

What's happening to money orders?

Low crude prices have led to a drop in remittances to India from the diaspora in the Gulf region



WORLD MONEY

ABHEEK BARUA & TUSHAR ARORA

In obsessing over portfolio inflows and the much desired foreign direct investment (FDI) inflows, analysts often overlook trends in our biggest source of dollar inflows — remittances. There could be reasons for this. For instance, unlike, say, portfolio flows on which there is daily data, quick numbers on remittances are not available. However, that doesn't take away from the fact that the ebb and flow of

transfers made by Indian expats is critical to the rupee.

For the last 10 years, India has been the world's largest recipient of remittances and around half of India's trade deficit every year has been funded through such flows. On a cumulative basis, while FDI, portfolio flows and external aid all put together have brought in \$430 billion between 2008 and 2017, private transfers made by Indians working abroad have been to the tune of \$570 billion.

Thus, it should worry our policymakers that this trend of robust and stable remittances seems to be reversing. Tepid global growth has pulled private transfers to developing countries down for the past two years and the pace of decline has been much faster for India. In 2016, when remittances to developing countries declined by 2.4 per cent, India saw a much sharper drop of 8.9 per cent, according to the World Bank.

Analysts expect that if the current trend continues, India could lose its top spot to China in 2017. The reasons for the slowdown in the flow of private transfers are somewhat obvious. India's strong economic connection with the Gulf region tops the list. The region has been witnessing lower growth on account of subdued oil prices and cutting back on fiscal expenditure and that means both fewer jobs and lower wages for India workers.

Around 72 per cent of the worldwide Indian diaspora lives in the Gulf Cooperation Council (GCC) region (UAE, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait) and contributes to 50 per cent of the overall remittances to India. With low crude prices impacting the fortunes of oil exporters, the flow of money from Indians working in the Middle East is being hit.

The consensus among forecasters is that oil prices will remain subdued and the fiscal pinch on the GCC govern-

ments will intensify, forcing them to cut back more and more on public spending. The need to stabilise oil prices would also mean that they hold back on oil production and that would affect jobs in this sector. As the austerity measures and oil output cuts weigh on economic activity, gross domestic product (GDP) growth in the GCC region could slow to 0.9 per cent in 2017 from two per cent in 2016 (International Monetary Fund estimates).

Meanwhile, for other countries, which have a relatively diversified diaspora, the decline in remittances is unlikely to be substantial. China, which draws 50 per cent of the remittances from the euro zone, East Asia and Asean nations, could still see a rise. Unlike the Gulf region, the euro zone and Asean countries are expected to record higher (or stable) growth numbers in 2017.

In its annual report of 2016, the Reserve Bank of India highlighted the

impact of low crude prices on remittances flow for India. Using annual data from 1982 to 2015, it concluded that the long-run elasticity of private transfers with respect to crude oil prices is about 0.7. Going by such estimates, if indeed oil prices decline by around 10 per cent in 2017, say, from the current levels of \$51 per barrel to \$45 per barrel, remittance flow to India could deteriorate by roughly seven per cent, a decline of \$4 billion in absolute terms.

This could be a cause of concern for the rupee, especially if other sources of dollar funding become volatile. This risk will strengthen in 2018 as the global cycle of quantitative easing (ultra-loose monetary policy) tapers off. As the European Central Bank and the US Federal Reserve start shrinking balance sheets, capital flows driven by the sheer abundance of liquidity could tend to moderate. If remittances dry up faster than anticipated and things like FDI don't materialise, the rupee could be back under some pressure — to depreciate this time for a change.

Abheek Barua is chief economist and Tushar Arora is senior economist, HDFC Bank

CHINESE WHISPERS



When ties with mentor are strained

Janata Dal (United) General Secretary K C Tyagi (pictured left) is having a difficult time these days fielding questions from journalists about his one-time mentor Sharad Yadav (pictured). A Rajya Sabha member of the party, Yadav has been openly critical of Bihar Chief Minister Nitish Kumar's decision to ally with the Bharatiya Janata Party (BJP). Yadav and Tyagi were comrades in arms during their younger, poorer days, living for eight years in a one-room tenement before the two entered Parliament in 1989. Tyagi has distended from using sharp words against Yadav but is under pressure from the party to read the riot act to the rebel leader. On a lighter note, Tyagi has taken to serving *dhokla*, a Gujarat snack, along with the usual *samosa* and tea, to visiting journalists. A journalist told Tyagi how it was more proof that his party had aligned with the BJP, dominated as it is by leaders from Gujarat, in letter and in spirit.



