OPEN HOUSE

WITH NIRMALA SITHARAMAN

THE FINANCE MINISTER'S FIRST POST-BUDGET INTERACTION WITH INDUSTRY LEADERS

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INDIA FIRST

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CAUTIOUS POPULISM WITH GOOD ECONOMICS
BY SWAPAN DASGUPTA

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'It Is a Futuristic Budget'

NIRMALA SITHARAMAN AT OPEN HOUSE

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LETTER OF THE WEEK

Nikhil Kamath is indisputably India's brightest investor and Zerodha is his greatest accomplishment ('The Intelligent Investor', July 29, 2024). Kamath had been ambitious since he was very young, dropping out of school and joining a call centre to pursue his vision. This was when stock market trading caught his eye. The rest is history. Even now, his zeal has not died out as is evident from his investments in diverse business sectors. Despite being knee-deep in work, Kamath makes time to do podcasts that have featured entrepreneurs like Bill Gates and Kiran Mazumdar-Shaw, stand-up comedian Tanmay Bhat as well as actor Ranbir Kapoor. Kamath has also shown faith in India's growth, urging foreign companies to invest in the country. He himself has invested in startups and companies that he believes deliver better quality products and services than foreign firms. His success, especially in the risky investment sector, can be seen by the fact that he became India's youngest billionaire in 2023 at 37. Kamath is also a part of the Giving Pledge campaign whereby he will donate at least 50 per cent of his wealth to charity.

Kunal Pandey

AMERICAN DRAMA

The US presidential election could turn into a three-way contest ('Fist of Fury', by Seema Sirohi, July 29, 2024). In one corner is former President Donald Trump, reinvigorated after a failed assassination attempt. In another corner is Kamala Harris, who has been endorsed by Joe Biden who has withdrawn from the race. In the third corner is a candidate who could possibly be endorsed by Barack Obama, who reportedly does not favour Harris. But now, Biden is playing against Obama more than Trump. Harris, however, seems to have secured enough endorsements to eventually become the Democratic nominee. Meanwhile, Trump will have his hands full trying to ward off the machinations of the 'Deep State'.

CK Subramaniam

TERROR IN JAMMU

More than 50 members of the security forces and about 20 civilians have been killed in terrorist attacks in the Jammu region in the last three years ('The Slow Pulwama', July 29, 2024). These figures are enough to show that terrorists from across the border have infiltrated Jammu and are carrying out their plans to spread insurgency in the region. While the security forces have intensified their operations, including increasing drone surveillance near the International Border, it seems to have failed to control the surge in infiltration. This leads one to wonder if India needs to rethink its counterinsurgency measures or conduct fresh operations such as *Sarp Vinash* done in 2003.

Vineet Negi

QUOTA QUESTIONS

Better sense prevailed and Karnataka Chief Minister Siddaramaiah deleted his post on X about providing reservations for locals ('Local Insertion', July 29, 2024). However, this does not mean the Congress leader has stopped contemplating another move. In 2020, the Haryana government had also passed a Bill providing a 75 per cent quota for locals, but the high court deemed the proposed law unconstitutional. The Karnataka government, or any other state government, must remember that it is merit, not domicile, which matters in the private sector. This sector thrives only because it promotes meritocracy and productivity.

Bal Govind

S PRASANNARAJAN

A Budget is a political statement in numbers. It is not a vision statement, as some of its ardent readers expect it to be, but a spreadsheet of governance. The vision thing is spelt out elsewhere, and most eloquently, on the stump. Combining expediency with expectations, budgets unveil hope with restraint.

On July 23, Nirmala Sitharaman presented her seventh Union Budget in the afterglow of Narendra Modi's third consecutive General Election victory. The Budget is his government's immediate economic response, and its text is as revelatory as its political context—BJP in power without a majority of its own and allies who need to be rewarded.

Still, the Budget, despite its generosity towards the coalition partners in Andhra Pradesh and Bihar, is not a case of irrational exuberance generally shown by populists. If it celebrates anything, it is realism, and that is what a country like India, whose inequalities are matched by its aspirations, deserves most.

Modernisation lowers inequalities, and it is as a moderniser with the necessary vocabulary to converse with the future that Modi first mesmerised India. His appeal across the classes and his authenticity as a politician who has mastered the emotional content of demography make him one of democracy's most popular rulers. He has maintained the difference between, to borrow the analogy of an American politician, the poetry of campaigning—which he has in abundance—and the prose of governance, which at times disappointed some of his initial cheerleaders who wanted him to be an Indian version of a Reagan or a Thatcher. Modi, even as he remained on the right side of the economic argument, did not let his modernisation project free of his politics' cultural content. Comparative studies were not the adequate tools to measure the depth of his politics or economics. Still they are not.

Modi has not brought the flamboyance of the arena to his administration. The sense of gradualism that accentuates his modernisation runs through his Budgets, and they testify how he navigates the inequalities of India and taps into its dreams. This one is not different: its fiscal orthodoxy is as apparent as its commitment to 'Viksit Bharat' (a developed India by 2047). Sitharaman may not have indulged the salaried middle class, but her focus on infrastructure and brave attempts to bridge the demographic divides of a country that defies the comforts of homogeneity must be appreciated.

India is young in its demographic make-up. Bringing the youth to the larger story of nation-building is a political challenge as well as an economic responsibility. The Budget's focus on not just job creation but training a generation to become skilled in a world where only the smartest survive in the job market shows how the urgencies of the future matter as much as the exigencies of the present. As the finance minister said at the 'Open House' event on July 26, "It is a futuristic Budget."

In the end, what brings economics closer to everydayness is social realism—and you may achieve this without being a socialist. The social reality of the world's fifth-largest economy will not allow the withdrawal of the state from the lives of its people. India has come a long way from the populist potency of a slogan such as 'Garibi Hatao', but it still has a long way to go before making development truly inclusive. By caring for farmers and women without the overzealousness of a nanny state, the Budget acknowledges that modernisation works better when it has a social conscience.

In another time it was the socialist state that managed development, and it was certainly not glorious to be rich. India is a different country today, and capitalism here can survive without cronyism or the fear of licence raj. To be rich and young in India is very normal, and the trajectory of the startup nation confirms that there is no going back. The Budget accelerates the journey.

On July 23, Sitharaman had the choice. She could have easily played the populist, turning the Budget into a political campaign by other means. She could have played the finance minister of shock-and-awe launches. She chose the path of a cautious capitalist with compassion. The Modi decade in Delhi has already made the India story a cultural saga and a political thriller; the economic endeavour remains steady rather than dramatic. Budget 2024 shows again why it should be so with enough clarity. Nirmala Sitharaman has only spelt out the essential traits of Modi's modernisation. ■

OPENINGS

NOTEBOOK

A NEET Coup That Failed

THE JULY 23 ORDER of the Supreme Court ruling out a re-test of the 2024 NEET-UG (National Entrance-cum-Eligibility Test) is a colossal relief for a vast majority of more than 2 million students who appeared for the exam and are in the zone of eligibility for admission to undergraduate medical courses. A re-test would have seriously delayed admissions, had a cascading impact on learning schedules, created a gap in the availability of qualified professionals, and particularly hurt students from weaker sections who have lesser access to coaching and limited family incomes that could hamper efforts to prepare for an exam all over again.

The Supreme Court acted wisely in dismissing pleas that the National Testing Agency (NTA) be asked to conduct the medical entrance exam afresh on the grounds that barring a handful of students found to have used unfair means, there is no evidence of a systemic breach in the sanctity of the examination or that leaks vitiated the entire result. The ongoing investigation of the Central Bureau of Investigation (CBI) revealed that 155 students from centres in Hazaribagh and Patna were part of the paper leak organised by a gang comprising a crooked school principal, centre supervisors, middlemen, and a group of 'paper solvers'. The CBI also arrested the owner of a school in Godhra who planned to fill in unanswered questions on answer sheets but apparently failed to carry out the fraud.

The centrepiece of the Supreme Court order that explains why the NEET-UG 2024 examination was not contaminated beyond redemption is that the record of city and centre-wise data and a comparison of the 2022, 2023 and 2024 results does not reveal a systemic leak that compromised the sanctity of the test itself. On the directions of the Supreme Court, the Centre submitted a report prepared by the Indian Institute of Technology, Madras that carried out a data analysis of results from 4,750 centres in 571 cities. The petitioners seeking a re-test alleged bias, and though this did not carry weight with the bench headed by Chief Justice DY Chandrachud, the court independently scrutinised the data just to obviate controversy. It arrived at the same conclusion as the IIT Madras analysis—there was no large-scale infirmity in the exam. The court further took note that it was possible to segregate the black sheep and held that if the CBI probe uncovers more tainted students, they will face action, irrespective of whether they have secured admission and begun studies.

The importance of the ruling needs to be seen in the context of the plea of the petitioners that the leak was systemic and the conduct of the examination is riddled with structural deficiencies. A re-test in light of the allegations would have vastly emboldened those calling for the scrapping of the national-level NEET exam altogether. Since it was implemented in 2013, NEET has faced a determined onslaught from coaching centre lobbies, certain states like Tamil Nadu and private medical colleges seeking its rollback. Added to the list are commentators who repeatedly question the NEET scoring system, arguing students with poor scores are getting admissions due to low qualifying marks. The suggestion is that low eligibility marks prevent more meritorious but less well-off students from accessing costly private college seats. Yet, the fees of private colleges would not change even with higher cutoffs.

The eligibility for admission in 2024 was the 50th percentile, that is 164 marks of 720. This can be subjected to more scrutiny but is unlikely to make any significant difference to admissions to the 52,000 (56,000 seats are in government hospitals) seats in private colleges. A higher cut-off would in fact see the same set of critics accusing the government of exclusion. But such niceties escape those determined to pick facts that suit them. There is

The importance of the Supreme Court ruling needs to be seen in the context of the plea of the petitioners that the leak was systemic and conduct of the examination is riddled with structural deficiencies. A re-test in light of the allegations would have vastly emboldened those calling for the scrapping of the national-level NEET examination altogether

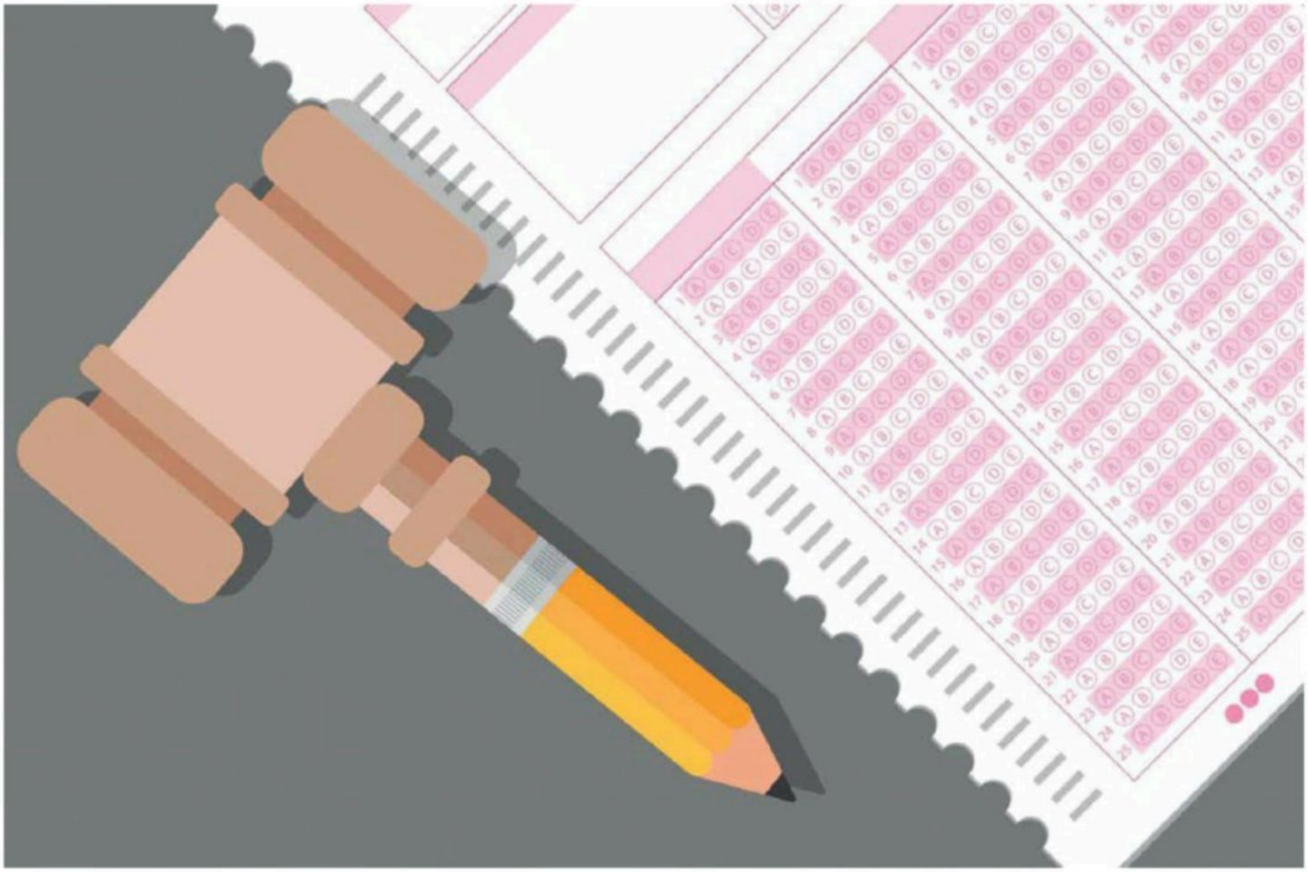


Illustration by **SAURABH SINGH**

indeed one common thread that binds most of those opposed to NEET—a desire to return to the days when admissions were decentralised and private colleges, many run by politicians, earned profits through 'capitation fees'. In those days, there were close to 20 exams for admission to medical colleges and a student needed to appear for at least half a dozen to be sure of securing a seat.

