



## Held at ransom

The malware attack this weekend must hasten moves towards global rules on cyber threats

The menacing spread, starting last Friday, of the malicious software WannaCry, which has since infected thousands of computer systems in 150 countries, is a frightening reminder of the vulnerabilities of a connected world. The cyber-attackers who unleashed it, as yet unknown, have essentially used chinks in Microsoft's outdated software to remotely gain access to computers of unsuspecting users so as to lock them out of their files. These attacks have been in the nature of what are called 'ransomware,' wherein attackers demand a ransom (usually in Bitcoins, which are tougher to trace than regular currency) to decrypt the files they have force-encrypted. Cyber risk modelling firm Cyence estimates the economic damage to be \$4 billion, a figure that may not seem daunting for a global-scale disruption such as this one. But its spread has exposed the lack of preparedness among government and private institutions. The list of unsuspecting users who fell prey to the malware includes the U.K.'s National Health Service, German transport company Deutsche Bahn, courier delivery services company FedEx and carmaker Renault. Only some weeks earlier Microsoft had made available a patch to remove the chinks, something that raises doubts over whether even large institutions are complacent on cyber risks. That governments across the world went on alert after the outbreak of the global 'epidemic' is some consolation. So is the fact that Indian institutions have been largely unscathed by the malware until now. Things, however, could have been worse had a British researcher not registered a domain name hidden in the malware, thereby accidentally stopping its spread as also its momentum.

While the state of preparedness is a cause for worry, the likely origin of WannaCry forces stakeholders to revisit a long-standing and uneasy question regarding the actions of governments. WannaCry has its origins in a tool developed by the National Security Agency in the U.S. that was dumped online by a group called the Shadow Brokers. A few days after the malware started spreading, Brad Smith, President and Chief Legal Officer of Microsoft, wrote on his blog that governments should treat it as "a wake-up call" and "consider the damage to civilians that comes from hoarding these vulnerabilities." His point to governments is this: report vulnerabilities to vendors rather than exploit them. The U.S. assesses the balance between cybersecurity and national interest through what is called the Vulnerabilities Equities Process, wherein a review board makes a final decision on whether a 'vulnerability' needs to be reported or retained. President Donald Trump's views on this process are not clear. Cyberthreats are only likely to grow, and the world needs to push for global rules on such issues. It is more than obvious now that cyber vulnerabilities have massive global implications.

## Gold shines

Increasing access to alternative assets will help reduce India's demand for gold imports

Prime Minister Narendra Modi's long-drawn-out effort to tackle the desire for gold does not seem to be bearing fruit. India's gold imports witnessed a huge jump in April, increasing threefold to \$3.85 billion from \$1.23 billion in April 2016. In March, the jump driven by jewellery demand was even higher as gold imports stood at \$4.17 billion, compared to \$974 million a year earlier. This suggests that Indian demand for gold is robust and that policymakers will have to continue worrying about its impact on the country's trade deficit for a long time to come. The trade deficit in April was \$13.2 billion, the highest since November 2014, compared to \$4.8 billion in the year-earlier period. The 20% increase in exports to \$25 billion was overcome by a 49% increase in imports, which stood at \$38 billion. The jump in gold demand is particularly significant given the many steps taken to reduce it in recent years. For instance, the demonetisation of high-value currency notes last November coincided with India's gold demand dropping to a seven-year low of 675 tonnes during 2016, according to the World Gold Council. Earlier, as part of his efforts to push Indians to decrease their gold purchases, Mr. Modi had introduced the gold monetisation scheme that aimed to reduce gold imports by using deposits to increase domestic supply. But, as of early 2017, the amount of gold that had been deposited under the scheme was less than 1% of overall gold demand in 2016.

It is no secret that Indians tend to favour gold over other income-generating financial assets. This has, for a long time, led to concerns about savings being wasted on a dormant metal instead of being invested in productive business activities. While such concerns may be valid, policymakers would do well by first tackling the issues that have explained the average Indian's preference for gold. The metal's predominant utility as a hedge against inflation, which protects the average investor lacking sophisticated financial acumen from a depreciating rupee, cannot be ignored. Ironically, the Centre's sudden demonetisation decision has possibly undermined confidence in the rupee as a store of value, adding to the yellow metal's attractiveness. Capital conservation is an important reason for investment in gold by Indian households. Gold's lure cannot be explained only as a reserve for illicit wealth or tax evasion. Access to better and more formal financial market instruments remains a pipe dream for the majority in a country where talk of financial inclusion remains at the level of opening a basic bank account. Any significant strides on this front will require structural reform of the financial sector that encourages more competition to spur financial innovation and access. Until such time, gold is likely to remain a favourite asset, with gold imports adversely impacting India's external trade balance.