Sense and sensibility at CBFC?

The appointment of adman and lyricist Praseon Joshi (pictured) as Central Board of Film Certification chief replacing Pahlaj Nihalani was hailed as the ushering in of "achhe din" in Indian cinema by Twitter users. One Manish Sharma said, "Sacking Pahlaj Nihalani just before Independence Day is no less than being free." Another user appreciated how "the Pahlaj Nihalani scene was censored by the censor board". Yet another hoped for a total "system overhaul" after "uncool was replaced with cool". Brand consultant Harish Bijoor welcomed the move saying "sense and sensibility will finally prevail at CBFC India".

Correction

Union Power Minister Piyush Goyal does not hold any share in Security and Intelligence Services Ltd, as wrongly mentioned in the Chinese Whispers item "You win some, you lose some" published on August 11. The report stated that Goyal holds 0.72 per cent stake in the company. We regret the error.

GST in electricity, construction equipment & highways

Broader economic objectives may warrant a relook at the indirect tax regime in these three infrastructure areas



INFRATALK

VINAYAK CHATTERJEE

There is no denying that the goods and services tax (GST) has had a major positive impact on the infrastructure sector. The complexities associated with the plethora of existing indirect tax systems have vanished (customs, excise, value-added tax or VAT, central sales tax, entry tax, cesses, etc) and their cascading effect extinguished. There is seamless flow of credits where earlier many restrictions existed on availing and utilising them; and a single internet-based interface between all modes of the supply chain has given a fillip to transportation and logistics.

This is indeed a transformation of the way the infrastructure sector will build India henceforth.

As these GST processes set in, every sector of infrastructure is affected in its unique way in the new granularities of running the day-to-day business. So be it oil and gas, engineering procurement construction contracts, power, renewables, port, airports et al — a variety of representations would have been received by the finance ministry and the GST Council to smoothen the creases or remove embedded bugs or, in some cases, simply to shift the activity to a lower tax slab. All such decisions would no doubt be taken after careful consideration of the economic objectives to be attained.

The economic objectives are clear — spurring growth and investment, and

creating jobs. While infrastructure is a key sector in meeting these objectives, there are three areas within it that are specially poised to provide immediate outcomes. These are electricity, construction equipment and highways.

Electricity: There is ambiguity and discomfort on electricity being kept outside the purview of the GST.

Electricity was not taxed earlier under indirect tax as it has always been subject to electricity duty. However, the current context is markedly different in that standing behind the ultimate sale of power to any class of consumers is a vast network of suppliers who are denied the ultimate linkage to "input credit".

Electricity had been covered in the definition of goods in the central excise (tariff heading 2716) where the rate of tax was nil. Similarly, under VAT law, it had been included in the definition of goods, but exempted from levy of VAT. Power to collect duty on the electricity is vested with state governments under entry number 53 of the State List of VII Schedule, which has not been subsumed in GST. The entry continues to be as such.

Is electricity a "good" or "service" under GST? The definition of goods covers movable property where service is defined as anything other than goods. This poses a question for electricity. Unlike earlier, where there was a specific entry to provide for electricity, it has not been explicitly mentioned anywhere in the GST.

The ideal proposition would have been to subsume the electricity duty within the GST and make it subject to only one GST. However, this could require convincing all the states as electricity duty is one of the major elements of their revenue. One alternative is to include it in the "zero-rated" list, which is currently restricted to exports and where unutilised input credits are pro-



POWER HURDLE There is ambiguity and discomfort on electricity being kept outside the purview of the goods and services tax

vided as a refund. The other option is to impose five per cent GST on generation, transmission and distribution. Charging tax on output would allow power companies to claim input credit on equipment, capital goods, operational expenses and other business expenses, which ultimately would result in lowering the cost of electricity. Anyway, the benefit of reduced cost on account of higher input tax credits would have to be passed on to consumers under the anti-profiteering law and hence the overall cost to the end consumers is not expected to increase. This option is preferred as it aligns the industry to the broader framework.

Earth-moving and construction equipment: Under the earlier indirect

tax regime, earth-moving and construction equipment was levied central excise duty of 12.5 per cent (with central benefits) and five per cent to six per cent VAT. By and large, construction equipment attracted 18 per cent duty across different parts of the country. The move to impose 28 per cent GST has been perceived to be a setback for the industry, on account of the expected price increase of 8-10 per cent even after considering increased input credits. This is considered detrimental in several ways to the infrastructure sector as a whole, as it is construction-led.