The NTA is in for an overhaul and the nitty-gritty of the exam is under review, which will hopefully lead to a more foolproof system. The paper-pen mode must go. The NTA clearly erred in trying to grant grace marks to students at centres. As the Lok Sabha election is over, the education ministry is expected to make sure the examination attains the required standards of purity. Education Minister Dharmendra Pradhan had ended illegal corporate access to official information in the oil ministry when he headed the department in 2015. He would be expected to ensure a similar diligence with regard to the examination system. Pradhan welcomed the Supreme Court ruling and said the government's view that there was no large-scale breach of the question paper has been upheld by the apex court.

Not surprisingly, the NEET controversy played out in Parliament as well, with the opposition putting the government in the dock over the leak. The Leader of the Opposition Rahul Gandhi attacked the government, saying the examination system was fraudulent and the rich can buy their way through it. Pradhan responded, pointing out that the United Progressive Alliance (UPA) government had tabled several education reform Bills in 2010, including one to curb use of unfair means, early in then Prime Minister Manmohan Singh's second term. The Bills were never passed. The Bills in question included a plan to set up a regulator for higher education, and though seen to be pathbreaking, ran into resistance from Congress MPs and leaders from Karnataka, Andhra Pradesh and Maharashtra. MPs from other states chimed in too. It was hardly a coincidence that these states are known for private medical colleges with many controlled by influential politicians. While UPA ministers accused the Opposition of non-cooperation—it is a fact that education lobbies are ubiquitous—the reform Bills were scuttled mainly due to inhouse resistance within Congress.

Exam leaks are hard on students, many of whom fear they may be barred on grounds of age if they miss a schedule of tests. They undermine trust in the system and faith that admissions will recognise merit. NEET, which was upheld by the Supreme Court in 2017, is a big step in providing a level playing field to all students. Its results have undermined criticism from parties like the Dravida Munnetra Kazhagham (DMK) who want Tamil Nadu to be out of NEET. Students from the state have consistently improved their performance. The pass percentage for 2024 is 58.47 per cent against 54.45 per cent last year. In the 2024 test, the number of applicants appearing in Tamil went up by 6,000 and the pass percentage of students from government schools is steadily improving too. The Supreme Court order prevents a return to influence peddling and opaque admissions that disadvantage genuine students. ■

By RAJEEV DESHPANDE

PORTRAIT • SHEIKH HASINA

FALSE BRAVADO

Bangladeshi students have served the prime minister a warning she cannot ignore

A RELATIVE CALM PREVAILS in Bangladesh since the Supreme Court pared down a 30 per cent quota for relatives of freedom fighters in the 1971 war of liberation to 5 per cent and reset the overall merit-based recruitment to government jobs to 93 per cent. The students who protested against the Sheikh Hasina government are demanding the reopening of varsities and the removal of police from campuses but street-level violence is down. The decision of a lower court restoring quotas scrapped in 2018 earlier this month sparked a furious conflagration that took the government by surprise and presented the prime minister with her sternest test to date.

The Hasina government had in fact done away with the quotas that set aside 56 per cent government jobs for categories such as descendants of freedom fighters, women and under-developed areas, but the high court decision was seen to benefit her Awami League. Her father Sheikh Mujibur Rahman led the struggle for Bangladesh's freedom and the resistance force of Mukti Bahini that fought Pakistani troops was closely associated with him and the League. The restored quota was therefore seen to benefit the prime minister and her party. The quantum of reservations as well as the perception that government jobs offer security inflamed sentiments. The unemployment situation is seen by some as having contributed to the protests but the data is not conclusive. Some estimates peg unemployment as high as 20 per cent but World Bank data shows a declining trend with a 5 per cent rate for 2023. What is, however, apparent is that quotas have been touchy subjects since they were established in the early 1970s and need astute handling.

The prime minister's remark, referring to protesters as "Razakars" and seeming support for the high court order might have been avoidable. The descriptor refers to Islamists like the Jamaat-e-Islami who opposed the independence of Bangladesh and collaborated with the Pakistani army in crimes against nationalists and freedom fighters. The derogatory reference is not altogether incorrect and the opposition Bangladesh Nationalist Party (BNP), which has allied with the Jamaat in the past, supported the protests. There were reports of protesters shouting that they were Razakars. This was a riposte to the question Hasina tossed to the media—should the grandchildren of the freedom fighters avail of the quotas or the descendants of the Razakars? The protests in Bangladesh needed deft handling and a death toll of more than 200 and arrests of thousands do not present the Hasina government in good light.

GETTY IMAGES

The crisis erupted not long after Hasina won a fourth consecutive term in office in January even as BNP boycotted the polls. The win has made her one of the most successful politicians in Asia. Her re-election was particularly crucial for India-Bangladesh ties as the prime minister has taken a tough line on controlling extremists and terror cells allied to Pakistan, including against those who plotted violent acts in India. She has been a responsible interlocutor in discussing the management and the return of Rohingyas displaced from Myanmar, much to India's relief. Though a major agreement on managing the waters of the Teesta remains elusive in view of West Bengal Chief Minister Mamata Banerjee's opposition, India and Bangladesh have progressed on achieving closer synergy in connectivity projects that can benefit millions of their citizens and bind the countries in ties that can survive political ups and down. In a regional scenario where Myanmar is under a military junta close to China and Nepal is gripped by periodic political uncertainty, Bangladesh is an important and reliable partner under Hasina.

The protests should serve as a warning for Hasina which she can ignore only at her peril. The forces she has kept in check have not gone away. An issue like the quota controversy provides her opponents an opportunity to expand their reach beyond committed anti-Awami League voters. Often enough, politicians do not see the moment of their comeuppance. Margaret Thatcher, one of England's most successful prime ministers, made a serious miscalculation over poll tax—a new system of local taxes that riled public opinion as it was seen to unfairly equate the less well off with richer property owners. It ended Thatcher's career. Of course, missteps do happen, but when they do, the savvier politicians look to retrace their steps rather than persist with a bad option. ■

By RAJEEV DESHPANDE

ANGLE

SOP THEORY

What Maharashtra's dole to needy women says about the power of democracy

By MADHAVANKUTTY PILLAI

THE MAHARASHTRA government had recently announced that women between the age of 21 to 65 with income below ₹2.5 lakh would be given ₹1,500 per month. You got an indication of poverty by the sheer number of applications received, 1 crore in three weeks. This, in a state whose entire women population is six crores. So, one in six women applied. Not everyone would be deserving. Typically, when anything free is given, everyone tries their luck. Also, a large percentage would have no income because their husbands work. A survey showed that 86 per cent of them were married. A newspaper report quoted activists saying that the number of applications is also because political parties are actively trying to get people to solicit the scheme.

The reason is simple. Maharashtra goes to the polls in a few months and there is now a tested strategy on two counts to get votes. One is to target women because they are increasingly becoming independent in voting decisions, and second is the power of the freebie. Such a scheme is out and out transactional, but that is still not a bad thing. Indians have really no social security at all and it is not just because there is not enough money for it. The system has been leaky and not much given at the top would get to the bottom. Also, government structure makes it impossible for the uneducated or not-cunning-enough to negotiate it. But those are precisely who make up the overwhelming majority of voters, and in recent decades smart politicians found that by doling out freebies to them their chances of re-election went up. They had become aware enough to not be fooled by announcements, only real money in their own hands would make them believe. And women were more loyal when they got it. Some chief ministers enjoyed long stints when they cracked this formula. Eventually, they were voted out only because the opposition made the same offers, and more.

It is the reason that a poor country still bends over backwards to give something that it can't afford. It is a great statement for democracy. It makes no economic sense and could lead to bad consequences but the alternative, for the moment, is worse. And it is now the baseline. If you go by the Lok Sabha results, the ruling coalition of Maharashtra will find it tough to return to power. They could have given this dole anytime in the past but it is desperation that makes them do it now. Voters can obviously see through it and they will decide on their vote, not based on what they got but who they believe will continue to give it to them in future. It is a spiral of freebies that all states will find leading them to a crisis at some point. Already some are in the middle of it. But this is a spiral that the Indian political class invited upon themselves by being callous until it began to cost them power. ■

IDEAS

AP

ACCOUNTABILITY

The head of the US Secret Service Kimberly Cheatle resigned this week after former US President Donald Trump was almost killed in an assassination attempt with a bullet hitting his ear. This is in keeping with how accountability must flow. While Cheatle herself wasn't in the venue, she was in charge of creating processes and systems to ensure that there is protection. Whether these were flawed or the wrong people were on the ground to implement, the buck stopped with her. Accountability also leads to deterrence. Those who succeed her now know that lapses come with consequences. ■

WORD'S WORTH

'It is not only what we do, but also what we do not do, for which we are accountable'

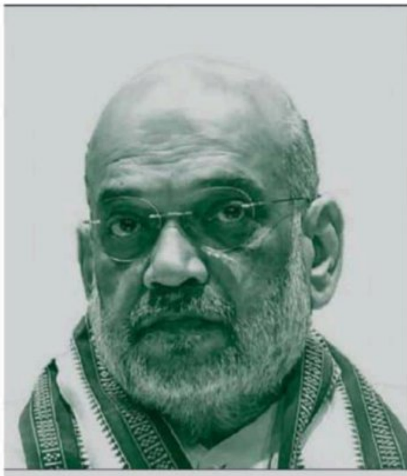
MOLIÈRE
FRENCH PLAYWRIGHT

INSIDER

SULLIVAN CLEARS THE AIR

Illustrations by SAURABH SINGH

US National Security Advisor Jake Sullivan settled any ambiguity about how the Biden administration views Prime Minister Narendra Modi's visit to Russia and his meeting with President Vladimir Putin, noting India values its strategic autonomy and while the US and India have an important relationship, they maintain ties with other nations too. India has long-lasting ties with Russia which it will not snap, he said, making it evident that the US has no such expectation. He also responded to criticism of the Modi-Putin hug saying the prime minister has a way of greeting people about which he has upfront knowledge. Analysing the Modi visit, Sullivan said he did not see any aspect that deepens India-Russia cooperation on defence or other strategic matters. Now it may be that Sullivan would want to see the outcomes of the visit in a certain way but it was significant that Modi decided to revive the annual summitry with Russia. Irrespective of how much Russia can aid India vis-à-vis China, it is important for balance-of-power considerations. Sullivan's comments cast the spotlight on the likely reasons for US Ambassador to India Eric Garcetti's remark that India should not take ties with the US for granted. The buzz in foreign policy circles in Delhi is that Garcetti is keen to return to active politics in the US and may have sought a fit in Washington. Now that US President Joe Biden is out of the electoral race, things have changed again. As things stand, the Republican campaign seems to be on the upswing after the attempt to assassinate Donald Trump. If Trump does return to office, it will be time for Garcetti to move on anyway. Hopefully, even in the event of a Democrat victory, he would have understood that India no longer fits older characterisations and trying to lecture Modi, who has worked successfully to take India-US relations to the next level, is not very useful.



BJP'S MAHARASHTRA CAMPAIGN

The discussion and interpretation of Modi 3.0's first Budget might linger but attention is turning to elections in Maharashtra and Haryana due in October, states where BJP suffered significant setbacks in the Lok Sabha polls. Union Home Minister Amit Shah's sharp attack on Sharad Pawar over corruption and his criticism of Uddhav Thackeray for becoming a member of the "Aurangzeb fan club"—in other words, turning his back on Shiv Sena's Hindutva legacy—makes it clear BJP is not going to alter its line of attack. The party believes it must fully occupy the Hindutva space and vacate any sympathy Marathi voters may have for Uddhav by arguing the leader no longer deserves their support, having embraced the very appeasement politics Sena founder Balasaheb Thackeray opposed. By targeting Sharad Pawar, BJP wants to remind voters of the governments where the leader was a leading light and the controversies that unfolded, including the most recent edition where India's top industrialist was targeted by an extortion plot and a senior minister tasked a controversial cop with extracting crores of rupees from Mumbai's restaurateurs. Aware that it needs all the help it can get, BJP is not letting go of NCP leader Ajit Pawar despite reports that the alliance did not jell. BJP is signalling that an NDA government will not offer scope for corruption as was the case with the Maha Vikas Aghadi.

THE NEET STORY

The distribution of high scorers in the NEET-UG examination has been parsed by commentators keen on discovering anomalies but the results of the 2024 test show a diverse spread. The results of the examination show 35 students appearing from Lucknow, 27 students appearing from Kolkata, 25 from Latur, 20 from Nagpur, 19 from Faridabad, 18 from Nanded, 17 from Indore, 16 each from Cuttack and Kanpur, 14 each from Kolhapur, Noida, Sahibzada Ajit Singh Nagar, 13 each from Agra and Aligarh, 10 each from Akola and Patiala, eight from Davangere, and seven from Banaskantha were able to score 700 or more marks. This is just a sampling. In NEET 2023, the spread was smaller than NEET 2024. Even then, in NEET 2023, candidates scoring between 700 and 720 were spread across 116 cities and 310 centres. Candidates scoring between 650 and 699 were spread across 381 cities and 2,431 centres. Candidates scoring between 600 and 649 were spread across 464 cities and 3,434 centres. The spread was greater for 2024. All this shows that attempts to pluck a set of centres from a particular state to suggest an abnormality in scores are not very credible. For one, centres in states like Haryana are likely to have a large number of candidates from Delhi-NCR and also include coaching centre attendees from other cities who have based themselves in Delhi. These students are likely to do better as they are both coaching centre attendees as well as hailing from good educational institutions located in Delhi-NCR.

