No one wants to follow in the footsteps of the former chairman of IDBI Bank, whom the CBI arrested for the bank's loans to Kingfisher Airlines.

Any credit decision entails judgement of risk and all wrong calls are not mala fide. Similarly, all haircuts are not handouts to corporate bosses. So, when a committee of wise men determines the fairness of haircuts, it would take the pressure off individual bankers. The total stressed assets — gross non-performing assets and restructured standard advances — are estimated at a staggering ₹9.64 lakh crore as of December 2016. These bad loans must be resolved, directly by the banks or by asset reconstruction companies that buy them off the banks. The bankruptcy code and the resolution professionals it brings into being must be put to use. Cleaning up the banks' books would help ease credit flow to business and revive investment and growth.

Two additional points remain. Bankers' remuneration must change, to align with the performance of the assets they originate. This calls for short-, medium- and long-term variable pay to be a much larger chunk of their total remuneration, which itself should rise in line with what the market pays for such skills in other business segments. The second point is about the Ordinance route to the reform. The government should engage the Opposition to formally amend the law, ideally.

# Do Not Coddle Steel at Others' Expense

Given that the Indian steel sector is poised to be the world's second largest, with annual production over 100 MT and fast rising, National Steel Policy 2017 disappoints. With its calls for steep price preference, rigorous domestic procurement and needless certification formalities, it harks back to the days of autarky, when top-down planning and high tariffs invariably led to high-cost steel. This is so, notwithstanding some scope for flexibility in implementation. If India wants to be a manufacturing hub, of automobiles, for instance, what sense does it make to foist a pricey steel industry on the economy, whose competitiveness in the global market depends on its ability to source the least-cost inputs for its produce?

India does have real competitive advantages in steel and policy restrictions can well fritter them away. The policy objective is fine enough: to have a "technologically advanced and globally competitive steel industry". But the policy instruments proposed — such as artificially cheap iron ore, coking coal and fuel — would all actually discourage innovation in steelmaking and value addition. Japan and South Korea, which have neither domestic coal nor iron ore, produce some of the finest kinds of steel. India's policy must induce such innovation, not lull the industry into cosseted comfort.

Of the 6 MT of steel imports last fiscal, 5 MT were of flat products meant for the automobile sector. Besides, there are gains from trade that cannot be availed with a less open policy regime on steel. It would actually jack up domestic steel costs across the board. Hence the pressing need for imports and the threat of imports to policy-induce a globally competitive steel industry. Myopic policy and attendant rigidities in steel can cause more harm than good.

Opening eatery toilets will let the public spend a penny without spending any

# Kindly Note, Right of Emission Unreserved

It is well known that signs proclaiming "Right of Admission Reserved" at restaurants' entrances also carried the unspoken rider that the Right of Emission was also Reserved: no one but their paying customers were allowed to use washroom facilities. Now, the general public has been let loose on these coveted commodores in a part of the national capital thanks to an order passed by the South Delhi Municipal Corporation. And Benga-loo-ru — appropriately — is set to follow suit. Restaurants have a right to be a wee bit annoyed about non-customers "spending a penny" on their premises, without actually paying any, but then, Delhi is not the first city to think of this revo-loo-tionary idea. Many of London's boroughs launched schemes to incentivise shops and restaurants to open up their washroom facilities to the general public in order to boost loo levels before the 2010 Olympic Games. One local body even conceived of a 'SatLav' service so that people could home in on the nearest restaurant lavatory via their mobile phones. Tech-savvy smart cities in India should consider this idea.

Of course, as Indians have a way of getting round unpleasant regulations, restrooms may start disappearing from restaurants that are already peeved about other issues. "No service charge, then no discharge service either," they may say.

FOLK THEOREM #1 Plans are afoot to relegate India's top football club. Go figure!

# How to Crush Champions



Abheek Barman

On May 16, 1890, Captain Fred Gwatkin, Staff Officer on the British Chin-Lushai 'expedition' to fight wars in modern Mizoram and north Burma, wrote the following, "A post named Fort Aigal has been built in the vicinity of Lienpunga's village and is garrisoned by the Cachar Military Police."