This higher rate of GST on domestically manufactured equipment has also to be seen in the context of making imported equipment more competitive. The global construction equipment

industry is facing headwinds and the increased prices of domestic equipment will make the Indian market more attractive to imports. Moreover, most capital goods are now in the 18 per cent GST bracket. But, earth-moving and construction equipment (which are also capital goods) is being seen as clubbed with automobiles at 28 per cent.

The recommendation is to put this category in the 18 per cent slab.

Road and highway construction: In the pre-GST regime, services provided for construction of roads were exempted from service tax. This exemption has been withdrawn and such services have been subjected to GST at the rate of 18 per cent. The same would apply to major and minor maintenance contracts. With exemption continuing in toll collection activities, concessionaires would be unable to claim the credit of taxes charged by suppliers.

The GST Council at its meeting dated August 5, 2017, has considered the suggestions placed before it to reduce the rate of tax on infrastructure sector to 12 per cent. But the benefit of reduced rate is being given only when the services are provided to the government. This leads to an undesirable market distortion between private and public sector for similar projects.

The suggestion is to bunch all these activities connected with highway construction, operations and maintenance to the five per cent slab and remove the distinction between government and non-government projects.

It is expected that the impact of the suggestions in these three areas would be, overall, not tax-revenue detrimental and would provide a much-needed fillip to growth and investment in general.

The author is chairman, Feedback Infra. vinayak.chatterjee@feedbackinfra.com; Twitter: @Infra_VinayakCh

BUSINESS LIFE

End of the world is good for business

Sales of food supplies, survival gear shoot up after rise in US-N Korea tensions

MICAH MAIDENBERG

Shoppers are buying six-month food supplies wrapped in military-grade Mylar pouches, and kits filled with duct tape, food bars and an air-filtration mask.

Some companies that specialise in selling items to people planning for the worst — so-called doomsday preppers — say they have had a bump in sales this week, after tensions rose between the United States and North Korea. Online searches for prepping and survival gear have also jumped.

The increase in sales is a turnaround from recent months. Revenue fell after US President Donald Trump's election, according to three of the country's larger retailers that specialise in selling emergency preparedness.

"The whole industry kind of took a little pause after the election of Trump," said Brandon J Garrett, director of marketing at The Ready Store, which sells a wide range of prep products online and via catalogue. "I think everyone was kind of waiting to see what kind of leader he was going to be and where he would take the country."

"This week, it kind of seemed that everything picked up," he said.

Emergency gear has its own retail niche, with devotees attending conventions and manufacturers coming up with speciality products.



Emergency gear has its own retail niche, with devotees attending conventions and manufacturers coming up with speciality products

Some in the industry trace its rise to the aftermath of the Hurricane Katrina disaster in New Orleans; others believe it was stoked by those who opposed President Barack Obama's two terms.

Prepper companies sell a wide variety of wares, from 41-pound pails

of pinto beans and freeze-dried roasted chicken to fire-starter devices and water filters. Like other retailers, the companies have set up online sites, complete with one-day sales and discount codes. There are also traditional retail emergency readiness stores around the country.

Emergency Essentials operates four retail stores in Utah. The stores, in or near strip malls in towns outside of Salt Lake City, look a little like Petco, but the aisles are filled with ready-to-eat meals and solar generators instead of bags of kibble and litter.

The company got its start almost 30 years ago selling to members of the Church of Jesus Christ of Latter-day Saints — the church stresses preparedness — but has expanded its business to serve a wider audience across the country, according to Kevan Allbee, a marketing manager for Emergency Essentials.

When Trump won, "sales started a downward decline," Allbee said. "In short summary, what we understand is when the left is in power, the right panics."

Shane Sullivan, the company's president, said sales at Emergency Essentials on Tuesday, after Trump made comments to reporters about North Korea, were double their usual amount. And revenue on Wednesday and Thursday surpassed what came in Tuesday.

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LETTERS

CBFC should introspect

With reference to the report, "Joshi to replace Nihalani as censor board chief" (August 12), controversy had become the middle name of the former head of the Central Board of Film Certification. In *Uda Punjab* he asked for 89 cuts; in the yet-to-be-released film *Babumoshai Bandoobbaaz* he has sought 48 cuts.

It is good that he is leaving because he had made a mockery of the system of certification of films. At a time when the content of films being made in India is maturing, movies with social messages are being made and various genres are being explored, it is time for the CBFC to introspect and not behave like a toy in the hands of the government.