A RECAP FOR RAHUL

On the subject of NEET and the leak probe, Education Minister Dharmendra Pradhan turned the mirror on Congress leader Rahul Gandhi in Parliament, pointing out that UPA had failed to pass a series of education reform Bills it had tabled in 2010, including one on curbing the use of unfair means in national level tests. What was the reason these Bills could not be passed? Was it because UPA came under pressure? "Whose pressure forced you to abandon the Bills?" Pradhan asked.

HALL OF FAME FOR PAES AND AMRITRAJ

The induction of Indian tennis greats Vijay Amritraj and Leander Paes into the International Tennis Hall of Fame is a proud moment. Paes was a young prodigy and the Calcuttan provided early evidence of his talent by winning the junior Wimbledon title in 1990, with the win captured by a newspaper headline 'Leander brings home a touch of grass'. He won a rare men's and a mixed doubles title at Wimbledon in 1999. Amritraj was the lone Indian hope through the 1970s and early '80s when he pushed the greats of the game to five sets but somehow could not make it to a Grand Slam final. There was even a time when Amritraj-Borg-Connors were referred to as the ABC of tennis. Yet, despite not winning a Grand Slam, Amritraj was an inspiration to younger players who trained at the academy run in Madras. His later role as a television commentator was very successful as he was able to provide insights aided by an articulate and knowledgeable presentation. He remains a respected figure at Wimbledon, the venue of some of his greatest matches, including an epic quarter-final encounter with Jimmy Connors in 1981 which the American finally won, or the 1979 clash with Björn Borg where the Indian led 2-1 before losing in five sets. 'Amritraj bows out' was an all too common headline but the likeable Indian won a record 15 ATP titles, the most by an Asian.

Durbar Had To Go

Next: Why not redefine the presidency itself?

By RAHUL SHIVSHANKAR

THE LUCKY FEW who had been shown into the Durbar Hall of the rashtrapati's house would have been struck by its courtliness. The mammoth Belgian chandelier that dangles over the 'head of the Republic' from the domed hall illuminates a day punctuated by crusty protocol. Essentially, fripperies fit for a regent.

Beyond the protocol, there is the Durbar Hall's statuary to contend with. The imperious 'presidential bodyguard' ensures the invitees keep their distance. Proximity, after all, could rob the éminence grise of alluring quintessence.

Indeed, the British may have exited the scene, but the stiff upper lip still defines the visage of the liveried sentinels of Rashtrapati Bhavan.

Once the eye has furtively surveyed the scene, it settles upon the president, sitting on a throne atop an altar framed by an apse looking benignly onto the assembled 'Durbar'.

In this crusty and frosty Durbar Hall, all the talk of Rashtrapati Bhavan being the 'symbol of the nation' that is 'accessible to the people' rings hollow.

So, one was glad to hear that President Droupadi Murmu has landed the first blow on 'durbarism'. The press release from her office informed us that Her Excellency was "pleased to rename two of the important halls of Rashtrapati Bhavan—namely, 'Durbar Hall' and 'Ashok Hall'—as 'Ganatantra Mandap' and 'Ashok Mandap', respectively."

The communiqué also noted the reasons for the decision. It explained that the "term 'Durbar' refers to courts and assemblies of Indian rulers and the British. It lost relevance after India became a Republic, that is, 'Ganatantra'. The concept of 'Ganatantra' is deeply rooted in Indian society since the ancient times, making 'Ganatantra Mandap' an apt name for the venue."

For added emphasis on republicanism, the 'Ashok Hall' that was originally a ballroom, has also been renamed. The Rashtrapati Bhavan has pronounced that the word 'Ashok' among other things "refers to the Ashok tree which has deep significance in Indian religious traditions as well as arts and culture. Renaming 'Ashok Hall' as 'Ashok Mandap' brings uniformity in language and removes the traces of Anglicisation while upholding the key values associated with the word 'Ashok'."

But to ensure that 'nameplate nationalism' is truly imbued with meaning, change must go beyond the superficial.

There is a need to redefine the presidency itself. A welcome beginning has been in the area of ensuring greater representation to the highest constitutional office. President Murmu is a tribal from modest means and her myth has grown in office, giving hope that India's democracy is also the embodiment of diversity. But more could be done. Perhaps, the time has come to reserve a percentage of presidential appointments for marginalised communities. Also, the president's council could be made to mandatorily reflect India's diversity.

But if governance is to be truly inclusive, transparent, and subject to meaningful checks and balances, the president's office needs to be rid of the impression that it is no more than a sinecure. One increasingly hears unedifying phrases like 'rubber stamp', 'glorified political appointee', 'cheerleader' to define presidents. This impression can be reversed by granting the president more discretionary powers restricted to addressing national crises and emergencies. The president could also be allowed to take proactive measures on critical issues like corruption, the economy, and national security. To ensure against overreach, the president's office could also be simultaneously subject to increased accountability. One step could be to introduce impeachment procedures for the president. Another measure could revolve around establishing an independent advisory body to monitor the president's performance.

IF GOVERNANCE IS TO BE TRULY INCLUSIVE, TRANSPARENT, AND SUBJECT TO MEANINGFUL CHECKS AND BALANCES, THE PRESIDENT'S OFFICE NEEDS TO BE RID OF THE IMPRESSION THAT IT IS NO MORE THAN A SINECURE

Some may flinch at the breadth of these suggestions. And this article does not purport to know all the answers, but there is no gainsaying that the president's office today needs to not just be seen as more effectively relevant, but be so.

A debate that goes beyond quibbling over nomenclature is needed. And such an inquiry would be a more fitting tribute to the legacy of the legendary 'Ashok' of yore. ■

Rahul Shivshankar is Consulting Editor, Network 18

Savarkar the Catalyst

He redeemed the revolt of 1857 from imperial interpretations

IN 1909, TWO extraordinary books were published by two of the greatest Indian freedom fighters, Mohandas Karamchand Gandhi (1869-1948) and Vinayak Damodar Savarkar (1883-1966). What were these two books? And how did they give rise to two contrasting, sometimes conflicting, components of our freedom movement?

The two books were Savarkar's *The Indian War of Independence 1857* and Gandhi's *Hind Swaraj*. There was something epochal in the composition and publication of both. Though originally composed in their native languages, Marathi and Gujarati respectively, both achieved fame largely in English translations. In fact, with respect to the former, the Marathi original is lost forever.

Savarkar's manuscript was written in 1908, according to 'The Story of this History' that prefaces the 1947 edition of the book. Our source is the Asian Educational Services 2014 facsimile reprint of the handsomely printed and illustrated 1947 imprint of the book, published by Phoenix Publications, Bombay. The account of the fascinating, almost incredible, story of its publication is from this source, especially 'The Story of this History' by GM Joshi (ix-xx).

Savarkar writing in Virendranath Chattopadhyaya's revolutionary magazine *Talwar*, published from Paris, declared that he wrote *The Indian War of Independence 1857* "to inspire his people with a burning desire to rise again and wage a second and a successful war to liberate their motherland."

In other words, the rewriting of history was to serve the present cause of rising against British imperialism in India. That is why he "also expected that the history should serve to place before the revolutionists an outline of a programme of organisation and action to enable them to prepare the nation for a future war of liberation." The latter, an outline or blueprint of revolution, is, however, not part of the book as we know it today.

Fifty years after the Great Revolt of 1857, Savarkar tried to recast the fateful, although failed uprising, from its standard imperial interpretation as the Sepoy or Indian Mutiny to the first Indian War of Independence. Working mostly from British sources in the India Office Library, Savarkar inaugurated a new era of nationalist historiography which combined facts with emotional appeal and revolutionary fervour.

Openly advocating armed rebellion to overthrow the British Empire would be treasonous and impossible in the repressive colonial regime. Savarkar, therefore, used the ruse of rewriting the events of 1857 to convey the message of "Swadharma and Swaraj". Indeed, those words form the opening chapter of the book.

Savarkar, then enrolled in Gray's Inn, was training to be a barrister. He knew that despite Britain's fairly liberal intellectual climate and respect for freedom of speech, his book would certainly be considered seditious. He therefore kept its scrupulous authorship hidden. He wanted no incriminating evidence linking its incendiary contents to himself.

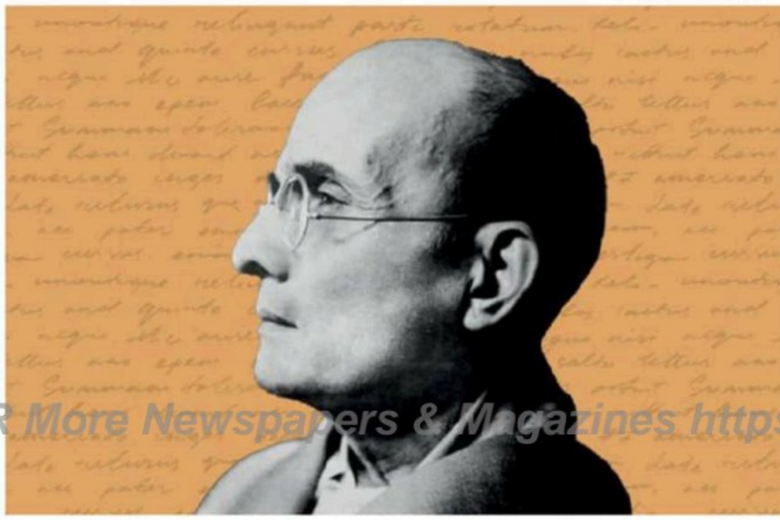
Only 25 when the book was written, Savarkar's intellectual and literary acumen are revealed amply in its 552 pages. Apart from a scrupulous adherence to known facts and details, he fleshed out all the Indian characters, painting them in larger-than-life and heroic tints. More than historical accuracy, Savarkar was interested in what Nietzsche had termed "monumentalism" in his 1873 work, *On the Use and Abuse of History for Life*. His was a history in search of glory past directed to present sacrifice for the nation.

Parts of it were read out in English versions at the meetings of the Free India Society. British intelligence, no doubt supported by Indian informants who had penetrated into the Indian revolutionary circles, soon got wind of its contents. Some chapters were found missing. Savarkar had the entire Marathi text smuggled back to India. But no one would dare to publish the book back home.

Savarkar's own Abhinav Bharat, his secret 'terrorist' society founded to free India, decided to undertake this onerous task. But multiple raids on possible printing presses in Bombay Presidency aborted these attempts. The manuscript was then secretly spirited back to Europe, to Paris, instead of London. The next idea was to publish it in Germany, where Sanskrit and Devanagari fonts were available. But German compositors, who didn't know Marathi, made a mess of it.

Thereupon, Savarkar's Abhinav Bharat Revolutionary Party, the counterpart of Abhinav Bharat in Europe, decided to undertake an English translation. This onerous task was accomplished under the supervision of VVS Aiyar. Aiyar, who was also at India House, was a wanted man. From France, he repatriated to Pondicherry, a French territory, to escape arrest in colonial India. Like Savarkar, he also inspired a major political assassination. One of Aiyar's followers, Vanchinathan (1886-1911), popularly known as Vanchi, assassinated Robert Ashe, the district collector of Tirunelveli district on June 17, 1911. The incident took place at Maniyachchi railway station, which is today named

Illustration by SAURABH SINGH



OPENLY ADVOCATING ARMED REBELLION TO OVERTHROW THE BRITISH EMPIRE WOULD BE TREASONOUS AND IMPOSSIBLE IN THE REPRESSIVE COLONIAL REGIME. SAVARKAR, THEREFORE, USED THE RUSE OF REWRITING THE EVENTS OF 1857 TO CONVEY THE MESSAGE OF 'SWADHARMA AND SWARAJ'

the Vanchi Maniyachchi Junction railway station after him.

To return to Savarkar's book, it proved difficult to publish the English version in England, France, or Germany. Word had already gone out and no one wanted to take the risk of publishing such a book. Instead, deliberately deceiving British intelligence agents, a copy of the manuscript was sent to Holland, where it was printed. When the British got wind of the news that the book was going to be published despite their best efforts to the contrary, they issued an order banning it.

Savarkar, according to Joshi, published a letter in the *Times* (London), protesting such an action by the government: "It is admitted by the authorities that they were not sure whether the manuscript had gone to print. If that is so, how does the Government know that the book is going to be so dangerously seditious as to get it proscribed before its publication, or even before it was printed?" If such a letter was indeed published, as Joshi claims, I have not been able to find it.

Adding to the mystery surrounding the origins of this book, the first edition was not even published under Savarkar's name. The author is simply called "An Indian Nationalist". The place of publication and date are given as London, 1909. There is no mention of Holland, nor is there a name or address or the printer. Though this edition is hard to find, a facsimile is available in Columbia University's digital collections (*shorturl.at/OUdhR*).

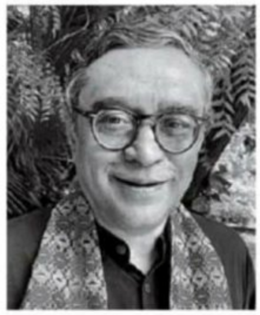
It is a handsomely produced, clothbound in brownish crimson hardcover, a careful look at the book shows that it was accessioned on March 15, 1910. "Source unknown" is written in pencil beside the stamped date. None of these details can be found in the detailed 'The Story of this History' by GM Joshi.

Joshi says copies of *The Indian War of Independence 1857* were wrapped in misleading book covers, such as *Pickwick Papers*, *Scot's Works*, and *Don Quixote*. They were rustled into India in boxes which had false bottoms. One, apparently, smuggled in by none other than Sikandar Hayat Khan, later of the Unionist Party, who went on to become the chief minister of Punjab.