# Different candidates, different roads

The results of Friday's presidential poll will decide what shape the democratic aspirations of Iranians take



RAMIN JAHANBEGLOO

On May 19, Iranians will go to the polls to participate in the twelfth presidential election. Four years after his victory, in 2013, Hassan Rouhani is still considered to be the most serious contender to win this time.

According to a survey by the Iranian Students Polling Agency (ISPA) in early May, Mr. Rouhani maintains his lead in the run-up to the election with 42% of the votes. The ultra-conservative cleric, Ebrahim Raisi, is in second place with 27% of the votes, while the Mayor of Tehran, Mohammad Bagher Ghalibaf, is in third place with 25%. The others are First Vice President Eshaq Jahangiri at 3%, former Culture Minister Mostafa Mirsalim at 3%, and former Mines and Industries Minister Mostafa Hashemi-Taba at 2%. The survey was conducted after the first two presidential debates, held in April and May. Mr. Ghalibaf has now stepped aside ahead of Friday's vote "to ensure unity in the pro-revolution front" and thrown his weight behind Mr. Raisi.

This election will be the first since the landmark 2015 nuclear deal between Iran, the United States and five other world powers. If Mr. Rouhani were to win a second term, Iran is likely to continue its course of open dialogue with Asia and Europe while signing new economic agreements with new partners who have been on standby since the rollback of sanctions following the nuclear deal. However, should the conservative candidate Mr. Raisi win, the Islamic Republic of Iran would take a more closed-door diplomacy path-



way. **Raps on Rouhani's knuckles** For the past several months the ultra-conservative camp has been vocal in its criticism of Mr. Rouhani's agenda, dismissing his economic and political outreach to the West as being naive and dangerous for the ideological future of the Iranian system. Even during the presidential campaign and the televised debates which followed, the Rouhani government was vehemently criticised for its lack of success in tackling high unemployment and growing inequality, together with the reintegration of Iran into global financial platforms. Unsurprisingly, during the presidential campaigns, Iran's anti-Rouhani camp has taken to populism to work its way into the hearts and minds of the Iranian electorate, dismissing Mr. Rouhani's technocratic administration, led by the U.S.-educated Foreign Minister Mohammad Javad Zarif, as being pro-western and anti-revolutionary. Such strong statements and attitudes against the President have led many Iranians

to wonder whether the strong arms of the Supreme Leader Ayatollah Ali Khamenei and the Iranian Revolutionary Guards will stop Mr. Rouhani from getting re-elected.

Consequently, Mr. Rouhani's centrist position may ultimately be the best viable option for the future of the Islamic regime, but he needs more than just a consensus among the competing factions to survive another four years. Mr. Rouhani's popularity has gone down, with 74% of Iranians feeling their living standards have not improved following the nuclear deal two years ago.

Moreover, in the eyes of many young Iranians, Mr. Rouhani's focus on the long-term economic development of Iran, promises to boost the purchasing power of the Iranian middle class and the reduction of the wealth gap are no longer enough. Though Mr. Rouhani's Iran has arguably been more open economically and politically, business has been slow and unemployment remains a significant factor. As a result, his success in his political game on the nuclear deal is not necessarily considered the same for the majority of Iranians.

While Iranians view Mr. Rouhani as somewhat unsuccessful, they still consider him to be the most credible within the Iranian political establishment. Taking Mr. Rouhani's popular recognition into account, one can state that the possibility of his re-election sounds very beneficial for Iran in order to establish more legitimate channels with global powers and to set up friendly ties with countries in the region. Let us not forget that Mr. Rouhani's pledge in 2013 to end Iran's international isolation, restore the economy, and open up the country's civil society has today come up against a new harsh anti-Iran rhetoric emanating from the White House. Obviously, U.S. President Donald Trump's repeated denunciations of the Iran nuclear deal could add fuel to charges by hard-liners that Mr. Rouhani is too close to the West. Undoubtedly, with Mr. Trump, the Iranian hard-liners have tried to capitalise their power while seeking to reunite under one consensus standard-bearer - none other than Ebrahim Raisi.

### Hard-line challenger

Largely unknown in politics, Mr. Raisi was deputy prosecutor of Tehran in 1988 at a time when thousands of political prisoners were executed. He was deputy head of the judiciary for 10 years before being appointed in 2014 as Iran's prosecutor-general. He was later promoted by Ayatollah Khamenei as the custodian of Astan Quds Razavi, a foundation that manages donations to the country's holiest shrine in the city of Mashhad.