He added that the building needed six months' worth of hard labour that troopers were willing to pitch for and hoped that his superior officers would take note.

They did. It was called Fort Aijal after that.

## Achieving Your Goal

Today, it is a vertical city called Aizawl, capital of Mizoram, hopelessly deprived of the flat cow fields and comforts that the plains of England or Bengal could afford. There are very few flat football grounds in Aizawl. One is next to the official residence of the chief minister. A few years ago, I stood there, waiting for an appointment, while footballs came zooming round my ears.

"These guys were really good," I thought to myself. "They should play for the country."

They were. On Sunday, Aizawl FC, a football team from Mizoram, made history by winning the I-League to become India's champions in the club format, the first team from India's northeast to do so.

In this 10-team format, Aizawl drew its final game against another team from the northeast, Shillong Lajong, from Meghalaya, to pull ahead of Kolkata giants Mohun Bagan by a solitary point and take the title. Football has a long history in this country. Mohun Bagan, the first 'local' club, was formed in 1889, defeated a British team in 1911 to win the football honours of the day. East Bengal and Mohammedan Sporting were born later, out of deadly events, including the awful horrors of Partition.

To illustrate the magnitude of what the Aizawl club has achieved, a few numbers should suffice. Media reports that the entire budget of running Aizawl FC is around ₹1.5 crore, about ₹1 crore less than what Mohun Bagan reportedly pays its costliest player, the Haitian international, Sony Norde.

Compared to Aizawl's tiny budget, giants like Mohun Bagan and East Bengal splash out ₹15 crore or so per season on their teams. Aizawl's triumph is, indeed, as Leicester City showed in the English Premier League last season, the triumph of grit and talent over spending power.

We should cherish this. But developments in Indian football administration might crush Aizawl's dreams.

Pratul Patel, a Maharashtra politician belonging to the Nationalist Congress Party, now heads the All India Football Federation (AIFF). He claims to have great plans for Indian foot-



More than a club

ball. Let us see what these are.

Patel has been talking of merging the I-League with a much younger contest called the Indian Super League (ISL). The latter is promoted by sports management company IMG and Reliance.

## On the Back Foot

The ISL has wealthy sponsors, upstart city-based franchises and is populated by ageing internationals. Without much history behind it, the ISL attracts little of the emotion that goes with football, despite big bucks. More pertinent, no ISL 'franchisee' or club is authorised to play in any tournament organised by Asian soccer federations or by Fifa, the global football authority.

Patel hints, darkly, that for any team to migrate from the I-League to ISL, it will need big sponsors. These guys will be required to pump in at least ₹15 crore as sponsorship fees.

That might allow Mohun Bagan and East Bengal to squeeze in, but

will certainly exclude Aizawl FC and last year's winner, Bengaluru FC.

The ISL will also have no relegation format — nothing to kick out underperforming teams and get in talent from a second division — nothing, if you don't have the cash to pay. This is probably how Big Money thinks. It is certainly not how the Beautiful Game is played.

The merger of I-League with ISL will be an unmitigated disaster. India's champions, now Aizawl FC, will have to represent the nation in the Asian Cup tournament soon. Will they go as a champion team that has been relegated to second division because a politician decided likewise?

Pratul Patel and his kind need to be kept away from Indian sports administration for all time. Keep politics out of sports.

It will be a shame if India's top clubs by talent are red-carded out of competition by money. Give us back, fans and followers of the Beautiful Game, the final referee's whistle.

The ISL will have no relegation format — nothing to kick out underperforming teams and get in talent from a second division — nothing, if you don't have the cash

**WIT & WISDOM**

"I praise loudly. I blame softly."

Catherine the Great Monarch

## FB: 2 B and Counting

Facebook's monthly users are nearing two billion, that's more than a quarter of the world's population; that proportion further rises to almost a third if China — where Facebook is banned — is excluded.