After Savarkar's arrest in 1910, the book was published in the US by Gadar Party activists. The original Marathi manuscript, in the safekeeping of Madame Bhikaji Cama in Paris, was irretrievably lost after her death. The third edition was published in two parts in India by none other than Bhagat Singh himself. Rash Behari Bose, who founded the Indian National Army (INA), published the fifth edition in the 1940s. According to Joshi, portions of the book, translated into Tamil, were read by INA soldiers marching to liberate India under the leadership of Subhas Chandra Bose.

The Indian War of Independence 1857 is an extraordinary book. Though Savarkar is the flavour not only of the season but of the last decade, few people that I know, even ardent Savarkarites, have cared to return to his magnum opus. Instead, they consider the book as "already read", so much a part of their psyche that they can ignore it all the while swearing by it and using it ideologically.

Such anti-intellectualism is the bane of our times. And yet, we would be *vishvaguru* to the world. ■



By SWAPAN DASGUPTA

IT'S ALL ABOUT POLITICAL MESSAGING

Combining cautious populism with good economics

OPENOMICS 2024

IT IS NOT OFTEN that a finance minister of a democratic country gets the opportunity to present the national Budget for the seventh consecutive occasion. When she inherited the mantle from the formidable Arun Jaitley five years ago, the punditry of Lutyens' Delhi which is always prone to combine superciliousness with a self-image of infallibility, dismissed Nirmala Sitharaman as a passing show. It was an impression that stemmed from a colossal misreading of her self-effacing public demeanour. Sitharaman had the ability to hold her own in any gathering of the political and bureaucratic heavyweights of Delhi, but mindful of her limitations as a mass politician, she often chose to take a backseat, playing down the formidable array of experience she has accumulated since she was chosen to be a part of Narendra Modi's ministerial team in 2014.

In presenting the Union Budget for 2024, there were some special challenges before Sitharaman. When she presented the Vote on Account to Lok Sabha on February 1 this year, the finance minister appeared combative and battle-ready. The actual Budget speech last Tuesday, July 23, was more business-like. It was delivered entirely in English and lacked the rhetorical flourishes (not to mention the incursions into the realms of poetry) that India has come to expect of its finance ministers.

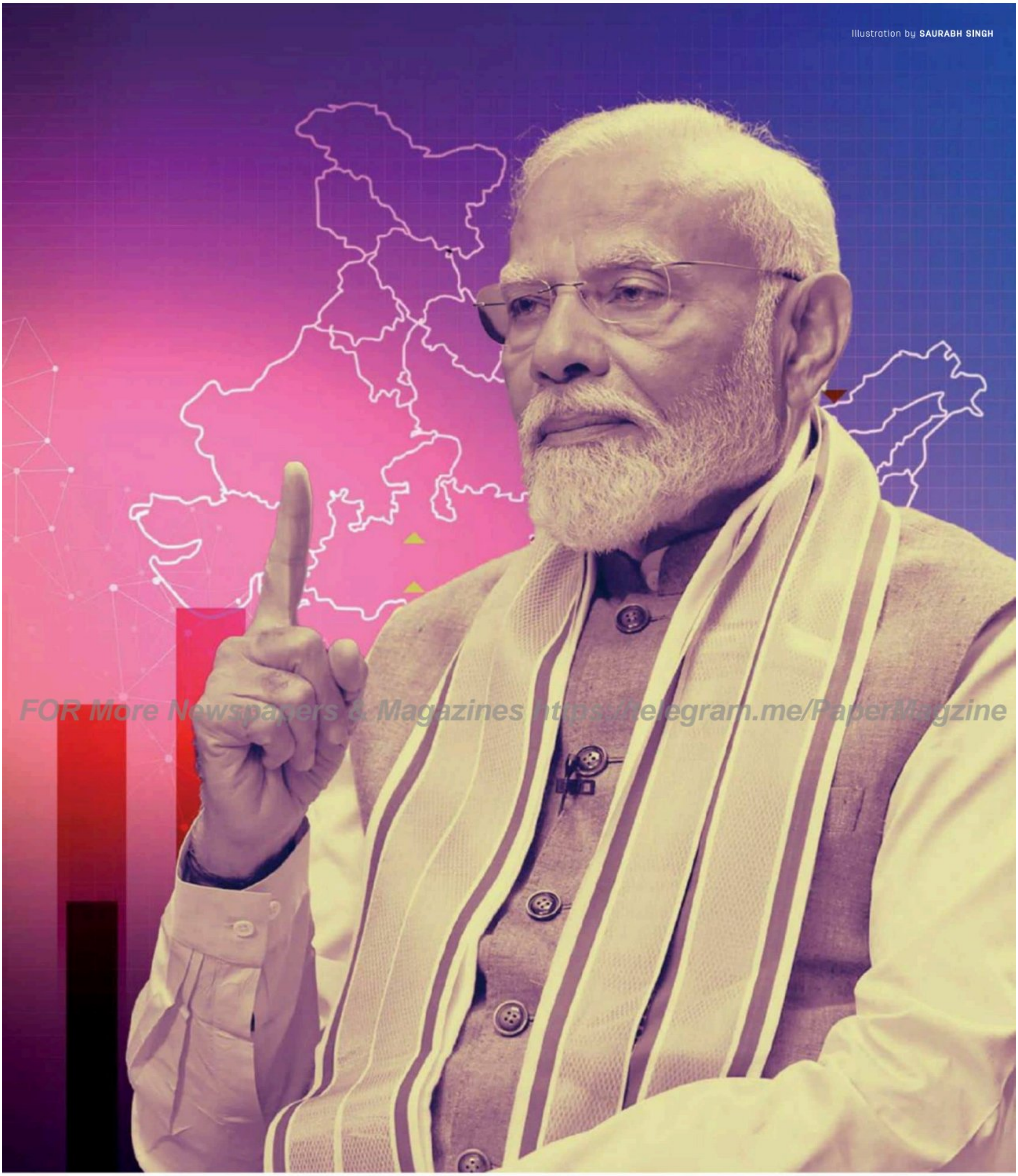
The reason for this shift of gear is obvious. Last February, both the Treasury and the Opposition benches expected the Narendra Modi government to be returned to power for a third time, perhaps with an even greater majority. Sitharaman's Vote on Account speech reflected the mood of the times.

To say that the prevailing mood in Parliament is different is an understatement. The Modi government has returned to power for the third consecutive term with an adequate working majority. However, the inability of the Bharatiya Janata Party (BJP) to secure a majority on its own has transformed the mood quite dramatically. It may sound an exaggeration, but there is a prevailing impression that Congress with 99 seats is the winner and BJP with 240 seats the loser. Certainly, Congress is irrationally triumphalist and BJP excessively despondent.

This bizarre situation has arisen on two counts.

First, BJP set its election target a bit too high. Although 400 seats were the target of the slogans, the party would have been equally elated had it returned anything above 325 MPs to Lok Sabha. That it fell well short of that number has resulted in the party being subjected to taunts, including the fact that the prime minister's majority in Varanasi fell sharply and the party was defeated in Faizabad, a constituency that incorporates the temple town of Ayodhya. Both these setbacks were in Uttar Pradesh (UP), but there were other significant reverses in Maharashtra.

Secondly, while BJP put on a brave face after the results and quietly celebrated the Modi government's return to power, there were subterranean concerns about what went wrong. The media and Opposition parties were inclined to attribute BJP's setbacks



WHEN THE RESULTS OF THE 2024 GENERAL ELECTION ARE DISAGGREGATED, THEY INDICATE THAT THE CAUSES OF THE BJP SETBACK CAN BE TRACED TO POLITICAL AND CAMPAIGN MANAGEMENT. THEIR CONNECTION WITH ANY PERCEIVED DISSATISFACTION OR EVEN ANGER AT THE MODI GOVERNMENT'S MANAGEMENT OF THE ECONOMY IS VERY TENUOUS

Union Finance Minister Nirmala Sitharaman presents the Budget in Lok Sabha, July 23, 2024

alliance of Dalits, Yadavs and Muslims against BJP.

When the results of the 2024 General Election are disaggregated, they indicate that the causes of the BJP setback can be traced to political and campaign management. Their connection with any perceived dissatisfaction or even anger at the Modi government's management of the economy is very tenuous.

When electoral performance does not go along the expected route, there is a natural inclination to pin the responsibility on economic mismanagement, notably rising prices and steep unemployment. The underlying belief is that voters tend to express their anger on bread-and-butter issues. The record of an electorate driven by economism is rather mixed. Lalu Prasad, for example, prevailed in Bihar for much of the 1990s despite a grim track record of near-zero economic progress. The same can be held to be true of Mamata Banerjee in neighbouring West Bengal. She has won three consecutive elections even though the state's only real growth industry is providing an unending supply of migrant labour to the economically more vibrant parts of the country.

IN SEVEN MONTHS, NIRMALA SITHARAMAN WILL PRESENT ANOTHER BUDGET. BY THEN, THE STABILITY OF THE NEW NDA GOVERNMENT WILL HAVE BEEN SETTLED. BJP WOULD HOPEFULLY HAVE REGAINED CONTROL OF THE LARGER POLITICAL NARRATIVE AND GIVEN THE FINANCE MINISTER THE ELBOW ROOM TO NOT ONLY ENSURE THAT THE INDIA STORY IS ON TRACK BUT IS ALSO SEEN TO BE ON TRACK

to economic distress, particularly the phenomenon of jobless growth that had left BJP's supporters among the youth disappointed. There were also suggestions that the party's traditional middle-class base was not overtly enthused by the government's performance and did not turn up to vote in large numbers.

Without discounting the significance of these assessments, it can also be said that the reverses suffered by BJP had little or nothing to do with the performance of the Modi government. For a start, the I.N.D.I.A. bloc did succeed in bringing together most of the anti-BJP votes under one roof. That made a significant difference in many constituencies. In Maharashtra, there was a backlash of sorts against the overbearing attitude of BJP in decimating the Opposition. At the same time, the inclusion of many Opposition stalwarts, particularly from Congress and the Nationalist Congress Party (NCP), in the National Democratic Alliance (NDA), was not appreciated by BJP's voter base. Finally, in UP, the slogan of '400 paar' was deftly manipulated by I.N.D.I.A. into implying that BJP was planning a big constitutional modification that would lead to the dilution of all reservation for Scheduled Castes. This led to the unlikely

In the Preface to this year's Economic Survey, it is stated: "The Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geo-political challenges. The Indian economy has consolidated its post-Covid recovery with policymakers—fiscal and monetary—ensuring economic and financial stability... High economic growth in FY24 came on the heels of growth rates of 9.7 per cent and 7.0 per cent respectively, in the previous two financial years. The headline inflation rate is largely under control... The trade deficit was lower in FY24 than in FY23, and the current account deficit for the year is around 0.7 per cent of GDP. In fact, the current account registered a surplus in the last quarter of the financial year. Foreign exchange reserves are ample."

Although expressed in staccato style, the Economic Survey was not merely drumbeating for the government. The economy that the Modi government bequeathed to the country at the beginning of its third term may not have been perfect. However, few countries in the world can boast of such a record as India, even though the rate of growth of non-financial private-sector capital formation was slow. In everyday language this means that the growth of manufacturing industry in the private sector was still disappointing. The Economic Survey prescribed an eight million new job creation target until 2036.

What has given confidence to the ability of the Indian economy to scale even greater heights is that the fiscal deficit is expected to be 4.9 per cent this year and, if the government is purposeful, could come down to 4.5 per cent by 2025-26. The macro-economic significance of a well-regulated fiscal deficit, whose management has a direct impact on controlling inflation, can hardly be overstated. It is entirely possible that if the nominal GDP reaches the Budget estimate of 10.5 per cent, without the burden of high inflation, India's journey to Viksit Bharat will be assured.

THE MODI GOVERNMENT fought the 2024 elections with the promise of Viksit Bharat by 2047. As a concept, Viksit Bharat holds out enormous attractions for those who are sick of India being described as a country of unrealised potential, and which is constantly burdened by the physical and emotional consequences of underdevelopment. In concrete terms, what was mocked as the Hindu rate of growth, meant low expectations, institutionalised incompetence and sloth, and lots of third-world jugar. To break out of this mindset, Modi had posited the idea of Viksit Bharat—an idea that involved India becoming a land of 21st-century infrastructure and a mental conditioning to go along with it. It meant moving out of the pace of the mail train and embracing the rapidity of Vande Bharat and even bullet trains.

The problem Modi encountered was that Viksit Bharat as an idea was not translated into an electoral slogan. Ideally, an incumbent government combines its record of actual performance with promises of what it will set out to do in the next five years. What the Modi government had successfully achieved in the past 10 years, including work-in-progress, was well known—although it needed occasional reminding—to the voters. What remained very hazy was what the government planned to do in the next five years. All that was promised was continuity and perseverance along the road to a Viksit Bharat.

In the aftermath of Sitharaman's Budget on July 23, Congress leaders are having a field day telling people that the architecture of the elaborate apprentice scheme unveiled by the government was outlined in the Congress election manifesto. The borrowing of an idea from an Opposition party's manifesto is no heinous crime. What this incident, however, very succinctly demonstrates is that BJP was remarkably casual in presenting and in fleshing out its economic blueprint for Viksit Bharat. It is conceivable that the BJP experience with the New Pension Scheme in the Assembly election in Himachal Pradesh may have played a part in the ultimate decision to go short on detail and bank disproportionately on Modi's charisma. The overall political message that seems to come through is that BJP is seen to be guilty of viewing youth unemployment as an afterthought.