I hope Nihalani's successor, Praseon Joshi, does not follow in his footsteps and the CBFC behaves like an independent authority and takes decisions without bias. That will only increase the credentials of the institution.

Bal Govind Noida

Better to be safe than sorry

Fake tips on stocks are taking gullible investors for a ride. Investors are lured into buying shares of little-known companies. It is a welcome sign that the Securities and Exchange Board of India and the Department of Telecommunications (DoT) have decided to take stern action against brokers sending such messages. Brokers found guilty of indulging in this practice should be blacklisted and barred from trading.

Investors need to be educated; they should cross-check with credible brokers if the message sent has come from a scrupulous broker. Along with DoT and telecom operators Sebi should launch a campaign to warn investors about such messages. Investors should research penny stocks on the internet. A cautious approach is better than believing blindly in such fake tips.

Deendayal M Lulla Mumbai



Aadhaar no panacea

With reference to the editorial, "Mr Nilekani's warning" (August 11), the present government should not take his words lightly and ignore repeated data security concerns linked to the Aadhaar database raised by Nandan Nilekani himself, the founding chairman of the Unique Identity Development authority of India (UIDAI) and Infosys co-founder.

His apprehensions about the Aadhaar data getting hacked in the absence of safeguards against the backdrop of the lack of data security and privacy protection are not unfounded. The UIDAI has lodged a complaint against an IIT Kharagpur engineer for illegally accessing the Aadhaar database using an app being developed at his start-up. More such incidents could take place.

The government has been relying exclusively on Aadhaar data as the means of establishing the identity of Indian citizens. A nine-judge bench of the Supreme

Court is considering the matter of the right to privacy of Indian citizens and is set to announce its verdict soon. The government, instead of waiting for this verdict, is extending the operational horizon of Aadhaar. For example, the mandatory linking of PAN, driving licence, mobile phones, death certificates with Aadhaar. Even for buying shares and investing in mutual funds, a citizen's Aadhaar data should be in place. More such surprises could in store.

The editorial makes a valid point when it says that "currently, there is nothing users know regarding what is happening to their data and this information needs to be given to the people". Why is the government so adamant on Aadhaar and why is it refusing to hear the voices being raised across the country against this collection of data? Does it believe that if all details of a citizen are logged into the Aadhaar database nothing will ever go wrong? Has it even thought about weeding out a significantly large number of "duplicate and fake" Aadhaar cards, too, as it has done for more than a million "fake and duplicate" PAN cards? Is the finance minister listening?

Vinayak G Bengaluru

Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard, Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi 110 002. Fax: (011) 23720201. E-mail: letters@bsmail.in. All letters must have a postal address and telephone number.

HAMBONE

BY MIKE FLANAGAN



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A worrying analysis

Govt should heed the Survey's advice on growth

The second volume of the Economic Survey for 2016-17 was released on Friday, and both the data and the analysis contained therein were disquieting. It is more than half a year since the Survey's first volume was released just before the Union Budget.

The presentation of the Budget had been advanced by a month, which meant that the section of the Survey that dealt with the data for the past financial year could not be produced at the same time; it has now been published, but, more importantly, it also carries an analysis of the economy since the Budget. As it is, the first volume of the Survey was hardly an over-optimistic document — it was more a breath of realism than anything else. But the second volume is particularly blunt about the travails of the Indian economy and lays out an even more urgent case for a traditional reform programme.

In February, the Economic Survey had forecast growth in gross domestic product, or GDP, of between 6.75 per cent and 7.50 per cent in 2017-18. The second volume of the Survey has not changed that range but acknowledged that the downside risks have built up since then. It enumerates several of these risks, including falling agricultural revenue, state government finances, stress in the power and telecommunications sectors, and the costs of transitioning to the goods and services tax, or GST, regime. This concern sits alongside longer-term optimism about the economy that owes a great deal to the passage of the GST itself, though the Survey acknowledges how incomplete the current GST is. The other source of optimism is its strong belief that India has moved permanently to a lower-inflation paradigm. The Survey attempts to explain this by arguing that oil prices have now become permanently lower, since 2014; and that the agricultural sector has been transformed through reform such that agricultural prices are less volatile and more predictable. Given this inflation situation, the Survey argues, current real interest rates are too high — around 4.7 per cent. While the Survey might well have a point that rates are too high — especially if the economy is well below potential output, as appears to be the case — it does not effectively prove the argument that agriculture has been reformed sufficiently. There is no persuasive evidence that high inflation could not return in mere weeks if the conditions are right.