Monthly visitors, in million

Facebook	1,940	Vine*	200
WhatsApp^	1,200	Snapchat	200
YouTube	1,000	Ask.fm	160
Messenger^	1,000	Pinterest	150
QQ Chat	780	YY	122
WeChat	889	Tumblr	115
Instagram^	700	Flickr	112
Qzone	652	Google+	111
Twitter	313	LinkedIn	106
Viber	249	VK	90
Reddit	234	ClassMates	57
LINE	218	Meetup	30

Names in blue are apps; ^ Owned by Facebook; \* Vine Camera since Jan 2017

## MEME'S THE WORD



## KASHMIR POLITICS

# Not a Stone's Throw Away



Mohan Sahay

Farooq Abdullah, elected to Lok Sabha last month, claimed during electioneering for the Kashmir Lok Sabha by-polls that he would come to Parliament riding on the shoulders of stone pelters. He did come to Parliament, little realising that he rode a dangerous tiger. Stone pelters in the Valley have assumed the size and shape of Frankenstein's monster that is aiming to destroy the very process of democracy in Kashmir. They are working under a well-thought-out long-term plan of Pakistan to create a situation where people would not participate in any election in the future.

If this happens, Pakistan would have a weapon to attack India politically at international forums saying that Kashmiris have 'rejected Indian democracy'. If the legitimacy of elections is gone, it will attract adverse publicity even from countries that are with India in its fight against terror.

Pelting stones at the armed forces at the site of operations engaged against terrorists is like providing a shield to terrorists. Now, these misguided youngsters are targeting legitimate political activists and political leaders. If established political parties don't oppose this trend, the day is not far off when they would be the targets of separatist forces.

Today, it's village- and district-level politicians murdered. Tomorrow, it could be party leaders. It is high time that Abdullah, his son Omar, and leaders of other parties stopped siding with the stone pelters in the name of 'fighting for the rights of the people of Kashmir'.

Abdullah won the Srinagar Lok Sabha bypoll seat by a small margin in a poll that had an abysmally low turnout. The Lok Sabha by-election in Anantnag, which was deferred till May 25, has now been postponed indefinitely. And if polls are held at all, it is likely to witness a repeat of Srinagar with a

low turnout, putting a question mark on the legitimacy of such polls.

It is possible that the National Conference, or any other contesting party to the Anantnag seat, may win by defeating the Peoples Democratic Party (PDP) candidate Tassaduq Hussain, brother of chief minister Mehbooba Mufti. But it will rob the legitimacy of victory.

Mufti is in a Catch-22 situation. Despite coming under tremendous pressure from her own party, and from many people in the Valley, she has desisted from overtly endorsing the current trouble makers. She is for initiating peace talks with the separatists and stone pelters. But the brigade of stone pelters has no face, or leader to approach, for a dialogue with the government. They are being guided by remote control from across the border.

As for the Hurriyat Conference, it is being said that of late, all the top Hurriyat leaders — including Sayed Ali Shah Geelani, Mirwaiz Farooq and Yasim Malik — are under threat from their patron, Pakistan's Inter-Services Intelligence (ISI). Even when the Hurriyat leaders want to sit for a dialogue with New Delhi along with the chief minister, they can't do so without taking permission from Islamabad.

The threat from the ISI to the Hurriyat leaders this time is serious. No talks with Indian authorities, else... This is the word from the ISI to separatist and

pro-Pakistan Kashmiri leaders.

This provides the opportunity to Kashmir's political parties to take the initiative and try to pull the state's youth out of the hold of militants. The process may be slow and time-consuming. But it carries hope of return of peace to the Valley.

As far as New Delhi is concerned, the Centre is not going to yield to pressure or threat of militancy in the state. A soft approach towards the violent protesters has failed to yield any positive result. If the situation continues like this or worsens, the central government would be compelled to deal with it with a firm hand.

The risk is, this may lead to the fall of the PDP-BJP coalition government in the state. For Mufti, demitting office of chief minister would mean taking the side of the protesters not only for the PDP's survival, but also to regain the lost ground in the Valley.

If President's rule is imposed in Jammu and Kashmir, it will be for a long spell — even till a conducive situation is established for fresh elections to the state assembly. The term of the present house ends in 2020.

Till date, Jammu & Kashmir has been under President's rule for the longest period of six years, 1990-96, at the height of militancy in the state. One hopes for the sake of Kashmiris, that does not come to pass.