The larger point is one of political messaging. In the aftermath of the Lok Sabha elections, BJP has found itself on the backfoot. Its claim that nothing resembling a reversal happened in the polls isn't believed, not even by its supporters. The real political problem that must be addressed concerns the organisation of the party and the overall demeanour of a section of its leadership that appears to have lost its popular connect. However, by some convoluted media logic, a large amount of political blame has got transferred to the government's management of the economy. Hence the constant references to the finance minister's so-called 'course correction', an expression that devalues the exemplary work done by the Modi government over the past 10 years in transforming India into an economic powerhouse.

BY SOME CONVOLUTED MEDIA LOGIC, A LARGE AMOUNT OF POLITICAL BLAME HAS GOT TRANSFERRED TO THE GOVERNMENT'S MANAGEMENT OF THE ECONOMY. HENCE THE CONSTANT REFERENCES TO THE FINANCE MINISTER'S SO-CALLED 'COURSE CORRECTION', AN EXPRESSION THAT DEVALUES THE EXEMPLARY WORK DONE BY THE MODI GOVERNMENT OVER THE PAST 10 YEARS IN TRANSFORMING INDIA INTO AN ECONOMIC POWERHOUSE

In just seven months, Nirmala Sitharaman will present yet another Budget. By then, the stability of the new NDA government where BJP is a whisker short of an outright majority will have been settled. BJP would hopefully have regained control of the larger political narrative and given the finance minister the necessary elbow room to not only ensure that the India story is on track but is also seen to be on track. India's economic success story has depended in a big measure on both political stability and the judicious application of political will. It should remain that way. ■

Swapan Dasgupta is India's foremost conservative columnist. He is the author of Awakening Bharat Mata

RP-Sanjiv Goenka Group Chairman Sanjiv Goenka and Union Finance Minister Nirmala Sitharaman

‘It Is a Futur

FINANCE MINISTER NIRMALA SITHARAMAN IN HER FIRST

Photographs by **ASHISH SHARMA** and **RAUL IRANI**

istic Budget'

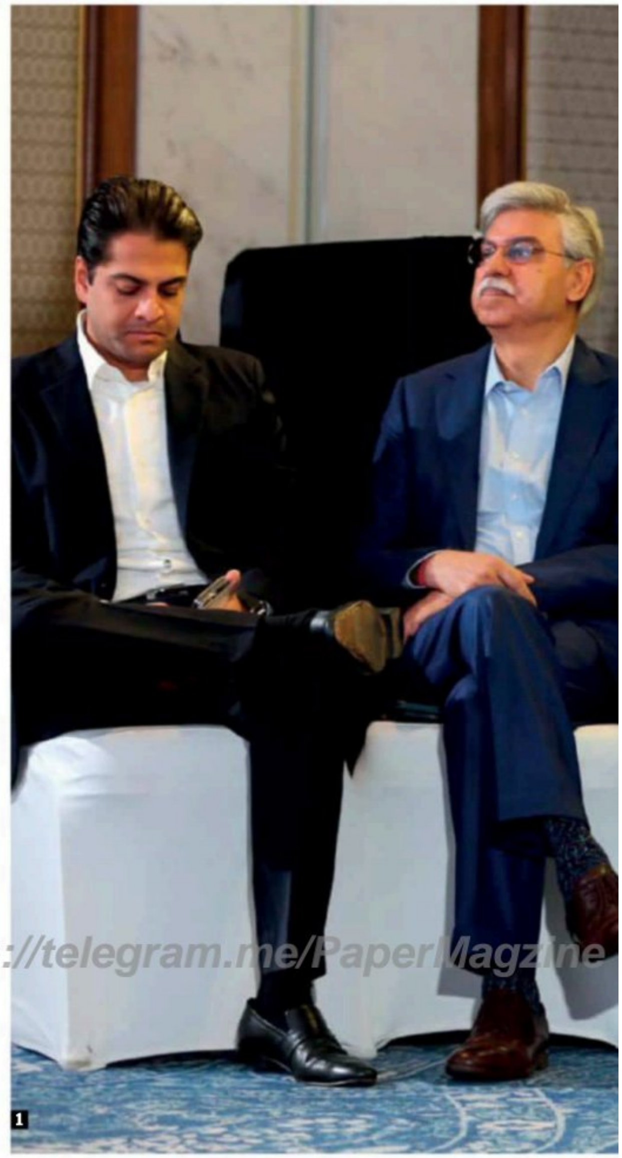
INTERACTION WITH INDUSTRY LEADERS AFTER THE BUDGET

By SIDDHARTH SINGH and ULLEKH NP

FINANCE MINISTER Nirmala Sitharaman dwelled on aspects of continuity and new efforts to reform land, labour and capital laws alongside a commitment to capital expenditure at the 'OpenHouse' event, organised by the RP-Sanjiv Goenka Group and anchored by RPSG Chairman Sanjiv Goenka in New Delhi on July 26. The finance minister also responded to questions on India's nuclear energy plans, Centre-state cooperation, fiscal discipline, and debt management.

Emphasising that her July 23 Union Budget presented in Parliament was a "futuristic" roadmap for India, Sitharaman categorically said that capital expenditure (capex) would remain a cornerstone of Modi 3.0 policies until the government was certain that investment recovery could take off on its own.

The plan to make India a developed nation by 2047, as envisaged by the Centre, encompasses an all-out effort to enhance growth, manufacturing output, social progress, and job generation through sustainable means and good governance. The ambitious plan is called Mission 2047 or Viksit Bharat 2047.



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Photograph by NARENDRA BISHT

1. (L-R) Devansh Jain, director, INOXGFL Group; Sunil Kant Munjal, chairman, Hero Enterprise; HP Singhania, managing director, JK Paper; Avarna Jain, chairperson, RPSG Lifestyle Media; Preeti Goenka, cofounder, Stylefile; Shashwat Goenka, vice chairman, RPSG Group
2. Shashwat Goenka
3. Devansh Jain

"WE ARE AWARE THAT WE HAVE TO HAVE BANG FOR THE BUCK, BUT WE ARE HANDLING MACROECONOMIC ISSUES WITH A LOT OF RESPONSIBILITY"

"SKILLING IS NOT ABOUT SKILLING PEOPLE FOR OLD-INDIA REQUIREMENTS, BUT FOR NEW INDIA. IT WILL BE AI-DRIVEN AND MORE RESEARCH AND TECHNOLOGY WILL BE BROUGHT INTO AGRICULTURE AND LABOUR-INTENSIVE UNITS WILL BE MODERNISED"

Nirmala Sitharaman

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1. Sunil Kant Munjal
2. Avarna Jain
3. Preetha Reddy, vice chairperson, Apollo Hospitals
4. HP Singhania

In her remarks at the event, the finance minister highlighted several important economic themes that she had outlined in the 2024-25 Budget. She first mentioned the importance of factor productivity and land and labour factor reforms, two very important issues that have received emphasis in this year's Budget. Land and labour are chief among factor markets that have for long been caught up in the politics of India. The fact that Sitharaman chose to highlight them again sends an important signal that these issues have lost none of their salience and potency for the Narendra Modi government. In her Budget speech, the finance minister had said, "Our government will initiate and incentivise reforms for, one, improving productivity of factors of production; and, two, facilitating markets and sectors to become more efficient. These reforms will cover all factors of production, namely land, labour, capital and entrepreneurship, and technology as an enabler of improving total factor productivity and bridging inequality."

Sitharaman also highlighted the importance of close coordination and cooperation between the Centre, states and industry to spur the Indian economy forward. She told the forum, "It [Budget] is not only the plan of the Central government." She repeatedly emphasised the need for close coordination between the Centre and the states, states and the industry, and all three stakeholders together.

Another theme that resonated in the discussion and exchange of ideas at 'Open House' was the strong praise for the Modi government in maintaining fiscal prudence, not only in the current Budget but also over the series of past Budgets. In 2024-25, the government has set a target of reducing the fiscal deficit by one percentage point to 4.9 per cent of GDP from 5.9 per cent (Budget Estimates) in 2023-24.

The finance minister said that since the audience consisted of people from industry, they would understand and appreciate the government's efforts in reducing the fiscal deficit. "The glide path has been adhered to in all these years on fiscal management and deficits," Sitharaman said. She also spoke about India moving to using the debt-to-GDP ratio as an anchor for fiscal management in the years ahead. This was part and parcel of the government's plan to keep India on the path of fiscal sustainability.

During the session, a question was raised about the government's continuing emphasis on capital expenditure. In her response, Sitharaman left no room for doubt and said, "The public sector has to undertake investment. There is a lot of work to be done on infrastructure... we would like the private sector to take up investment as well."

The audience at the event, held at Delhi's Taj Mansingh Hotel, comprised industrialists, entrepreneurs, economists, and others. The finance minister was warmly welcomed by RPSG Chairman Sanjiv Goenka,

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"FACTOR MARKET REFORMS HAVE A BIG PLACE IN THIS BUDGET"

"NOTHING IN THE FINANCE MINISTRY IS DONE WITH BACK-OF-THE-ENVELOPE CALCULATIONS. IT IS A RIGOROUS PROCESS"

Nirmala Sitharaman

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1. (L-R) Preeti Goenka, Sanjiv Goenka, Nirmala Sitharaman, Shashwat Goenka, Avarna Jain, Devansh Jain
2. Nilesh Shah, managing director, Kotak AMC
3. Anas Rahman Junaid, founder, Hurun India

who called her a leader who has "distinguished herself with deep thought, clarity, transparency and vision."

Sitharaman said that she was at the forum primarily to clarify things about the Budget. She also said that skilling schemes outlined by the government are not a rehash of the old ones. "Skilling is not about skilling people for the old-India requirement, but for new India. It will be AI-driven and more research and technology will be brought into agriculture and labour-intensive units will be modernised." The skilling schemes the government has undertaken will focus on meeting the demands of Industry 4.0, she said. In total, the Union Budget for 2024-25 will provide ₹1.48 lakh crore for education, employment and skilling in the country. Besides, a skill loan scheme will be revised to facilitate loans up to ₹7.5 lakh with a guarantee from a government-promoted fund, which is expected to help 25,000 students every year.

Sitharaman, who presented her seventh Union Budget this time, had reiterated her resolve to spend more on infrastructure to generate jobs, anticipating that plans in this area will have a multiplier effect and stir up the economy. It, therefore, came as no surprise that she announced the continuation of the spending plan announced in February's Interim Budget ahead of the General Election. Much more needs to be done on the infrastructure front, she said, in response to a question. The Centre had some years ago doubled its infrastructure spend to 3.4 per cent of GDP. Along expected lines, the Union Budget announced a capital expenditure of ₹11.11 lakh crore to support the development of infrastructure over the next five years. "We are conscious that we have to have bang for the buck, but we are handling macroeconomic issues with a lot of responsibility," Sitharaman said, adding that "India still has an infrastructure deficit in some parts of the country."

The Budget proposals in infrastructure development include a transit-oriented development plan for 14 large cities with a population of over 30 lakh, the creation of investment-ready 'plug and play' industrial parks with complete infrastructure in or near 100 cities, and the setting up of Digital Public Infrastructure (DPI) in agriculture, power projects, ports, airports, and so on. The Centre will also spend ₹10 lakh crore to house people. In her Budget speech, Sitharaman had said she had made a provision of ₹2.66 lakh crore for rural development, including

RIGHT STEPS TAKEN ON TAX

A panel discussion on the Union Budget 2024-25 featured journalist Vikram Chandra; Surjit Bhalla, noted economist and India's former executive director at the International Monetary Fund (IMF); Nilesh Shah, managing director of Kotak Asset Management Company Ltd; and Vishak Raman, vice president for sales at Fortinet.

The questions centred on the details of the Budget, especially the government's new employment incentives package, fiscal consolidation, capital gains tax, and more.

In his remarks, Bhalla said the Budget was excellent from both an economic and political perspective. He said that on employment generation, the government recognises that there is an issue and this is especially so for entrants to the labour market who are looking for their first job. Bhalla added that from the perspective of economic policy, there has never been any dispute on the solution to the problem: the way to increase employment is to give a wage subsidy and that is what the government is doing. The economist said that youth unemployment is a problem across all countries as there is a surplus of college graduates.

In his remarks on capital gains tax, Nilesh Shah said that the issue is not the

(L-R) Vikram Chandra, founder, Editorji; Surjit Bhalla, economist; Nilesh Shah, managing director, Kotak AMC; Vishak Raman, vice president, sales, Fortinet

AND JOBS

increase in the tax but a view has to be taken on the totality of all other taxes in the securities markets, such as the Securities Transaction Tax (STT), dividend taxes, and all other taxes. He said STT is a step in the right direction but it should be taken to its logical conclusion by removing the differential treatment for domestic and foreign investors. Bhalla added that the government was moving towards equalising tax treatment across different asset classes and this was a positive step.

All participants in the discussion praised the government for its fiscal prudence and its continuous efforts to put India on the path of fiscal sustainability and consolidation.

Photograph by NARENDRA BISHT

Sunil Kant Munjal and Surjit Bhalla

rural infrastructure.

Outlining more proposals in her Budget speech, Sitharaman had said that ownership, leasing, and flagging reforms will be implemented to improve the share of the Indian shipping industry. She added, "We will set up a Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets. Its mandate will include technology development, skilled workforce, extended producer responsibility framework, and a suitable financing mechanism." The finance minister said she would promote investment in infrastructure by private sector players through viability gap funding and enabling policies and regulations.

Emphasising stability along with continuity, the finance minister told the gathering at 'Open House' that the skilling schemes the government has undertaken will focus on meeting the demands of Industry 4.0 and so most upskilling programmes will be done using artificial intelligence (AI), confirming that the Centre has done it after a careful review of its previous ventures. Sitharaman said that tax-related changes in Budget 2024 were not done based on back-of-the-envelope calculations. A lot of rigour goes into the exercise, she averred.