As one of Ayatollah Khamenei's students, Mr. Raisi is considered to be a part of the Supreme Leader's trusted circle. Some Iranian politicians believe that presidency is only the first step for Mr. Raisi, who is considered by many conservat-

ives to be the right person to succeed Ayatollah Khamenei as Supreme Leader. That said, despising the West and challenging Mr. Rouhani would not be enough for Mr. Raisi to win the presidential election of May 19. Admittedly, he needs to unify the conservatives against Mr. Rouhani and force a second round. But he also counts on the significant power of Ayatollah Khamenei and the Revolutionary Guards in supporting him in the election process.

Moreover, it appears that one way or another, Ayatollah Khamenei would be eager that Iranians participate in large numbers in the presidential elections. A large voter turnout would ease his concern about the legitimacy of the Iranian regime and its ability to preserve the social and political balance in the face of numerous domestic challenges and regional discord. It was the urgency of this political balance, both domestically and internationally, that provided the raison d'être of Mr. Rouhani's victory in 2013. It should come as no surprise that if he is not re-elected - not because he will not get enough votes but because the Supreme Leader and the Iranian Revolutionary Guards regard any attempt to change Iranian domestic policy and political behaviours in Iran to be tantamount to 'sedition' and against the principles of the Revolution - Iranian politics will fail to escape from a seemingly perpetual ideological deadlock towards a new revolution of values. This will be difficult, but the making of the democratic dream in Iran depends on it more than ever.

Ramin Jahanbegloo is Professor and Vice Dean, and Director, Mahatma Gandhi Centre for Peace, Jindal Global Law School

## New base, new basket

The revised IIP shows India may have been overstating the industrial slowdown in its economy



PUJA MEHRA

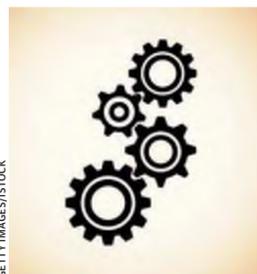
The Index of Industrial Production (IIP), a critical economic indicator, has of late become a source of concern - sometimes unmerited - over the credibility of India's statistics. The bellwether high-frequency indicator is a key input into making and assessing policies, particularly those pertaining to the manufacturing sector, inflation, interest rates and the flow of credit in the economy. But, in the past few years, the month-on-month IIP has shown excessively low, and even negative growth, which subsequently turned out to be out of sync with the actual manufacturing output growth measured through the Annual Survey of Industries (ASI). The survey for a financial year comes with a lag of about 24 months.

The theoretical aim of the IIP is to capture the direction and the trend of industrial production in the country, not the absolute value of industrial production. Its chief utility is as an early indicator of turning points in the economy. The IIP has been failing in serving this purpose. The reason being that it was measuring industrial output using baskets of production items

and producing entities that had remained unchanged since 2004-05. The standard procedure followed was that a list of items was constructed in the base year and for each item the producing entities were identified. This structure was frozen. The index was constructed with the output figures received month over month from the baskets of items and entities fixed in the base year. If an entity shut down, its output fell to zero. But since the basket was frozen no new entity could be taken in place of the zero-output one. Over time, an item, say calculators, may fall out of use and more smartphones may be consumed. The IIP was not equipped to capture such changes in the economy.

### A more dynamic index

Naturally, the IIP growth acquired a certain directional bias, which impaired its usefulness. To overcome the weaknesses, the IIP is being made more dynamic. First, the Central Statistics Office has updated its base year to 2011-12. The revision, the ninth such exercise since the original base year choice of 1937, is aimed at capturing the changes that have taken place in the industrial sector since 2004-05. New products have been included in the items basket, and those that have lost their relevance deleted. Renewable energy, for example, has been included in the electricity index. The expanded coverage - 809 items against 620 earlier, and a larger number of



factories - is expected to make the IIP more representative.

Second, instead of the periodic baskets revisions, a permanent standing arrangement is being put in place to make sure that the IIP remains representative. An ongoing process is to be instituted for monitoring and mapping into the index the changes taking place in the economy under which a technical committee will continuously review the item basket, the reporting entities and the method of coverage.

The improvements in the statistical apparatus have been carried out on the recommendations of a committee that the United Progressive Alliance (UPA) government had constituted in 2012 under the chairmanship of late Saumitra Chaudhuri, a member of the Economic Advisory Council of Prime Minister Manmohan Singh. Several measuring difficulties remain, though. The process of physically collecting data from entities

to establish the collection system, where no statutorily-mandated system of regularly reporting production is in place, is still an institutional challenge.