Line of control

## Citings

# Money Illusion

ADAIR TURNER

There are essentially two ways to achieve nominal demand growth: through government money creation or through private credit growth. Each has advantages and disadvantages. Each can be beneficial up to a point but becomes dangerous in excess. History provides many examples of governments that successfully stimulated sustainable economic growth with printed money. During the American Civil War, the US Union government printed greenbacks to pay for the war without generating dangerously high inflation; Japanese finance minister Takehashi used central bank-funded fiscal deficits to pull Japan's economy out of depression in the early 1930s. But the counterexamples of the Confederate states in the US Civil War, Weimar Germany and modern Zimbabwe illustrate the danger that once the option of printing money is first allowed, governments may print so much that they trigger hyperinflation.

Private credit can also be beneficial up to some point: for instance, strong arguments can be made that countries like India would benefit if they had higher levels of private credit to GDP. But free markets left to themselves will keep on creating private credit and money beyond the optimal level and will allocate it in ways that generate unstable asset price cycles, crises, debt overhang and post-crisis recession. We face a balance of benefits and dangers, not a choice between perfection on one side and inevitable perdition on the other.

From "Between Debt and the Devil: Money, Credit, and Fixing Global Finance"



# The Sentient Space & Mind

LATA KHUBCHANDANI

J Krishnamurti departed from this world 21 Februarys ago. He was a philosopher deeply sceptical of the smokescreen that is the mind. Krishnamurti's every realisation was the outcome of a spontaneous, non-biased, non-preconceived way of living, with no mind playing the filter. In truth he had little to teach, save that knowledge is not taught but realised. But his audiences made a teaching even out of that!

JK's constant refrain was that what he said was not to be learnt and turned into a concept for future use. He would explain that our mind is full of preconceptions and, therefore, 'listening' takes place in an already programmed brain. Rather, there is no listening at all. JK spent his life trying to communicate the essence of understanding — that it had to be felt rather than understood.

He was at least partially successful in his endeavours; despite the messy propensities of the mind, those who were touched by JK could never really be like those who had never had anything to do with him. Of course, JK balked at the thought of being a guru. He was intangibly understood, beyond words, but some part of the human understanding grasped the subtlety of his communication.

"Truth is a pathless land," he would say. Man cannot arrive at it through any organisation, creed, dogma, priest or ritual, or even philosophic knowledge or psychological technique. He would have to seek truth, the kernel of understanding, through the "mirror of relationship". This is probably the essence of what JK taught all his life.

## Chat Room

# But Where is the Opposition?

Apropos 'No More Standard Opp' by Neeraj Chowdhury (May 4), the coming together of a fragmented Opposition is a daunting task. There is no tall leader or a pan-India strong party after the decimation of the Congress to unite and lead Opposition in the run-up to 2019. A Bihar-like 'gathbandhan' to defeat BJP at the national level may work only on the back of an issue-based mass movement like Mandal. Younger voters will be on board only on a constructive, not merely an anti-BJP, platform.

CL SURI  
New Delhi

# Use Biometric Data Sparingly

This refers to the Edit, 'Needed, Standards for Aadhaar Data' (May 4). The risk of theft of biometric data cannot be eliminated altogether since Aadhaar enrolment is carried out by private agencies. The theft of bi-



metric data can lead to identity theft, fraud and terrorism. An indiscriminate usage of biometric data for authenticating financial and legal transactions should be avoided. Human-designed passwords have their own merits and should be used in combination with biometrics only as an additional layer of security.

PRAMOD PATIL  
Nashik

# An Electric Bus That's Viable

Apropos the Edit, 'A Model to Make Electric Buses Viable' (Apr 28), the technology to make a viable electric bus was developed at IIT-Delhi about 10 years ago, and successfully demonstrated to dignitaries. The technology is applicable to any existing bus or new chassis for civil or military vehicles operating in hilly region or plains. Since the technology and equipment are indigenous, the project can be undertaken by any industry registered under MSME. The conversion can also be economically undertaken by workshops of state transport corporations.

HK AGARWAL  
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