

A Bold Move in the Defence Ministry

Other ministerial changes stand for normal politics

If the much-anticipated reshuffle of the Union council of ministers did not quite shake the earth, it did not lack drama either. The elevation of Nirmala Sitharaman to the Cabinet as the defence minister is remarkable. For the first time, two women will sit on India's Cabinet committee on security. This is a big step for not just Sitharaman but for women in general. The BJP's sense of political control finds reflection in the dismissive ease with which the reshuffle has left the BJP's allies out. The latest ally, JD(U), has effectively been told to expect forbearance in one state rather than indulgent hospitality across the land.

Some non-performers have been sent packing from the council of ministers, but we would be hard put to say all. While political calculations are clearly visible in bringing in ministers from Karnataka, Madhya Pradesh, Kerala and Bihar, the message underlying the induction of four former civil servants — two former IAS officers, one former diplomat and a former policeman — is twofold: it encourages ambitious bureaucrats to cultivate their political masters and tells political activists who aspire to rise up the ranks that there are more ways to the upper echelons of political power than the royal road of hard work among the people. The allocation of portfolios is such that competent people man the important ministries. However, synergy of the kind that was expected by bringing related ministries under the same minister, such as power and coal under Piyush Goyal in the past, has been given the go-by. What is common between petroleum and skill development? The only sensible assumption is that these seeming irrational combinations would be undone in yet another reshuffle sooner rather than later.

The new council of ministers begins its work with lots on its platter: revive economic momentum and build foreign partnerships in a world where the strongest power has turned fickle and the foremost rising power patronises, one, a dictator who claims to have a hydrogen bomb and no qualms about using it, and, two, a nation that describes India as the enemy.

End Tamil Nadu's Political Uncertainty

In 2014, mobile phone maker Nokia abandoned its project in Tamil Nadu, leaving 15,000 people out of jobs. However, some assets, including the most important one, land, remain. Foxconn, the giant Chinese contract manufacturer, was supposed to start operations there. Nearly two years have passed, chief minister J Jayalalitha is dead and internal squabbling between different factions of her party, the AIADMK, has hampered administration. More worrying is the climate of uncertainty in Tamil politics since the passage of Jayalalitha.

Two factions, one led by E K Palaniswami, the current chief minister, and the other led by deputy chief minister O Panneerselvam, share an uneasy relationship, brokered by the BJP.

This will not have a full majority in the assembly unless a third faction, led by T T V Dhinakaran, also lends support. It is in no hurry to oblige. DMK, the original party of Dravidian politics, is raring to topple this government. Politics is a great social and economic leveller, but in times like this, it can also generate toxic uncertainty. One casualty is investor confidence, which seems to be badly dented. South Korea's Kia Motors, a subsidiary of Hyundai that operates in the state, has scrapped its plans for Tamil Nadu; railway projects and their ancillaries have also stalled. This is a pity for a state that is one of India's most dynamic manufacturing hubs.

There is a way out. The governor must ask each political outfit that says it has a claim to establish its majority by directly elected lawmakers on the floor of the assembly, the only way to test a House majority since the landmark 1994 Bommai judgement of the Supreme Court. If no party proves a convincing majority, the House must be dissolved and fresh elections held in six months.

Roaming refrigerators may be welcome but not weight-informing mirrors

Feeling Peckish? Just Call the Fridge

There is nothing quite so annoying for a couch potato than to have to get up to fetch a cold drink or a snack in the middle of doing nothing, and then eventually have to clear it away too. White goods companies must have been aware of this silent desire of millions of lazybones, considering that mobile refrigerators that respond to commands have been in the process of being tried out since 2015. A pet can perhaps be trained to fetch the odd packet of chips or a can. But a refrigerator that obeys a call to bring its food-and-drink-laden self to the living room — the latest one even manages to dodge random objects left lying around in the kitchen by its slothful owner — definitely offers far more variety than the most willing pet, especially if it can also clear away dirty dishes as the current prototype does.

Whether layabout owners would appreciate advice from their roaming refrigerator on what food and drink to pair, however, is debatable. Smart technology can be a boon, but there are limits to human endurance. For instance, facial recognition for payments or airport security may well be welcomed, but a recently unveiled bedroom or bathroom mirror that instantly communicates, weight and body mass index and informs the user when he last brushed his teeth or changed his toothbrush, may not be regarded as the fairest of them all.