### Righting the numbers

The updated IIP offers new insights, the most important being that India may have been overstating the industrial slowdown in its economy. Whereas the average industrial output growth of the last five years (2011-12 to 2016-17) in the old IIP is 1.38%, in the updated series it is 3.8%. On the manufacturing front, the news gets even better. The average five-year growth has improved to 4.04% against 0.94% in the old IIP. Although the average growth in two of the five years in which UPA-2 was in office outpaced that in the three years of the incumbent National Democratic Alliance (NDA) government's tenure. The performance - 4.2% versus 3.9% - challenges the narrative of the 'policy paralysis' characterising the dying years of Dr. Singh's stint. It also tests the efficacy so far of Prime Minister Narendra Modi's 'Make in India' initiative.

The bad news is that the output growth of the infrastructure and construction sector has slowed down from 5.7% in 2013-14 to 3.8% in 2016-17 despite the NDA government's sustained push to the infrastructure sector, including through substantial increases in targeted public spending, in the last three years. The updated IIP also shows a

modest recovery in the capital goods sector, a barometer of the investment sentiment. From -3.6% in 2013-14, output growth in the sector improved to 1.9% in 2016-17.

The main driver of growth in the economy remains consumption. Consumer durables grew 6.2% and non-durables 9% in 2016-17. The Seventh Pay Commission award to Central government employees and pensioners last year seems to have spurred consumption. The monthly figures have not been released, but the spurt could also have been triggered by hectic use of demonetised cash for acquiring consumer durables and non-durables.

Demonetisation's debilitating impact on manufacturing is visible in the updated monthly IIP for 2016-17. The average output growth for the seven months from April to October was 6.8%, and for the five months from November to March 2.28%. The IIP's coverage by design is limited to the organised sector. The disruption in the unorganised sector is expected to get measured in the ASI.

The base years of all the major macroeconomic indicators, the Gross Domestic Product (GDP) and the Wholesale Price Index, are now aligned - 2011-12. The revised IIP will be plugged into the GDP series. The revised GDP estimates are scheduled to be released on May 31.

Puja Mehra is a Delhi-based journalist

## LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

### The Hague route

Harish Salve, who represented India before the International Court of Justice in the Kulbhushan Jadhav case, pulled no punches in his scintillating arguments while dismissing the justification of the Pakistan government in sentencing Jadhav to death ("Jadhav's trial farcical", May 16). The arguments of the counsels for Pakistan were also of a high order. However, the issue is: even in the event of the ICJ issuing an order that is favourable to India, will Pakistan accept the jurisdiction of the ICJ and show deference to its order? As we know, the ICJ has no mechanism to execute its orders. Ultimately, it is the Security Council that has to give effect to the ICJ's orders. Members of the Security Council have themselves not accepted the jurisdiction of the ICJ when it did not suit them. The proper approach for India would be to take

the bilateral route and convince Pakistan of the importance and necessity of annulling the death sentence and repatriating him to India.

K.R. JAYAPRAKASH RAO, Mysuru

### Taking a cyber hit

The claims by the government on the safety of biometric data vis-à-vis Aadhaar sound unconvincing in the wake of the recent global malware attack ("India suffers no major damage from ransomware", May 16). Even countries that are advanced are struggling to contain the damage. A chunk of Centrally-sponsored schemes are implemented using the Aadhaar route and the government is keen to expand this list. The cyber threat has wide implications, especially for pensioners, the poor, the elderly, and the not-so-Internet savvy. If their meagre life savings are

siphoned off in a cyber scam or attack, will the government stand by them?

H.N. RAMAKRISHNA, Novi, Michigan, U.S.

The disruptions should not stymie India's ambitious plans of going digital. We must be aware of the fact that every technology can be disrupted or hacked. We need to follow safe practices and be up to date with technology.

SUVAN SHARMA, Jammu

### Politics and Rajinikanth

The 'to be' or 'not to be' stance of actor Rajinikanth as far as entering politics is concerned only continues to leave his diehard fans on tenterhooks (Tamil Nadu, "Politics not for making money: Rajini to fans", May 16). While the 'anxiety' of his fans is understandable, to have the media providing wide coverage as if his decision will be the panacea for all ills affecting Tamil

Nadu is intriguing. It is advisable that he not venture anywhere near the crocodile-infested political pond. He can render his services to the people of Tamil Nadu through his fans in the form of charitable activities, raising his voice on public issues and pointing out transgressions in the administration of the State.