"These are well-thought-out plans," she said, emphasising that stakeholders across sectors were consulted before the government chalked out a roadmap for this purpose. Sitharaman also said that her government will enlist the support of state governments and the private sector to tide over challenges in job generation and the creation of new employment opportunities. She said that the Modi government will rise above narrow political considerations in this massive effort.

To spur job creation, the government also plans to expand micro, small, and medium enterprises (MSMEs) and make them go global. Sitharaman said, presenting the Budget, "For facilitating term

(L-R) Sanjiv Goenka;
Nirmala Sitharaman and Avarna Jain

loans to MSMEs for the purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced. The scheme will operate on pooling of credit risks of such MSMEs, and a separately constituted self-financing guarantee fund will provide to each applicant a guarantee to cover up to ₹100 crore, while the loan amount may be larger." She also announced that public sector banks (PSBs) will build "inhouse capability" for credit assessment of MSMEs. The government will also slash the mandatory revenue requirement for MSMEs for submitting applications on TReDS from ₹500 crore to ₹250 crore. TReDS is an electronic platform for facilitating the financing or discounting of trade receivables of MSMEs through multiple financiers, according to a government communiqué.

She also said that special packages to certain states were allocated in line with the promises made in the Interim Budget and not due to any post-poll considerations. To a question from Shashwat Goenka, director at the RPSG Group, Sitharaman said that the government would actively encourage private sector participation in its aggressive initiatives in nuclear energy. The finance minister also said at the meeting that the government is open to suggestions and recommendations in multiple sectors, including electronics and renewable energy. ■

"FORWARD SIGNALLING HAS BEEN MADE IN THIS BUDGET"

Nirmala Sitharaman

OPENOMICS 2024
UNION BUDGET

INDIA FIRST

BUDGET 2024 HAS STUCK TO THE PATH OF FISCAL CONSOLIDATION WITHOUT COMPROMISING ON NECESSARY EXPENDITURE AND TARGETED WELFARE WHILE DEVISING A NEW STRATEGY TO GENERATE EMPLOYMENT

By HASEEB DRABU and ANIL PADMANABHAN

Union Finance Minister
Nirmala Sitharaman
at Parliament,
July 23, 2024

Photo **ANI**

IT WAS WIDELY EXPECTED THAT THE ELECTORAL setback suffered by the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) would influence the contours of the first Union Budget in the government's record-matching third tenure. It did, but not in the manner that was anticipated.

Instead of turning on the populist tap—to match the fiscally destructive open-ended electoral offers by the political Opposition—ahead of another round of key state elections, the duo of Prime Minister Narendra Modi and Finance Minister Nirmala Sitharaman declined to stray from the path of fiscal prudence.

They essentially stuck to the prudent and bold pre-election Interim Budget strategy of sans populism. At that time, the widely held belief was that NDA would romp home comfortably, and BJP would improve on its 2019 tally of 303 seats. However, to do so for a second consecutive time, despite BJP's seat count dropping steeply to 240, is not just courageous. It smacks of conviction in the strategy of fiscal prudence and desire to preserve the hard-earned macroeconomic stability.

At the same time, to address the biggest pain point of the electorate—jobs—NDA pulled out the stops and scaled an out-of-the-box solution which focused on the twin challenges of employment and employability. In short, the strategy, which makes India Inc a key stakeholder, seeks to create jobs and at the same time address the legacy challenge of skill-deficit.

In politics it is not what you do but what you are seen to be doing. And in this context NDA's effort is not short on either ambition or effort. It is making a risky bet though. In hindsight, as in the case of the Interim Budget sans populism, the government could be accused of passing up on an opportunity to rewrite the electoral narrative with freebies—which would also pre-empt the Opposition's electorally tempting *khatakhat* economics. Only time will tell.

For now, NDA's first post-poll Budget has chosen to prioritise India's development, ahead of firming its politics. Accordingly, it has adhered to the path of fiscal consolidation without compromising spending in priority areas, especially capital expenditure and social welfare. At the same time it has set out a blueprint for job support and initiated rationalisation of direct taxes—with the promise of a complete overhaul in the next Budget due in about six months.

Salutations have not been long in coming, especially from foreign analysts. In its advisory, Goldman Sachs said, "The government ticked all crucial macro-prudential boxes. Revenue targets look broadly achievable and tax assumptions realistic. The budget promised a policy framework for long-term economic development to set the scope for the next generation of factor market (land, labour, capital and technology) reforms in conjunction with state governments."

Arguing in the same vein, Morgan Stanley said, "There are three big surprises. The first is the unique incentive scheme for job creation. Second is the simplification of the tax code, including unification of TDS rates and capital gains tax rates and rationalisation of import duties, removal of angel tax, and a promise for further simplification by the next Budget; and lastly, the lower-than-expected fiscal deficit. The lack of populist spending is in line with expectation, although the increase in capital gains tax for equities is against our expectation of no change."

The Budget for 2024-25 marks many transitions. First, of course, it signals a new phase in BJP's coalition management, a rebalancing between the 'wants' of the national party and the 'needs' of its regional allies. Historically, coalition Budgets often feature higher social spending, especially subsidies. The effects of coalition politics are evident with the social-sector spending increasing to over 5 per cent though still lower than the 6.7 per cent that it was in 2013-14 when the coalition dharma was more dominant. But now, the focus is on digital initiatives (Digital India), financial inclusion (Jan Dhan Yojana), sanitation (Swachh Bharat Mission), and infrastructure development alongside traditional social programmes.

Second, looking at the structure of public expenditure, this Budget signals transitioning from addressing basic needs to fulfilling the broader consumption wants of the population. This shift is critical in a maturing economy where citizens' aspirations extend beyond mere survival to improving their quality of life and economic prospects.

Seen this way, this year's Union Budget is an essay in good economics and good politics by Sitharaman.

Addressing the Resources Deficit

WHILE THE FINANCE MINISTER HAS BEEN WIDELY COMPLIMENTED for reining in the fiscal deficit, the Budget has also tried to address, perhaps for the first time, the natural resources deficit in the Indian economy. In a market-led growth paradigm, natural resources—minerals, oil, gas and water—are the key revenue drivers for, and major constraints to, macroeconomic growth and its spread across the sub-national economies.

India's natural resource and mineral deficit is a significant challenge that requires a multifaceted approach. The government's measures, as outlined in the 2024 Budget, provide a robust framework to address this issue. By combining policy reforms, technological innovation, and international collaboration, India can work towards securing a sustainable future.

First, this Budget has taken several measures to address the critical mineral deficit and promote sustainable resource management. The Critical Mineral Mission is a good initiative to focus on domestic production, recycling, and overseas acquisition of critical minerals. The mission aims to develop technology, a skilled workforce, and an extended producer responsibility framework.

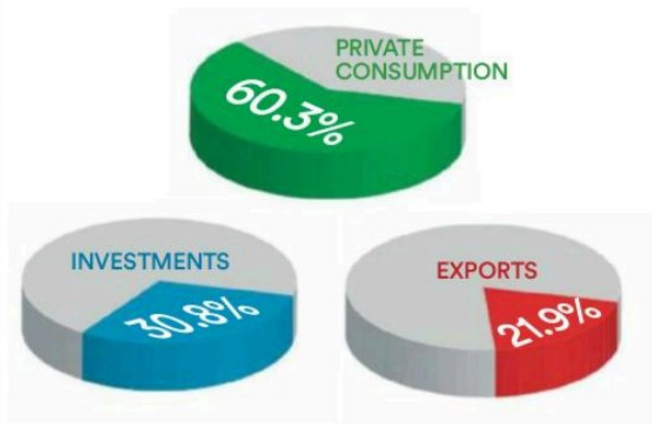
Second is a series of tax reductions in customs duties for critical minerals to encourage imports and ease the supply chain. For instance, on antimony, lithium and beryllium, the custom duty has been reduced to zero. Finally, there is promotion of investment in offshore mining by planning to launch the auction of the first tranche of offshore blocks for mining, which is expected to enhance domestic mineral production.

INDIA'S NATURAL RESOURCE AND MINERAL DEFICIT IS A SIGNIFICANT CHALLENGE THAT REQUIRES A MULTIFACETED APPROACH. THE GOVERNMENT'S MEASURES, AS OUTLINED IN THE 2024 BUDGET, PROVIDE A ROBUST FRAMEWORK TO ADDRESS THIS ISSUE. BY COMBINING POLICY REFORMS, TECHNOLOGICAL INNOVATION, AND INTERNATIONAL COLLABORATION, INDIA CAN WORK TOWARDS SECURING A SUSTAINABLE FUTURE

CONSUMPTION AND INVESTMENTS WILL KEEP GDP GROWTH ROBUST

SUSTAINED MOMENTUM IN GDP GROWTH

SHARE IN GDP AT CURRENT PRICES



The finance minister's proactive approach in addressing the natural resource and mineral deficit through policy measures, technological advancement, and international cooperation is key to resolving structural constraints by bridging the resource gap and ensuring the long-term sustainability of India's economic growth. By reducing import duties and promoting domestic production and recycling, India aims to mitigate its dependency on foreign minerals and build a more sustainable industrial base.

Along with sustainability, there is some advancement towards energy security. The allocation for the development of small nuclear reactors and research into new nuclear technologies is an initiative that will not only enhance our energy mix but also accelerate the transition to sustainable energy sources. All the energy corporates will benefit from these developments, driving innovation and sustainability in their operations and contributing to the national energy transition goals.

Tax Rationalisation

WHILE THE FOCUS REMAINS ON POLICY initiatives, the Budget has also introduced targeted reforms in direct taxation to simplify and rationalise taxes, bring in more uniformity, improve compliances and reduce litigation through providing certainty.

With the Goods and Services Tax (GST) Council becoming the body for making indirect tax changes, the finance minister has, in Budget 2024, focused on rationalisation rather than relief in the direct taxes. While the changes in tax proposals, like the increase in capital gains tax, for both short and long-term assets, have been seen more in the nature of simplification of the tax regime rather than anything else, there is more to these changes from the perspective of financial stability. The increase in the securities transaction tax (STT) rate on the future and option trade in securities is a proactive measure to safeguard the markets which are widely believed to be overheated, which in a situation of asset price inflation in both physical and financial assets could be a source of instability in the financial markets and can quickly result in macroeconomic instability.

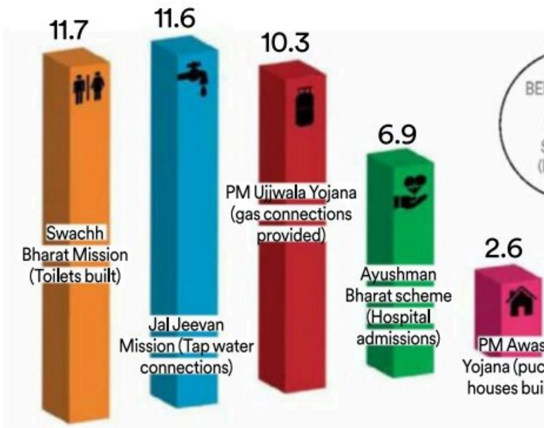
On the personal tax front, Sitharaman has been nudging taxpayers to move to the new tax regime to simplify compliances and increase disposable income. Along with a revision of slab rates under the new regime, an increased standard deduction for salaried taxpayers from ₹50,000 to ₹75,000, and a raised ceiling for family pension deductions from ₹15,000 to ₹25,000 have been proposed. In order to align tax deductions for government and non-government employees, a deduction of up to 14 per cent of salary for pension scheme contributions (up from 10 per cent) is proposed, with corresponding amendments for deductions to non-government employers. Overall, the focus is on rationalisation and not on relief or appeasement of the middle class.

Recalibrating Growth Strategy

THE UNDERLYING MACROECONOMICS OF THIS BUDGET SIGNALS A shift to a consumption-led strategy. It is not that the investment strategy is being abandoned, just that there is a clear intent to boost consumption indirectly. The economy has been, of late, going through an under-consumption phase, with last year the gap between public expenditure and consumption peaking at ₹3 lakh crore—the highest in a decade, excluding the Covid-impacted years.

There is a multipronged strategy to structurally lift consumption. A large part of this has been the emphasis on and high incidence of transfer payments

ENSURING INCLUSIVITY IN GROWTH



Graphics by **SAURABH SINGH** and **VEER PAL SINGH**

in the Budget. More importantly, these transfer payments are focused on the lower base of the pyramid where the marginal propensity to consume is close to one which is expected to boost private final consumption expenditure in the economy.

Unlike the earlier Budgets where the transfer payments were designed to improve the quality of life, with the labharthi model based on targeted social welfare spending, there is a nuanced shift. This year, these payments are linked to employment and more importantly to employability.

Khatakhat Rejected

IN MID-JUNE, A FEW WEEKS AFTER THE CONCLUSION OF THE GENERAL Election, Congress-ruled Telangana announced a ₹31,000 crore farm loan waiver—a key poll promise of the party ahead of winning a landslide in the Assembly election last year.

It was similar to the massive ₹60,000 crore farm loan waiver the Congress-led United Progressive Alliance (UPA) had announced in 2008, a year ahead of winning the General Election in 2009.

In both instances, the actions, no matter how well justified or electorally lucrative, created or create a moral hazard. Though they do not impact the banks which loaned the money—as the state government picks up the tab—it incentivises non-payment of dues. In turn, this undermines the credit culture in the country. Further, the exchequer will have to borrow more to make good the loan waivers.