When gross domestic product numbers turn so gross, it is time for the government to act

Knight in Shining Armour



Mythili Bhushurmah

August was a cruel month for the government, both on the sociopolitical and economic fronts. First came the horrific deaths of 61 infants in 72 hours in a hospital in Gorakhpur, in BJP-ruled Uttar Pradesh. Then came three rail accidents in quick succession, followed by mayhem in Haranya, another BJP-ruled state, after the conviction of godman Gurmeet Ram Rahim Singh. And then we saw civic infrastructure collapse after torrential rains in Mumbai, again in a BJP-ruled state.

The closing days of the month brought unhappy news on the economic front. First came the RBI's Annual Report 2016-17 that was widely seen as demolishing GoI's case for demonetisation. And then on the very last day, in a coup de grace, came the Central Statistical Organisation's dismal data on the gross domestic product (GDP) for April-June 2017.

Growth Domestic Product?

Needless to say, the latest evidence of a growth slowdown has reignited the debate on economic growth. Has it bottomed out? Is the worst of the disruption in economic activity triggered by demonetisation over? Is the dismal GDP growth of 5.7% a reflection of a (temporary?) disruption due to

the impending implementation of the goods and services tax (GST), which came into effect on July 1? Or are there deeper, structural (more permanent?) factors at play?

The answers are important because remedial measures, if any, can only be attempted once we know the reason for the slowdown. As can be expected of 'argumentative Indians', there is no dearth of opinion. Also, since growth is seen as a report card on GoI's performance, it is impossible to get a dispassionate view, shorn of political colour.

So, if you are a BJP supporter, the latest number is a reflection of short-term pain that is inevitable whenever government undertakes deep, structural reforms.

But if your sympathies are not with the BJP then the slowdown is the result of a series of self-goals, notably, demonetisation, or the decision to do away with ₹1,000 and ₹500 notes with effect from November 8, 2016.

Forget ordinary Indians. Even the finance ministry and RBI don't see eye to eye. So, while RBI, in its third bimonthly monetary policy released in August, projected 2017-18 GDP growth at 7.3% (same as estimated earlier), GoI's Economic Survey (Volume 2) that followed just nine days later was much less sanguine. "The balance of probabilities has changed, with outcomes closer to the upper end (6.75-7.5%) having much less weight than previously." Shorn of gobbledegook, the Survey expects growth to be closer to 6.75%, rather than 7.5%.

Sadly, the latest GDP data gives credence to the Survey's numbers rather than RBI's. Not only is GDP growth at 5.7% the lowest in the last 13 quarters, but more alarmingly, manufac-



No, it's no longer about tilting at windmills

turing — where we hope to provide jobs to the close-to-one million youth who enter the workforce every day — has grown at just 1.2%, the lowest in the last three years. The only time we saw manufacturing growth slip so badly earlier was in the third quarter (October-December period) of 2014 when it fell to 1.7%.

In such a scenario, the biggest dilemma for GoI is whether it should see the slowdown as temporary and opt to sit it out, while the effects of both demonetisation and GST wear out. Or should it see the slowdown as more structural in nature and respond with concrete action.

Act at Leisure, Repent Too

The good thing is that even as there is no agreement on whether the slowdown is temporary or structural, there is surprising consensus on what insurance industry calls the 'proximate' cause: the relentless decline in gross fixed capital formation (GFCF), or investment, especially private corporate investment. From a high of 38% of GDP in 2007-08, the share of GFCF in GDP is now down to just 29.8%.

So, is lack of demand, including export demand, that is driven partly by rupee appreciation, resulting in excess capacity and, in turn, crippling investment? Are the twin deficits —

overleveraged corporates and distressed banks, burdened with non-performing assets — responsible? There are no definite answers. What is definite, however, is that we cannot afford to wait for growth to pick up. Not when we are still home to a third of the world's poor.

So, what can we do? Monetary policy is too broad-brush and acts with a long lag. That leaves us with fiscal and exchange rate policy. The latter, again, can help only at the margin, especially in an increasingly protectionist world. Hence, it boils down to fiscal policy.

Sure, higher government spending might increase the fiscal deficit. But not necessarily. Not if the robust GST numbers for July 2017 are anything to go by and if GoI pursues more aggressive asset sales. Remember, government spending can also crowd-in private investment.

It might also go against received wisdom on fiscal deficits. But what did the US do in the aftermath of the financial crisis? It gave textbook economics a wide miss and adopted unconventional policies, both fiscal and monetary. The US budget deficit shot up to over 10% in 2009, and we all know what happened to interest rates.

The ball is in the government's court. It needs to 'just do it'.

The slowdown could be temporary or structural, but the gross fixed capital formation, or investment, has shrunk to 29.8% of GDP from 38% of GDP in 2007-08

CABINET RESHUFFLE

A 'New India' Team for Mr Modi



Neerja Chowdhury

The biggest takeaway from the Sunday Cabinet reshuffle was the elevation of Nirmala Sitharaman as the country's new defence minister, the first woman to hold that position after Indira Gandhi.