But the most worrying aspect of the Survey is that it provides, other than the GST, no real grounds for medium- or long-term optimism. On the contrary, it does provide some worrying analysis of past high growth. It examines India's recent growth spurt, which was accompanied by slow credit growth, stagnant or declining exports, and weak investment, and discovered that this was a combination of circumstances that was exceptional. What is exceptional may not be sustainable — and in this case, the Survey points out, growth is being driven entirely by government spending and consumption, which is definitely not a sustainable source of growth. The Survey concludes this warrants action on "more normal drivers of growth". The government should take that advice seriously.

India at 70

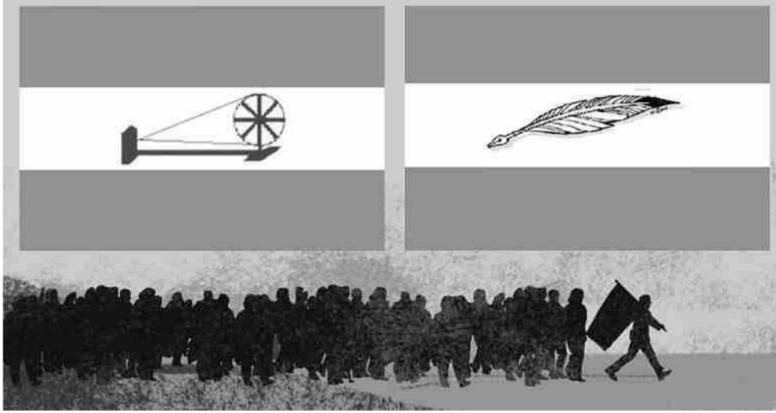
Focus should be on providing dignity to Indians

Today before the 70th anniversary of Indian independence, it is tempting to look at how far this country has come since the British left. Whether it is literacy — only 16 per cent of Indians were literate in 1947 — or life expectancy — which was a mere 32 in 1947 — or simply its weight in the world, India has made much progress and can look forward to more. It is customary at such times to have a slight air of self-congratulation, and to point out that India is on the cusp of being a great power. Yet perhaps Indians should not rush to congratulate themselves on becoming a great power just yet; what should be examined is how much progress the country has made towards looking after its citizens, and how much work still needs to be done in that regard.

Literacy may be well over 70 per cent now, but there are significant gaps in schooling performance that need to be filled. Life expectancy may be more than twice what it was in 1947, but health care remains abysmal. As the tragedy in Gorakhpur demonstrated, with such stark inhumanity, there is little that Indians can expect from their health system. Public health care is mired in corruption, inefficiency, and chronic incapacity; private health care is expensive and often exploitative. In the Gorakhpur case, not only did a local hospital show a callous disregard for dozens of children in an entirely predictable breakout of an endemic disease; but the government reaction was to blame the private supplier of oxygen. Nor is the underlying problem — the recurrent nature of Japanese encephalitis in north-east Uttar Pradesh — cause for great hope. As UP Chief Minister Yogi Adityanath, who is a five-time member of Parliament from the region, has pointed out, children have been dying of this since 1978; it is a poor reflection indeed on efforts to make India a decent place to live in that, after all these years, these deaths continue to haunt the city and environs of Gorakhpur.

It is, of course, true that the country has progressed on several fronts. Communities long oppressed by harsh social practices have been given a voice, thanks to the principles of liberal democracy. Technology has opened up new vistas to young people in areas that have been cut off from the world for most of history. And some imperfect structures of social or public support have indeed been set up, such as the public distribution system, public procurement, the rural employment guarantee act, and so on. But these do not, when summed up, perform well enough; nor, even if they did, would they provide a genuine path to dignity for India's poor. That can come only from a dynamic economy and a more open society. Instead, therefore, of focusing on this 70th Independence Day on India's place in the world, it might be wise to look at what needs to be done to remedy these continuing defects. Before becoming a superpower, India should focus more on providing dignity to its citizens.