Similar electoral freebies emerged as a key electoral calling card of Congress' strategy in the just-concluded General Election. A standout guarantee, if people voted for them, was the annual payment of ₹1 lakh every year—₹8,500 every month—it promised to the oldest woman in every poor family. Thanks to the stump speeches of Rahul Gandhi, the party's former president, this guarantee acquired a catchy moniker: *Khatakhat*.

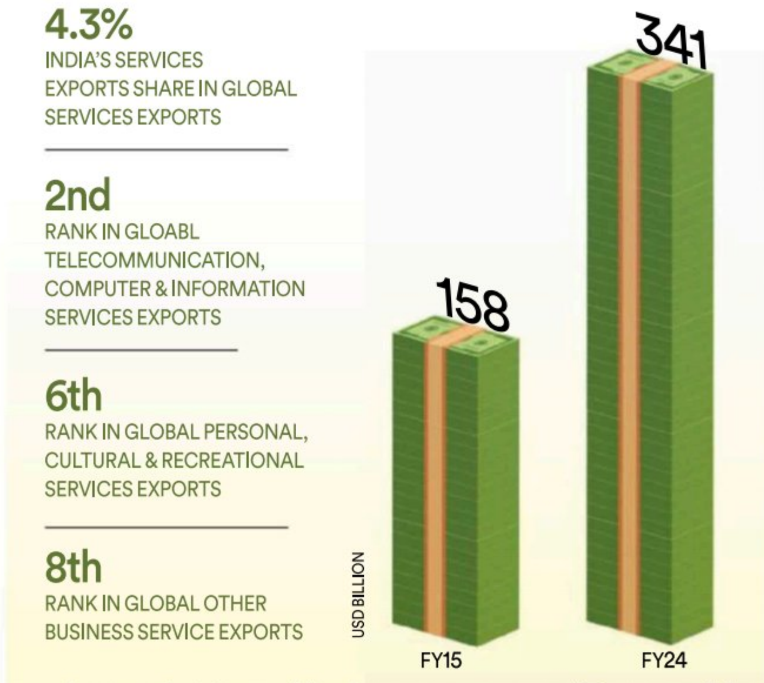
The slogan seems to have caught the imagination of a segment of the electorate—going by the outcome, wherein Congress nearly doubled its tally to 99 seats, over and above the successes it harvested in the polls to the state

ALONG WITH SUSTAINABILITY, THERE IS SOME ADVANCEMENT TOWARDS ENERGY SECURITY. THE ALLOCATION FOR THE DEVELOPMENT OF SMALL NUCLEAR REACTORS AND RESEARCH INTO NEW NUCLEAR TECHNOLOGIES IS AN INITIATIVE THAT WILL NOT ONLY ENHANCE OUR ENERGY MIX BUT ALSO ACCELERATE THE TRANSITION TO SUSTAINABLE ENERGY SOURCES. ALL THE ENERGY CORPORATES WILL BENEFIT FROM THESE DEVELOPMENTS

Illustrations by **SAURABH SINGH**

THE BUDGET HAS INTRODUCED TARGETED REFORMS IN DIRECT TAXATION TO SIMPLIFY AND RATIONALISE TAXES, BRING IN MORE UNIFORMITY, IMPROVE COMPLIANCES AND REDUCE LITIGATION THROUGH PROVIDING CERTAINTY. WITH THE GST COUNCIL BECOMING THE BODY FOR MAKING INDIRECT TAX CHANGES, THE FINANCE MINISTER HAS FOCUSED ON RATIONALISATION RATHER THAN RELIEF IN THE DIRECT TAXES. THE EMPHASIS IS ON RATIONALISATION AND NOT APPEASEMENT OF THE MIDDLE CLASS

SERVICES EXPORTS MORE THAN DOUBLED IN NINE YEARS



Assemblies last year.

Many women gullibly bought into the electoral promise and turned up at the party's offices across the country on June 5 to claim their first instalment of ₹8,500, only to be turned away.

There is a fine line between economic populism or *khatakhat* economics and social welfare. While the former is open-ended and designed to enable redistribution, the latter is targeted at a specific individual or cohort—like the poor, women, farmers, and so on—with the intent of improving access to basics and thereby enabling empowerment.

With NDA triangulating the beneficiary by using their Jan Dhan (bank account), Aadhaar and Mobile (JAM), the targeting has become more accurate—saving the exchequer a cumulative sum of ₹2.75 lakh crore.

To be sure, saying no to populism does not mean denying social welfare—a necessity in the exceptional circumstances created by the unprecedented back-to-back economic crises of the Covid-19 pandemic, the Russia-Ukraine conflict, and rampant global inflation forcing the US Federal Reserve to jack up interest rates.

The big question in everyone's mind was whether BJP, which leads NDA, would, in the aftermath of the election results, throw out its existing playbook developed around fiscal prudence and engage in revenge populism.

In the Interim Budget, NDA was a picture of fiscal sagacity, passing up on the opportunity to offer electoral freebies—as it did in 2019 with the PM Kisan stipend for farmers. The president's address to launch the first session of the 18th Lok Sabha, signalled that no rethink was under consideration.

Indeed, it was a pleasant surprise to see the finance minister walk the talk. And this time, despite the temptation to indulge in populism. Not just because of the June 4 verdict, but also the fact that another round of key state elections is imminent. This smacks of conviction in doing the right thing and eschewing populism.

To be sure, BJP is yet to adopt this script in state politics—ahead of winning a historic mandate in Odisha, the party announced the Subhadra Yojana promising every woman a cash voucher of ₹50,000. But the signal at the national level is unambiguous.

Learn and Earn

IF THERE WAS ONE ELECTORAL PAIN POINT THAT DOMINATED THE election campaign it was the issue of jobs. In fact, it was central to the Opposition's campaign. They even committed to an unemployment allowance to mitigate the economic pain.

Worse, if jobs were far and few, most in the workforce were unemployable. The skill deficit is staggering, forcing IT companies like Infosys, TCS and Wipro to invest in massive retooling of supposedly skilled engineering graduates it recruits every year. The Economic Survey, presented a day ahead of the Union Budget, says only a fraction of the country's youth are formally skilled.

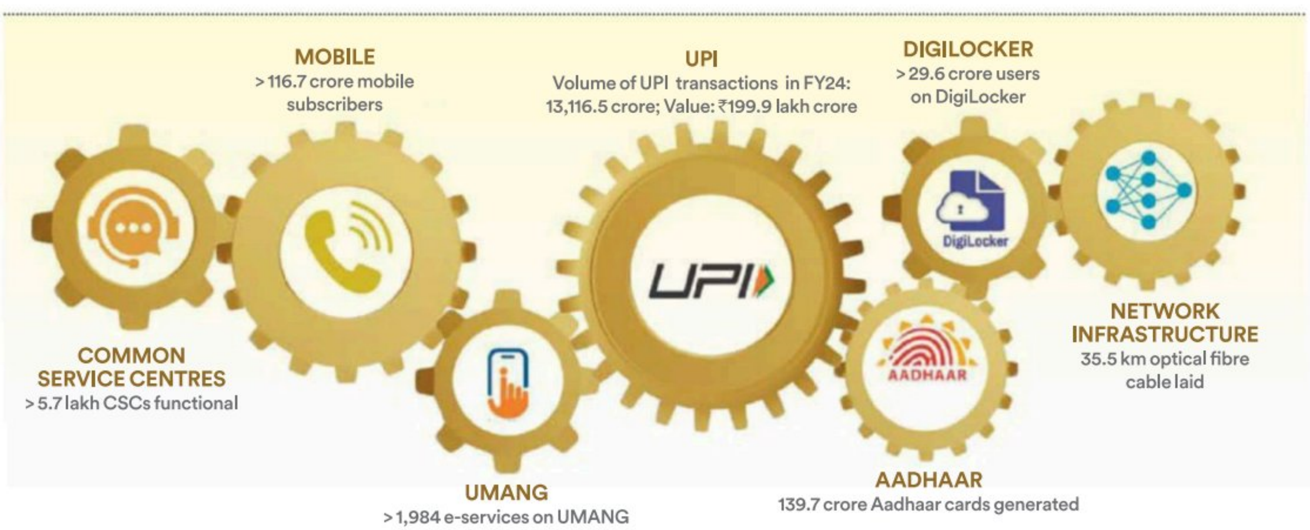
The Survey summed up the problem succinctly when it said, "Employment is the crucial link between growth and prosperity, and its quantity and quality determine the extent to which economic output translates into better quality of life for the population. To foster employment is to oil the engine of demand-led growth, kept running by a populace progressively less dependent on the Government for its dignified survival and sustenance. Generation of suitable employment opportunities, commensurate with the legitimate aspirations of India's youth, is also necessary to reap the country's once-in-a-lifetime demographic dividend."

To be sure, this is a legacy challenge NDA inherited when it pulled off its audacious win in 2014. Barring the tenure of the first NDA government led by Atal Bihari Vajpayee, India has witnessed jobless growth in the last two decades. It is a vexing problem that has eluded a successful public policy response.

However, by providing for near-saturation coverage in basics like electricity, cooking gas, banking, and so on, NDA had unwittingly unleashed the latent aspirations among the electorate. The unprecedented back-to-back economic shocks, beginning with the pandemic, triggered economic devastation. This only made a bad situation worse for the people.

THERE IS A FINE LINE BETWEEN ECONOMIC POPULISM OR *KHATAKHAT* ECONOMICS AND SOCIAL WELFARE. IT WAS A PLEASANT SURPRISE TO SEE THE FINANCE MINISTER WALK THE TALK. AND THIS TIME, DESPITE THE TEMPTATION TO INDULGE IN POPULISM. NOT JUST BECAUSE OF THE JUNE 4 VERDICT BUT ALSO THE FACT THAT ANOTHER ROUND OF KEY STATE ELECTIONS IS IMMINENT

DIGITAL PUBLIC INFRASTRUCTURE IS TURNING THE WHEELS OF THE ECONOMY



THE UNDERLYING MACROECONOMICS SIGNALS A SHIFT TO A CONSUMPTION-LED STRATEGY. IT IS NOT THAT THE INVESTMENT STRATEGY IS BEING ABANDONED, JUST THAT THERE IS A CLEAR INTENT TO BOOST CONSUMPTION INDIRECTLY. THE ECONOMY HAS BEEN, OF LATE, GOING THROUGH AN UNDER-CONSUMPTION PHASE, WITH LAST YEAR THE GAP BETWEEN PUBLIC EXPENDITURE AND CONSUMPTION PEAKING AT ₹3 LAKH CRORE—THE HIGHEST IN A DECADE, EXCLUDING THE COVID-IMPACTED YEARS

AADHAAR vs AGRI STACK

No	AADHAAR	Agri Stack
1	Database of residents of India	Database of farmers in India
2	Unique Aadhaar number for each resident	Unique Farmer ID for each farmer
3	Contains demographic information like address, gender, date of birth	A. Agriculture land holding (plot) of farmer B. GPS coordinates of each plot of farmer C. Crops grown on each plot plus linkages to government benefits availed by farmers
4	Aadhaar APIs/Services for sharing data with other parties	Unified Farmer Service Interface (UFSI) • API/Service layer to provide data to others (~similar to the Unified Payments Interface—UPI—a payments API from the National Payments Corporation of India)
5	Regulations to control misuse of data	Regulations under Agri Stack to control data-sharing
6	UIDAI as regulator	Agri Stack Regulator

Worse, the improvement in basics has unleashed an unprecedented trading up. Unfortunately, this is far from equitable. Some gained, while others did not, or comparably less. With household incomes either facing a continuous squeeze or not growing sufficiently to match aspirations, keeping up with the Joneses became an uphill task.

Together, all of this amplified the disappointment among the electorate. But not enough to vote out the two-term incumbent NDA—which otherwise had an exemplary record in delivering tangible development. Instead, it was sufficient to vote it down, resulting in a loss of majority for BJP, creating coalition pressures.

The Budget acknowledged this harsh political message. It initiated rationalisation of direct taxes with the accent towards leaving more money in the hands of those in the lowest tax slabs and undertook an out-of-the-box solution to address the challenge of both employment and employability. Implicitly, NDA also admitted to the jobs problem, which its spin doctors otherwise have consistently denied.

According to Trinh Nguyen, an analyst with Natixis who closely maps India, the country's labour force is about 568 million and is projected to grow to 684 million in 2030—implying that India needs to create 115 million jobs in the next six years.

Further, Nguyen observes that though formalisation of jobs has improved in the last four years, the level is still low in India. She estimates it at about 11.2 per cent—12.9 per cent for men and 7.4 per cent for women. And, as Nguyen points out, one collateral gain of this trend is the boost to financialisation of savings in India.

This year's Budget seeks to give a boost to formal employment creation in the economy through Employment Linked Incentives (ELIs). The strategy proposed by the finance minister takes up from an ongoing scheme, Seekho Kamao or learn and earn, initiated by the state government of Madhya Pradesh last year, and a similar one to the scheme implemented by the Union government since 2013-14 for skill development of minorities.

In the job-oriented skill training scheme, launched by Shivraj Singh Chouhan, then chief minister of Madhya Pradesh and inducted as Union agriculture minister in NDA 3.0, youth between 18-29 years of age receive a stipend of ₹8,000-10,000 while learning on the job. After completion of training, they are eligible to be hired by the over 16,000 companies which have registered under the programme.

The Union government has decided to scale ELIs to address the long-term employability of the country's youth. This resolves a key disequilibrium and supply-demand mismatch in the employment labour market. Skilling initiatives in collaboration with states and industry, upgrade of 1,000 Industrial Training Institutes (ITIs), providing skilling and education loans and internship at the Top-500 corporates are important initiatives which make a directional difference.