V. SUBRAMANIAN, Thane, Maharashtra

### Loanwords

I happened to read the quiz (*The Hindu Magazine* - "Easy like Sunday morning", April 29) which said that the word "Wikipedia" is a hybrid made of a Hawaiian word (Wiki) and a "Latin" word (pedia), the latter meaning learning. I do not know from where the quizmaster found that the ancient Greek term "Paedeia" is Latin, perhaps by extrapolation, i.e. all uncommon or unusual words have to be derived

from an awe-inspiring source such as Latin. Paedia (or its simplified modern version Pedia) meant education of the young (pais = young boy or girl). The term is still very much a part of modern Greek; the Ministry of Education in my country is always called Ministry of Paedeia. Suffice also to mention here that paediatrics or pedagogical are derivatives of pais. I

thought that setting the record straight concerning the etymology of this word would be of use to your readers or could even arouse an interest in the Greek origin of innumerable words spoken daily in all modern languages.

PANOS KALOGEROPOULOS, AMBASSADOR OF GREECE, New Delhi

MORE LETTERS ONLINE: www.hindu.com/opinion/letters/

### CORRECTIONS & CLARIFICATIONS:

The headline of a Business page report on Tube Investments of India's fourth-quarter results (May 16, 2017) erroneously referred to "net profit". It should have read: "TII Q4 profit before tax and exceptional items rises 16%".

In the article headlined "Bloody fool experts" (Sunday Magazine, May 14, 2017) the penultimate sentence of the paragraph beginning "After a few minutes, to avoid brain cancer..." read: "And then you charge ₹80 for consultation." It should have been ₹800.

In the review of "Much Ado Over Coffee: Indian Coffee House Then and Now" - (Non Fictio, May 7, 2017) Orietta Blackswan was wrongly mentioned as the publisher. Actually, the book was published by the *Social Science Press*.

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-2848297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturji Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com

THE WEDNESDAY INTERVIEW | LT. GEN. D.S. HOODA

# 'We need to find a way around this jingoism'

The former Northern Army Commander on how equilibrium can be restored in the Kashmir Valley, and why the Army must not be drawn into a polarised discourse

JOSY JOSEPH & DINAKAR PERI

Lieutenant General Deependra Singh Hooda has had a unique ringside view of Kashmir affairs in recent times, both as chief of the Udhampur-based Northern Army Command and prior to that as General Officer Commanding of the Nagrota-based 16 Corps. As the situation in the Kashmir Valley takes a turn for the worse and shrill rhetoric from various stakeholders grows louder, Lt. Gen. Hooda – who retired from the Army as the Northern Army Commander on November 30, 2016 – argues that the government must initiate steps for “visible outreach and engagement” in Kashmir. Excerpts from the interview:

**Is this the worst situation in Kashmir you have seen as a professional soldier?**

■ It depends on the perspective from which you are looking. From a purely security perspective, the situation during the '90s and the early 2000s was much worse. In 2001, there were more than 4,500 deaths in Kashmir. Security forces' casualties alone were over 600. However, what is worrisome today is the participation of people who are coming out on the streets either for protests or stone-pelting, or to interfere with operations. Some form of interference by locals had started in 2015. In my view, it was triggered by a rise in local recruitment. These boys were not trained, and sometimes killed in encounters within weeks of joining terrorist ranks. Therefore you had the locals trying to impede operations to help them escape. Of course, we are seeing more of it now.

**The protracted imbroglio this time... is it just interference by locals or is there more to it?**

■ There is definite interference. In many cases the locals try and break the cordon during encounters or try to stop security forces from coming into an area for operations. However, I don't think it is as bad as it looks. The media today is much more active, beaming visuals of people out on the streets, stone-pelting, flag-waving, etc. This sometimes gives an

impression that everything is out of control. I am not playing down the situation, but I think some of these images tend to portray an exaggerated picture.

On Sunday, the General Officer Commanding (GOC) of Victor Force gave an interview and said that there are only four-five schools and colleges in South Kashmir where you find students coming out in protest. In a majority of schools, things are completely normal.

**What does the killing of young Lt. Ummer Fayaz tell you?**

■ I think it is a manifestation of the spread of extremist ideologies. Frankly, it has not happened in the past. Thousands of soldiers are on leave at any time, in the Kashmir Valley alone.

Many years back some soldiers of the Territorial Army were killed while on leave but it quickly stopped. I think it is a negative turn and will only vitiate the atmosphere. I only wish there had been a stronger reaction from the Kashmiri society about the killing of one of their own.

**What about the action of the Army Major tying a civilian in front of a jeep?**

■ It is an image which can evoke strong sentiments but we have to look at all perspectives. Decisions have to be taken on the ground. I really don't know the circumstances and motives and whether there was a better

way to handle the situation. Let the Army deal with it. Honestly, this one incident is not a definition of how the Army conducts its operations. We have a population-sensitive approach and that is the reason why even today, there is a fair amount of respect among the locals for the Army.