ILLUSTRATION BY AJAY MOHANTY



Designing a flag for the upcoming social revolution

The promise and peril of digital India: Whether it will make professional services more reliable or lead to job losses depends on how policymakers act

Pingali Venkayya is a man I greatly admire. He is the person who, in 1921, designed a flag to rally Indians around the Independence Movement. His design had a stripe of saffron at the top, a band of white in the middle, and a band of green at the bottom. More importantly, probably at a suggestion of Mahatma Gandhi, he placed the charkha, the traditional yarn spinning wheel in the middle. The logic of the design was this: The saffron and green represented the Hindu and Muslim communities that needed to be united for a future India and the charkha in the middle symbolised, in the narrative of the Indian Independence movement, the resistance to the Industrial Revolution, which, with its spinning and weaving machines that the British imperial overlords imposed on India and which displaced the charkha, thereby causing unemployment and misery for millions of Indians. The flag, immediately adopted by the Congress at the 1921 Congress convention at Vijayawada, served as the flag of the party. This flag, at one glance, would tell the narrative of the Indian freedom struggle to even an illiterate Indian. Fight the oppressor whose support for textile machinery has impoverished India, let's fight to get Independence from them. Today, it serves as the national flag of India with merely the charkha replaced by the Ashoka Chakra.

Flags with symbols have long been used to harness the masses to a cause. The Communist Revolution that erupted in Russia around the same period when Venkayya designed the Congress flag chose the hammer and the sickle as its symbol, the

hammer representing the interests of industrial workers and the sickle represented farm workers, both suffering from the ravages of the Industrial Revolution imposed on them by their heartless Tsarist rulers.

Sometimes wonder whether our policymakers, in their near universal enthusiasm for things Digital ("Digital India", "egovernance", "e-Kranti" ...) have paused to examine the social landmines that exist in our path to the promises of the digital world.

For instance, multiple studies throughout the world are starting to highlight the number and types of jobs that will be threatened by the rise of Digital. A Forrester Research report says that solutions powered by artificial intelligence/cognitive technology threatened jobs in transportation, logistics, customer service, and consumer services. A Deloitte Insight report last year predicts that 39 per cent of the jobs in the legal profession will be eliminated in the next 10 years. Other studies see the elimination of such prized middle-class jobs such as Insurance Underwriters and Bank Tellers. Even low-labour cost countries are not immune: An ILO study says that one of the biggest employers in the Asean region, the textiles, clothing and footwear sector, is threatened by the advent of computer-aided design and robotics.

Information Age conflicts may also be at a more macro and societal level and not merely outbreaks and protests at the shop floor level. Alec Ross, the author of the recently published book *The Industries of the Future*, points out that if land was the raw material of the Agricultural Age and iron that of the



AJIT BALAKRISHNAN

Taste is about production

My readers will recall my defence of non-vegetarianism in India. As I had said, the discussion about the food we eat is more about how we grow food and how much we eat. It is not about the food — in this case meat — per se. Livestock is also an asset of farmers, I hold, and if we take away their ability to sell it for meat, we make them poorer. It demonetises their important asset. I want to keep discussing manufacture of food with you, but this time, from the other side of the fence.

I had also said that vegetarianism is important for the health of the Planet, where meat is grown badly and eaten in unhealthy quantities. At a recent meeting of the Eat Food Forum in Stockholm — a fascinating annual meeting to discuss the sustainability of what we eat — it dawned on me that eating plants would not be so easy for a world where this is not common. It would require reinventing plant-based cuisines and figuring out what makes plants taste good. We, in India, take our vegetables for granted. We know how to cook them for taste and colour. And more importantly, our vegetables taste good; they have flavour. But go to the supermarkets of the Western world and vegetables only look good. They have no taste.

Mathias Dahlgren is a Michelin-starred chef who has just opened Stockholm's first fine-dining, vegetarian-only restaurant. He says his task is more difficult because there is no vegetarian cuisine in the Nordic countries. They did not grow vegetables till just 20 years ago. Meat is the staple. How then will the country and others like it turn over a new leaf so that meat becomes the condiment and vegetables

the main?

For me, the more fascinating question is about taste. What gives vegetables their taste? It is the way they are grown and what they are grown for. The world has moved away from the taste in vegetables to their other qualities, such as the gleaming looks without dark spots and, of course, the ability to last when being transported.

Look at tomato. The lusciousness of this mushy vegetable is what gives it flavour. But as Barry Estabrook describes in his book *Tomatoland*, the beauty of the industrially grown tomato is only skin-deep. The tomato — grown on vast lands in Florida and exported through the year — has transmuted. The journey of this vegetable tells us what is in store for us.

The tomato is from the Solanaceae family, and, with some 3,000 known species, has origins in China and India as well as in Central and South America. But the industrially grown vegetable has been bred and domesticated over the years from a single species *S lycopersicum*. This has been developed and groomed for the market as we know (and love) it today. We need and prefer our vegetables to be produced as in a factory. Scientists have worked to make the tomato self-pollinating. This has assured quality as there is no messy chance of cross-pollination, where the tomato would get pollens from other plants to produce fertile seeds. Self-pollination is where the single domesticated plant can breed with itself and produce seeds that are basically clones.