There had been intense speculation on who would get defence, after criticism had mounted that important portfolios like finance and defence should not be held by one person, no matter how capable. What finally went for Sitharaman was her performance in the commerce and industry ministry, given her understanding of complex issues like the WTO, and her background in international relations. While bringing professionalism and gravitas to her job, she had kept a very low profile, which goes down well with the present leadership.

She also enjoys a clean image. Being a woman had its own advantages, with women being a constituency that Modi is targeting with 2019 Lok Sabha

polls in mind. She may also be projected as a rising star from the south, now that M Venkaiah Naidu is vice-president, and Amit Shah is eyeing the southern states to offset some of the losses that will come in the north, where the BJP had peaked in 2014.

Sitharaman's entry into the hallowed precincts of the Cabinet Committee on Security (CCS), coming as it did with Cabinet rank being conferred on Dharmaendra Pradhan, Piyush Goyal and Mukhtar Abbas Naqvi, is a sign that Modi would now like to focus on forging his own team for 2019 and beyond. In 2014, Modi had inherited a team, and had to rely on figures who were considered 'Gen Next': Jaitley, Sushma Swaraj, Rajnath Singh, Nitin Gadkari and Venkaiah Naidu. The top four, if you exclude Naidu, remain where they were.

The Sunday reshuffle has brought into focus the new rising stars: Sitharaman, Piyush Goyal, Naqvi and Pradhan. These ministers were seen to be successful not only because they were proactive but also because they moved in sync with the Modi-Shah duo. Though Suresh Prabhu had to be moved from Railways because of the recent rail accidents, he, too, remains part of the PM's favoured team and has been given the important portfolio of commerce and industry,



Raksha badhan: Sitharaman

earlier held by Sitharaman.

The nine new inductees are also seen as the Modi's 'New India' team. Their entry has underscored, once again, Modi's preference for 'moving through' bureaucrats — a trait of his Gujarat CM days — relying on their expertise in specific sectors, rather than on traditional, generalist politicians.

Modi's style of functioning has shown an inclination for a presidential form of governance. This is evident in his campaigning style and in the PMO-ministry secretary line-up for taking decisions. Now, in this reshuffle, he has assigned an important political role to four former bureaucrats.

Ganga Rejuvenation, a project close to Modi's heart, had shown little progress. This led to Uma Bharati being downgraded and MoS Sanjiv Balyan asked to resign, with surface transport minister Nitin Gadkari being

given additional responsibility of this ministry.

The PM has also clearly kept caste and community considerations in mind with Karnataka, Madhya Pradesh and Rajasthan going to state elections between now and 2019. Uttar Pradesh, with its 80 MPs, remains supremely important in the BJP's scheme of things.

Mahendra Nath Pandey's exit from the HRD ministry to become the BJP's UP chief, and the entry of Shiv Pratap Shukla, another Brahmin from eastern UP, as MoS finance, are attempts to placate a restive Brahmin community that is not too happy with the appointment of Yogi Adityanath, a Rajput, as UP CM, and the BJP's general pro-backward, pro-Dalit pitch of late.

The non-entry of the JD(U) in the NDA government, and the Shiv Sena and N Chandrababu Naidu's unhappiness over not being informed of the reshuffle, are not good signs. The Modi-Shah jodi may want to show the allies that they will not be pushed around, also knowing that Nitish Kumar and Uddhav Thackeray have few options today. But it would hardly send welcoming signals to fence-sitting parties whose support may be needed for Amit Shah's 'Project 350' in 2019.

RED HERRING

GoI's Uchit Shiksha Yojana



Indrajit Hazra

On a sleepy Sunday morning in Modi-land, a prize distribution ceremony was underway. The reason there was a school prize-distribution ceremony quality about Sunday's Cabinet expansion was that it was a school prize-distribution ceremony. Prime Minister Narendra Modi and BJP member Amit Shah looked the two members of faculty, a school principal and his deputy.

Parents across the land had already been told via social media and websites the evening before, and via newspapers in the morning of the ceremony, that the prime minister had made his choice of sub-prime ministers according to four Ps: progress, passion, proficiency, and professional and political acumen. Teamwork and implementation were kept out because those two words start with a 'T' and an 'I' and would have 'disrupted the narrative'. Piyush Goyal, of course, starts with a 'P'. Uma Bharati, incidentally, doesn't.