**Is it advisable, then, for politicians to keep away and let the Army decide what is to be done with this particular case?**

■ I think so. We should not overplay what has happened and let the Army deal with it in the appropriate manner.

**The jingoistic national media seems to be playing a key role in shaping the narrative and as you pointed out, sometimes exaggerating it. Is that something you worry about, something you would caution against?**

■ I definitely worry about it. It is not only the mainstream media, but you also see this in the social media discourse and the local media. I think positions are only getting hardened and the divide is growing. Surely, some of this will impact how decisions are taken. And therefore my suggestion is that people in authority need to sit down calmly, divorced from the media chatter, and take well-thought-out decisions on what is to be done.

Somehow the military is also getting dragged into this discourse – you are either pro-military or anti-military. This is not good for us. The Army has always quietly gone about its job in a very professional manner. We need to find a way around this jingoism.

**You always had strong support from the State government even though there may have been differences. Is that**



**something missing right now?**

■ No, there was neither any lack of support from the PDP-BJP government to the Army and nor was there any interference. We must not forget that Chief Minister Mehbooba Mufti's tenure has not been easy. After she took over, there were the NIT protests (after clashes between local and non-Kashmiri students, March 31, 2016), the Sainik Colony issue (land for ex-servicemen's colony), the Handwara incident (where the Army was falsely accused of molesting a girl) and finally the Burhan Wani killing (July 8, 2016), all within months. Such law and order issues are obviously a serious hindrance to the government's efforts to bring in good practices.

**Could the killing of Wani have been avoided?**

■ Would the Army have behaved differently if we knew Wani was present in the house? I really don't think so. How can you ask soldiers to distinguish between two ter-

**What is worrisome today is the participation of people who are coming out on the streets either for protests or stone-pelting, or to interfere with operations**

rorists who are firing an AK-47 at you? Of course, there has always been an on-going effort to see if some of the local youth can be encouraged to surrender. The Army has promised to assist in the return and rehabilitation of such youth in the mainstream.

**Did you expect the killing to be such a turning point?**

■ We were already seeing the unrest which had started in 2015. It would have boiled over in 2016 with any major trigger. The trigger happened to be Wani.

**We keep going back to 2015. Was it something to do with the Indian**

**political situation – we had a new Central government which was talking in a more muscular language – or was it because of a long period of radicalisation?**

■ There were many factors and among these we should not discount the Pakistani hand. In 2015, the infiltration was bare minimum with only about 31 successful infiltrations, and therefore there was a deliberate attempt to mobilise the locals. There were social media campaigns emanating from Pakistan aimed at vitiating the atmosphere. We were also seeing signs of growing radicalisation.

As far as the political situation is concerned, when the PDP-BJP coalition was formed, we were all very hopeful because it was very representative of all sections of the people of the State. However, it is also true that there was some dissatisfaction among certain groups in the Valley with this coalition.

**Do you think Pakistan's role in fomenting violence**

**has gone down or does it continue to be influential?**

■ I closely saw the situation in J&K from 2012 till the end of 2016. 2012 is considered the most peaceful year in the insurgency. This changed in 2013... 2013 was also the year of Pakistan elections, and it was clear that Nawaz Sharif was likely to win. He was making all kinds of conciliatory statements and talking of growing economic cooperation with India.

That somehow spooked the Pakistan Army. Things on the border heated up almost simultaneously with the announcement of Pakistan's election results. There was a spike in ceasefire violations in Jammu, the killing of five soldiers in Poonch sector in August and a series of infiltrations and attacks across the IB sector in Jammu. This has continued with terrorist teams being sent from Pakistan to target military garrisons. These are clear and direct indicators of Pakistan's involvement in the proxy war in J&K. And we don't see any change in attitude.

**We are going back to the old ways. Over 1,000 people were evacuated on Sunday along the Line of Control. How do we bring down the temperature?**

■ Frankly, if you are going to have terrorists coming from across the Line of Control targeting patrols, mutilating bodies and attacking garrisons, I honestly can't see how things can improve. Peace along the border is not a one-way process and the ball is firmly in the Pakistan Army's court.

**Do you fear a potential all-out flare-up?**

■ I don't think so. In the current context, an all-out flare-up is a far-fetched scenario. And we should not let these fears restrict our options to

respond to acts of terrorism.