The first trait the market has polished is the perfect blemish-free shape, round or pear. Then there

Industrial Age, it is Data that is the raw material of the Information Age. We know from our Indian historical experience that in the Agricultural Age, he who controlled masses of land was the master. Thus, landowners were looked up to with awe, they were featured in movies as heroes, a social system was developed which allowed these holders of land (*zamindars* as they were called in India) almost unfettered rights over the minds and bodies of other human beings who toiled on that land. In the Industrial Age those who controlled the supply of iron, coal, and petroleum were the undisputed Rajas. In the Information Age, those who control data will be the Rajas. And just as wars were fought to increase acreage of land, or coal mines and crude oil sources, so can we expect some major battles around the desire to control data.

This past weekend I thought I would try and emulate Venkayya and design a flag to capture the spirit of these impending conflicts.

Here is the thinking which has gone behind my design. What the spinning jenny did to the charkha and farm machinery did to the scythe, the algorithm has started doing to the pen. After all, it is by wielding the pen (truthfully, the computer keyboard and word processor have not achieved much more than a ball point pen or a fountain pen beyond faithfully recording our thoughts on paper or on screen) or even a quill pen that ideas were propagated. So, if we have to imaginatively design a flag, it must have a quill pen at its centre — to symbolise just as the sickle, the hammer and the charkha did — to rally the masses against digital algorithms that have already started to take away the livelihood of all those whose job is to read the material, process it in their head, and write it all down (on a piece of paper or punched into a laptop keyboard).

One should not forget that in the Industrial Revolution while the jobs and means of livelihood of hand spinners and weavers were threatened and in many cases lost, it also made cloth affordable for many segments of the population who could not afford to wear cotton clothes. Similarly, while Information Age algorithms may threaten and possibly make many white-collar jobs like those of accountants, lawyers, doctors and clerical labour redundant, it will also possibly make all such services more reliable, more affordable, and thus used by a much higher proportion of the population than it is being used at present.

Whether the path that India takes in the Information Age emphasises the positive consequences of making professional services more reliable and affordable or whether it will result in merely job losses and impoverishment of professionals hitherto prosperous will depend how Indian policymakers act. If they chase the wrong dreams and policies, many groups in Indian society may rally around the flag that I have designed. If they plan policy correctly, the flag I designed will, like many creatively designed objects, remain just that: An interesting design with no practical use.

The writer is the author of *The Wave Rider*, *A Chronicle of the Information Age*. ajitb@rediffmail.com



DOWN TO EARTH

SUNITA NARAIN

is the matter of building resistance to pests and abiotic stress so that yields go up. The third priority is to make sure that the vegetable lasts on the shelf and the skin is tough so that it does not bend out of shape when transported. But the harder the tomato is, explains Estabrook, the blander it is likely to taste. This is because the goey part called the locular jelly, which gives the vegetable its acidity, has no strength. The pericarp tissue, the skin, gives it strength and some sweetness but no acidity. So, crop scientists have junked one for the other. In the process, they have lost everything from nutrition to flavour. Surveys in the US have found that today's tomato has 30 per cent less vitamin, 30 per cent less thiamin, 19 per cent less niacin, and 62 per cent less calcium than it did in the 1960s.

The darkest part of this vegetable story is that even flavour is today manufactured through molecular or genetic breeding. It is not about the idea of growing different species and selecting and growing for taste and nutrition. It is about manufactured food.

Let's understand then that food is as food is grown. So, vegetarianism is about discussing the nature of agriculture. How will farmers grow vegetables that taste good and also give them remuneration for this treasure of diversity?

I write this particularly for us in India. We take our plants too lightly. We have the diversity that would make even the tomato blush. But that is not what we desire. Instead, our aspiration is to get the same factory foods with supermarket looks. Looks can please, but taste and nutrition alone can satisfy.

The writer is at the Centre for Science and Environment sunita@cseindia.org Twitter: @sunitanar

The man Lincoln called 'Mars'



BOOK REVIEW

THOMAS MALLON

During his second tour of America, in 1867, Charles Dickens dined in Washington with the secretary of war, Edwin McMasters Stanton. The evening was something of a dream come true for Stanton: Dickens was his favourite author, a writer he read nearly every night. For the novelist, a maestro of deathbeds, it was a chance to learn of Lincoln's final hours from the man who had supervised them two years earlier. With his champion whiskers and voluble temper, Stanton could resemble Spottletoe in *Martin Chuzzlewit*, but in many ways he more closely resembled Dickens himself: a difficult, self-made, emotional workaholic

of prodigious achievement.