If one turned on the television, however, one would have been forgiven for thinking that it was the 2019 Lok Sabha election results that were pour-

ing in. For a period in the history of the nation — half a day, to be precise — conjectures were being made on, first, who would get which portfolio, and then, on who would not get which portfolio. One channel was convinced that Arun Jaitley would hold on to both his ministries. Another channel deconstructed former Railway minister Suresh Prabhu's 'farewell' tweet to his 'Railway family', with conjectures being made about whether that meant he was leaving the ministry, the government, the world.

Since the announcement of who would be getting which portfolio, everyone latched on to the 'radical' gesture of Nirmala Sitharaman becoming the country's first non-prime ministerial woman defence minister. While Modi-Shah's appointment of the solid and stolid Sitharaman as the new raksha mantri is genuinely credible in terms of gender parity, the fact that a former minister of state (for finance and corporate affairs)

getting a heavyweight portfolio like defence upon graduation as a Cabinet rank minister is, to me, the real McCoy for which the Modi government deserves a bunch of posies.

Equally important, to my mind, is the retaining of Suresh Prabhu, a bureaucrat in minister's clothing, as the new commerce and industry minister. Industrial safety being more likely than that of trains, the former rail minister not being made a scapegoat a day after Eid al-Adha is a comforting sign that this government does know how to separate wheat from the chaff and that providing better governance and administration are not just blarney on its cover.

Both Modi and Shah had been drumming the point of 'perform or perish' in the run-up to Sunday's uchit shiksha abhiyaan. That performance will come into the forefront — not at the cost of politics, but at the cost of administrative slide or torpor — as this government has turned a tricky corner in the closing laps of the Lok Sabha Formula 2019 Grand Prix becomes more obvious with this week's new inductions and swapping of offices in government.

Yes, four former bureaucrats — urban planning expert Alphonso Kanthanam, former diplomat Hardeep Singh Puri, former police commissioner Satyapal Singh and former home secretary Raj Kumar Singh — join the ranks of professional politicians. This paradoxically underlines why Sunday's Cabinet exp-



A September card trick



the speaking tree

Managing Your Time

SWAMI SUKHABODHANANDA

Do not reject the past or future. But do not live only in the past or future. Learn from the past, enjoy the present, and plan for the future. While planning for the future, do not lose the present and miss the wisdom of the past or the opportunities in the future. Hence, one needs to be balanced with reference to time. The following could help you in time management.

► Once you decide your priorities, set about putting them in order of importance. Find out which part of the day is your peak performance time and do your most important work at that time. Monitor your low-performance time and keep less important work to be done at that time. Identify all those things or people that waste your time.

► Learn how to delegate work judiciously. And enjoy what you do; then you will find that you do it quickly and find you have some time left over.

► Be sure to review your priorities periodically. And associate with people who are good at time management.

► One hour has 60 minutes, a minute has 60 seconds, and so on. Use time wisely, for, once lost, it cannot be retrieved. But also learn to transcend time. We live in two worlds, a world of the mind, which is in time, and a world beyond the mind that is timelessness. When we are in sleep or in samadhi, we go beyond mind and experience timelessness. One should have the wisdom to use the mind and the wisdom to go beyond the mind. In a state of deep joy, we are beyond our minds.

Chat Room

6% Growth the New Normal?

Apropos the Edit, 'Some Growth Hurdles Likely Transient' (Sep 2), the optimism of a bounce-back in the economy should be tempered with a reality check. The inward-looking policies of many developed economies, inadequate private investment and the limited fiscal and policy space available to the government to stimulate the economy are some of the factors responsible for sluggish growth. The government needs to raise spending in the labour-intensive sectors to create employment. Many experts have cautioned that a growth rate of 6% will be the new norm for India, hopefully, they are wrong.

MG AWATRANI
New Delhi

Blame Thyself, Washington

This refers to 'Been There, Done That... Again?' by Vikram Sood (Sep 2). The American military aid to Pakistan has reportedly been halved during the last three years. However, it must be remembered that but for the White House's arming

of Islamabad with lethal weapons, the latter would not have dared to attack India four times since its violent birth on August 14, 1947. The pretexts under which Pakistan sought arms assistance from the Pentagon were the "threat" from the then-Soviet forces in Afghanistan during 1979-80, and recently for "fighting" Islamic terrorism emanating from its own soil.

ARUN MALANKAR
Mumbai

Civic Crime and Punishment

Apropos the Edit, 'Making Cities Resilient to Climate Change' (Sep 2), it's shameful that when foreign news channels had warned of a possible cloudburst in the western region of India, our electronic media was preoccupied with tales on Ram Rahim. Can anyone imagine that a city like Mumbai has thousands of open manholes and lakhs of potholes that are a threat to citizens, and no one is bothered? It is nothing but culpable homicide for which retribution is a must.

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