**How does one cool tempers in the Kashmir Valley?**

■ Frankly, there are no easy answers, and no silver bullet which will give us an immediate solution. Let us start with a comprehensive look at the problem. There are many perspectives to be looked at. Somehow, there is excessive focus on the political issue. While this is not unimportant, there are also other key areas to be addressed – radicalisation, unemployment, development, youth engagement, the sense of alienation and the battle for the narrative. Along with this, law and order has to be restored and terrorism neutralised.

Today the narrative in the Valley is centred around the theme that the government is unconcerned about their genuine grievances. This may or may not be true, but this is the perception. This narrative can only be countered by a visible outreach and engagement to show that the government is concerned. This engagement does not have to be with the separatists but with a cross-section of society – youth, student leaders, teachers, traders and prominent members of the civil society.

Economic and development schemes targeted at employment generation and improving infrastructure in tourism, education and roads will benefit all three regions. Countering radicalisation and strengthening the government narrative are two other important areas.

Internal conflicts are often the result of fear of being marginalised or the loss of identity. These are exacerbated by a breakdown in credible communications. The government must send a clear signal to the people of J&K that it cares.

Full interview on <http://bit.ly/DShoodaInt>

SINGLE FILE

## A bumper farm crisis

A free market in agriculture can be the best antidote to crisis facing our farmers

PRASHANTH PERUMAL



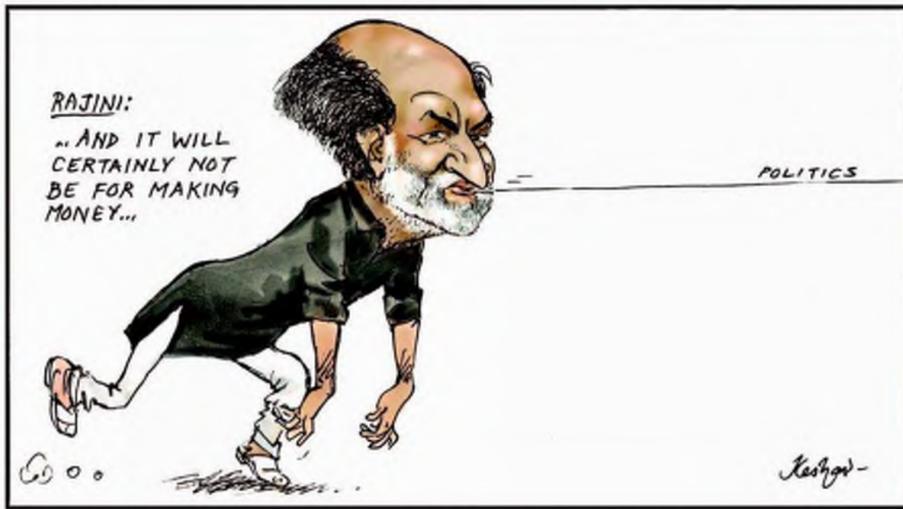
Farmers in some States are regretting their abundant yields this year as the prices of agricultural commodities have crashed. Chilli farmers in Andhra Pradesh and Telangana, tomato growers in Karnataka, and toor dal cultivators in Maharashtra are at the centre of a severe crisis that has witnessed prices fall by more than half in a matter of just weeks. Some speculate that high commodity prices last year caused farmers to respond by boosting production, which in turn led to the present price crash.

Whether it is the wholesale mandis where farmers sell their agricultural produce, or retail outlets where consumers buy them, price fluctuations are common. But whether such fluctuations can be explained as being due to mindless crop cultivation, as some speculate, is not as certain. For one, in the consumer market, commodity speculators usually dampen price fluctuations by managing supply according to consumer demand. For instance, when the supply of grains is abundant, speculators do not flood the market with all their stock but instead hoard the grains and sell them later when supply turns scarce. Thus, even if farmers engage in mindless grain production, speculators usually save the day for consumers by preventing steep rises and falls in grain prices.

**Price fluctuations**

Second, in the wholesale market, speculators can save farmers from similar price fluctuations by paying a competitive price for their produce even when there is abundant supply. Grain traders, to return to our previous example, who want to hoard supply expecting higher grain prices in the future would be willing to pay a better price to farmers today. This comes not out of compassion for farmers, but purely out of competition with other grain traders. When farmers are free to sell their produce to any trader they want, it is traders paying the best price who get hold of it. Farmers can also expect a more predictable price for their produce each season, reflecting stable consumer prices, thus preventing mindless cultivation.