Over most of the last century the sine curve of Stanton biography has exhibited the same mood swings as the man himself: Otto Eischenchlim's *Why Was Lincoln Murdered?* (1937) did the war secretary preposterous and lasting damage by putting forth the notion that he was complicit in Lincoln's assassination; decades later Benjamin Thomas and Harold MHyman, as well as Doris Kearns Goodwin, treated Stanton with regard and understanding; then, two years ago, William Marvel offered a severe cutting down to size. In this latest effort, Walter Stahr, a biographer of John Jay and William Seward, presents a judiciously sympathetic treatment that tries to calm a still-uncalmable subject.

Death suffused Stanton's life: He lost his first wife, an infant daughter, a brother (to suicide), a young son. His grief, while often histrionic, was always real. It also fell to him to prosecute a war that would claim the lives of more than 600,000 Americans.

Work was his master and his mental salvation, from his Ohio boyhood on. He could afford little more than a year at Kenyon College, and studied law with an attorney in his native Steubenville. An interest in politics (Ohio was a swing state even then) had him aligning with the Democratic heirs to Andrew Jackson, opposing Henry Clay, the political idol of another young lawyer named Abraham Lincoln.

During the "secession winter" of 1861, he rejected South Carolina's bid for sovereignty, opposed the plan to abandon Charleston harbour and prevented the shipment of armaments manufactured in Pittsburgh to states in the process of leaving the Union. He may even, to his face, have compared President Buchanan to Benedict Arnold. The case for his zeal in all of this rests partly on what Stahr admits are "somewhat suspect" latter-day accounts composed by the subject himself.

Because of Stanton's administrative

skills and widely known probity, Lincoln installed the Democrat as a successor to his corrupt secretary of war, Simon Cameron, in 1862. For the next three years the two men, unlikely partners, made the bloody, fitful slog to Appomattox. The president exasperated Stanton, whom he called "Mars," with his humorous parables and digressions, but aides in the War Department's telegraph office would remember a camaraderie between the men, and Lincoln's young secretary John Hay assured Stanton, after the president's death, that their boss had "loved... and trusted" him.

Stanton helped to raise and deploy an astonishingly large army. He got the troops fed, and when politically necessary he got them home to vote. Just as he had used photography to expose forged deeds in the Mexican land cases, he harnessed and micromanaged the still-new marvels of telegraphy and rail travel to become the Union's "Organizer of Victory."

Stanton's zeal against slavery was even longer aborning than Lincoln's, but he made strenuous efforts to recruit freedmen to the Union Army and came to favour

black suffrage more quickly than some of his cabinet colleagues. Early in 1865 he infuriated William Tecumseh Sherman by asking him to step out of the room so that the black leaders they were meeting with could give the secretary of war their candid opinions of the general.

Stahr's biography opens on the night of April 14, 1865, when Stanton ran the United States government from a tiny parlor feet away from the bedroom where Lincoln lay dying. Stahr quickly absolves him of the conspiracy innuendo that has dogged him from Eischenchlim to Bill O'Reilly, and on the vexed matter of whether he said that Lincoln now belonged to the "ages" or the "angels," Stahr suggests that Stanton most likely said nothing at all.

The account of Stanton's last few unhappy years can be a bit rushed. He was blamed for not having prevented Confederate atrocities against Union POWs at Andersonville; criticised for the secrecy surrounding the military trial of John Wilkes Booth's co-conspirators; and mocked for trying to steer a course between the radical Republicans and the increasingly reactionary Andrew Johnson. Stahr

again takes a middle position, arguing that both self-interest and principle ("he viewed himself as a critical check on Johnson") played a part in Stanton's hanging on to his office until the president tried to dismiss him and helped to trigger the impeachment crisis. Stanton finally left his post when Johnson was acquitted in May 1868. Late the following year, just before his death at 55, he was too sick to take up the Supreme Court seat to which President Grant named him.

Stahr admits that his subject was "duplicitous and even deceitful," but argues that he was "a great man" if not a good one. He was almost certainly indispensable in the preservation of a system that has since allowed us to be freely led by a long succession of good and great and awful and, finally, absurd men.

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STANTON
Lincoln's War Secretary
Walter Stahr
Simon & Schuster
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