Such competition though is precisely what is missing from the Indian agricultural scene where the supply chain is broken. Red tape, including limits on stocking agricultural products, has prevented the growth of a robust market for commodity speculation. The result is lack of investment in infrastructure like that of cold storage; about 40% of agricultural produce in India is wasted because of it. This, in turn, has led to price fluctuations that have affected both the farmer and the consumer. Wholesale agricultural prices are determined by trader cartels that block competitive bidding. This significantly reduces the price farmers can get for their products, while boosting the profits of some privileged traders. By some estimates, farmers receive only 20-25% of what the final consumer pays for his product. Thus, a free market in agriculture can be the best antidote to the crisis facing Indian farmers.



CONCEPTUAL  
**Piotroski F-score**  
FINANCE

A financial score that is used to screen for stocks, in terms of their fundamental value, based on nine financial parameters. The parameters are related mainly to profitability, leverage, liquidity, and operating efficiency of the firm. The score was developed by Joseph Piotroski, a professor of accounting at the University of Chicago, after whom it is named. As the F-score measures the financial health of a company, stocks with a high F-score of 7 to 9 are considered to be safer and better investments than those with lower scores.

**MORE ON THE WEB**  
Misbah-ul-Haq, the antithesis of your typical Pakistani cricketer  
<http://bit.ly/Misbahretires>

NOTEBOOK

## All about a mining disaster

Filling in the the blanks in a reporter's despatch

SHIV SAHAY SINGH

The evening of December 29 last year saw one of the biggest open-cast mining disasters in recent times, at Rajmahal, in Jharkhand's Godda district. A huge dump of extracted earth subsided by 35 metres, bringing down about 9.5 million cubic metres of mud and sand on the those working at the site.

A number of questions were raised, the most immediate one being: How could no one be aware of the imminent danger posed by such a massive dump, one that resembled a small hill?

At the end of the first day of rescue operations, 11 bodies were recovered; five more were found the next day. Many were migrants from the neighbouring Madhya Pradesh. The name of one missing person kept cropping up – that of Lalu Khan, the shift in-charge of mining operations at the time of the disaster.

On the evening of December 31, with my copy due, a tiring search for Internet connectivity led me to a remote cyber-cafe run by a local journalist. The neighbouring shops were telecasting the Prime Minister's address on demonetisation, watched by locals.

While I was making enquiries on Lalu Khan, a middle-aged man from a nearby shop overheard me and came forward with information. He said Lalu Khan, who hailed from Madhya Pradesh, was a well-respected labour contractor who arranged for mining work.

The local, identifying himself as a technician at the hazardous mine, said many, including Lalu Khan, had been repeatedly warning the authorities about the danger posed by the dump. "It was a tragedy waiting to take place," he said.

I asked him whether he had documents to substantiate what he had just

said, and he promised to meet me the next day. Keeping his word, he provided me with copies of a complaint – relating to violation of safety norms – made by a local activist to the Prime Minister's Office in December 2015. He also gave me copies on the response from the Directorate of Mines Safety dismissing the allegations as incorrect and false. They proved beyond doubt that it was indeed a tragedy waiting to happen.

By January 3, 2017, the day on which my story appeared in print, 18 bodies had been recovered. As per the list provided by a local contractor, there were at least 23 people working at the time of the disaster.

The district administration soon stopped the rescue work, fearing that it could lead to further subsidence and endanger the lives of those involved. Among the five still buried at the site is Lalu Khan.

FROM The Hindu. ARCHIVES

FIFTY YEARS AGO MAY 17, 1967

## China instigates rebel Nagas

China has supplied the Naga rebels, with considerable quantities of sophisticated arms such as machine-guns, mortars and automatic weapons and is instigating them to continue their armed resistance against the Indian Government. As a result, the Nagas have stepped up their rebellious activities and last month alone, they mounted four attacks in different places. This is indicated by a Xinhua despatch, according to which the Naga rebels equipped with the newly supplied Chinese arms "vigorously developed" their subversive activities last month. According to reports already published, several hundred Nagas are said to have gone to China across the Burmese territory to receive military training and some or all of them have presumably slipped back equipped with the Chinese arms.

A HUNDRED YEARS AGO MAY 17, 1917

## Tutorial system: A Madras G.O.

A Madras Government Order introducing at length tutorial system in this Presidency gives the general lines as follows: Each student of a college will be assigned to a member of the staff who will be regarded as his tutor. The tutor should, where possible, be the professor or assistant professor of the principal subject of student's course. He will be expected to see each individual student under his tutelage periodically so as to have an opportunity of discussing with him matters affecting his general welfare and the progress of his studies. He should also arrange a time on some fixed day in each week at which students assigned to him will be at liberty to consult him on any point on which they desire advice.

DATA POINT

## Depleting female workforce

Women's participation in India's labour force has fallen in the last few years due to factors such as educational attainment, stability in family income and household composition.