If the incentivising of corporates to hire is implemented well, some of the sticky skill set gaps that India Inc has faced for long will get bridged. The attempt to scale the strategy to incentivise corporates for first-time employment through the Employment Linked Incentive scheme by partially bearing the wage cost is an innovative nudge. The Budget has allocated almost ₹1.5 lakh crore specifically for improving employability through targeted skilling.

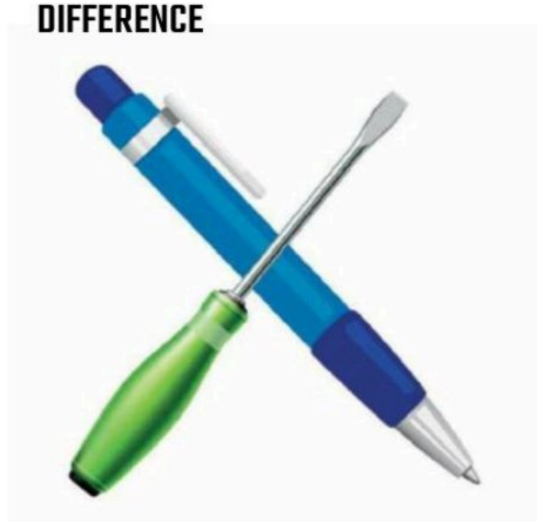
To be sure, the Budget has to address a steep ask. According to the Economic Survey only 4.4 per cent of the youth in India have been formally skilled. Addressing this deficit is not going to be easy, unless India Inc joins the party in full measure.

Fiscal Leveraging

OVER THE LAST FEW YEARS, THE UNION BUDGET HAS BEEN TAKING baby steps in leveraging money rather than simply allocating resources or underwriting expenditures. In this Budget, Sitharaman has used this tact vis-à-vis states. There is whole lot of incentivise to state governments to leverage resources. It is noteworthy that the Union is happy to give a substitute a grant with a guarantee for states. While it may not have got unnoticed, the fact is that for the Amravati project in Andhra Pradesh, the Budget has not allocated the ₹15,000 crore but promised to arrange it. The underlying idea here is to leverage money. The Centre would, presumably provide the 'equity' and leverage that to raise funding for this and such projects from multilateral lending agencies. It is this significant shift in the financial engineering of the Budget that has ensured that the finance minister, even after accommodating BJP's key allies in Andhra and Bihar, still managed to walk the path of fiscal rectitude at the national level.

It also comes at a time when the Union is focused on land and labour—both state subjects—as the next generation reforms. With Sitharaman announcing that the Union government will provide fiscal support to incentivise states to introduce land and labour reforms, the intent is to move beyond government-to-government transfers and move towards market federalism, be it through raising productivity in farms and factories, or facilitating credit flow and other agricultural services, or bridging inequality. These initiatives need to be not only noted by the Sixteenth Finance Commission but also taken forward to make the federal system more market-oriented. To align the interests of state governments with market development is an important issue for transitional economies like India. It is an accepted fact, for instance in the case of China, that the relationship between provincial governments' fiscal incentives and provincial market development is strong. The seeds of this model have been sown in this Budget.

THE GOVERNMENT HAS DECIDED TO SCALE EMPLOYMENT LINKED INCENTIVES TO ADDRESS THE LONG-TERM EMPLOYABILITY OF THE COUNTRY'S YOUTH. THIS RESOLVES A KEY DISEQUILIBRIUM AND SUPPLY-DEMAND MISMATCH IN THE EMPLOYMENT LABOUR MARKET. SKILLING INITIATIVES IN COLLABORATION WITH STATES AND INDUSTRY, UPGRADE OF 1,000 INDUSTRIAL TRAINING INSTITUTES, PROVIDING SKILLING AND EDUCATION LOANS AND INTERNSHIP AT THE TOP-500 CORPORATES ARE IMPORTANT INITIATIVES WHICH MAKE A DIRECTIONAL DIFFERENCE



WHAT THE PROLIFERATION OF THE DIGITAL ECONOMY HAS DONE IS CREATE A MASSIVE DIGITAL HIGHWAY WHICH IS POPULATED WITH TRANSACTIONS UNDERTAKEN BY 1 BILLION INDIANS. THIS IS NOTHING BUT A VALUABLE DIGITAL DATABASE THAT COULD BE LEVERAGED FOR PUBLIC GOOD. THIS YEAR'S BUDGET HAS NUDGED THIS PROCESS FURTHER BY BACKING TWO PROJECTS SOFT-LAUNCHED THREE YEARS AGO, THE ACCOUNT AGGREGATOR FRAMEWORK AND THE AGRI STACK

Digital India 2.0

FOR MORE THAN A DECADE, SINCE THE ROLLOUT OF AADHAAR, the unique 12-digit identity number, India has democratised access to services using the architecture of Digital Public Goods (DPGs). This has come to acquire a moniker, the India Stack. It operates like building blocks that can be mixed and managed to create public services.

Aadhaar paved the way for eKYC, because of which 430 million received a Jan Dhan bank account in the last 10 years—achieving something that could not be managed in the first 70 years since Independence. Linking to their Mobile and Aadhaar (JAM) triangulated a beneficiary, enabling targeting of social welfare spending through Direct Benefit Transfers (DBTs).

Over 300 social welfare schemes of the Union government are under the ambit of DBT and have enabled a cumulative transfer of over ₹30 lakh crore to beneficiaries. In turn, this has nearly eliminated leakages—cumulatively saving the national exchequer ₹2.75 lakh crore.

DPGs also enabled UPI—India's unique digital payment gateway that took digital transactions to the people. UPI transactions are averaging 10 billion a month. Significantly, more than three-quarters of these transactions were for sums of less than ₹500.

What this proliferation of the digital economy has done is to create a massive digital highway—which is populated with transactions undertaken by one billion Indians. Indeed, this is nothing then but a valuable digital database that could be leveraged for public good.

We saw this in operation with the CoWin vaccine portal, wherein over two billion vaccines were rolled out using the principle of 'One Nation, One Vaccine'. A similar innovation was the 'One Nation, One Ration Card', which makes it possible for a beneficiary to access subsidised foodgrains anywhere—delinking access from location is benefitting the migrant workers who otherwise were missing out.

This year's Budget has nudged this process further by backing two projects soft-launched three years ago, the Account Aggregator framework and the Agri Stack. The former is designed to pivot lending away from being based on collaterals to being based on cash flows—addressing the peculiar credit needs of the small and medium sector. It is already up and running, though it is yet to attain critical mass. The finance minister's backing may give it the desired nudge, especially in addressing the credit needs of the smallscale sector.

Similarly, the Agri Stack, already powering the PM Kisan programme paying out a monthly stipend to 110 million farmers, is a collaboration between the Union and state governments, which collates the data of farmers. Either a government agency or a private entity can build APIs that can be linked to this database to provide farmers:

- Finance and agricultural inputs
- Localised and tailored early warning systems for disasters, including pest attacks, droughts, floods, etc
- Simplify government scheme benefits lifecycle for farmers
- Enable private participation in delivery of farm services
- Improve targeting of government benefits.

In the final analysis, it is clear that NDA has bucked expectations that gained ground in the aftermath of the June 4 verdict for the General Election. Instead, it has signalled business-as-usual. The feisty Opposition seems surprised. However, the success of Nirmala Sitharaman's bold bet will be determined by the ability to roll out key initiatives, such as job support. ■

Haseeb Drabu is an economist and former finance minister of Jammu & Kashmir

Anil Padmanabhan is a Delhi-based journalist who writes on the intersection of politics and economics in his weekly column 'Capital Calculus'

IN PRAISE OF PR

Economic stability powered by political will and jud

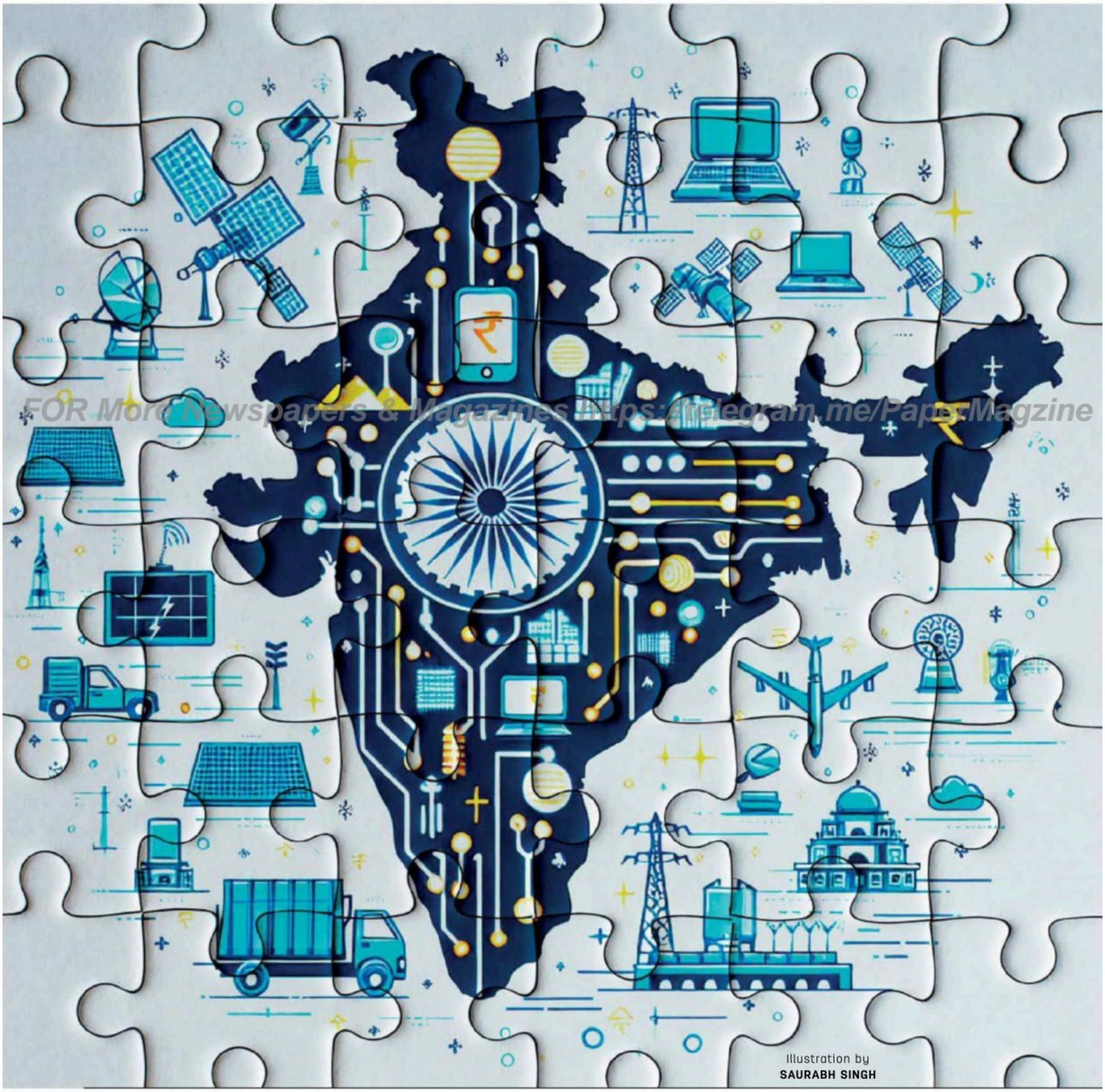


Illustration by
SAURABH SINGH

UDENCE

icious spending

By SIDDHARTH SINGH

DEFYING CALLS FOR OPENING ALL THE spending taps, the first Budget of Prime Minister Narendra Modi's third term in power has displayed its trademark combination of fiscal prudence, welfare, and its strong emphasis on capital expenditure, the trinity that has come to define its approach to managing the Indian economy.

Given the political climate, especially after the General Election, it was speculated that a degree of 'corrective spending'—code word for populist spending—would be undertaken by the Modi government. Nothing of that kind happened. The government has promised to reduce the fiscal deficit in 2024-25 by almost one percentage point over the last fiscal to 4.9 per cent of GDP even as it has ramped up capital expenditure to give a boost to economic growth.

Some ingredients of this approach were obvious in the Budget. While gross tax revenues are expected to increase by 10.93 per cent in 2024-25 over 2023-24, net tax revenue of the Centre will grow by 11 per cent. At the same time, non-tax revenue will go up 35.78 per cent and within this category, dividends and profits from financial institutions—which includes the surplus transferred by the Reserve Bank of India (RBI)—will grow by a whopping 69.6 per cent over 2024-25. This is the secret sauce, so to speak, of the government's fiscal performance. The bonanza from RBI—amounting to 0.4 per cent of GDP—will be spread equally between fiscal consolidation and higher current expenditure.

What makes the Budget remarkable is that even as fiscal consolidation is underway, the quality of spending has improved. Private-sector economists define the 'quality of spending' as the ratio of current expenditure to capital expenditure. The lower the ratio, the better is the quality of spending. Current expenditure is the composite of revenue expenditure, interest payments subsidies, and other bits and parts of year-to-year expenditures. In a note on Tuesday, July 23, HSBC's India and Indonesia economist Pranjul Bhandari estimated the quality of spending ratio as coming down from a high of 7.2 in 2020-21 to an estimated 3.3 in 2024-25. This is a dramatic improvement from the year of the Covid-19 pandemic to the current fiscal year. In all these years, fiscal consolidation has been the mantra of the Modi government. This combination of fiscal consolidation and better quality of expenditure shows in the rising level of capital expenditure. This year, the Centre's capital expenditure is ₹11.11 lakh crore, amounting to 23 per cent of total expenditure. This figure has gone up steadily from 17.64 per cent of total expenditure in 2022-23 (actuals) to 21.35 per cent in 2022-23 (Budget estimates). These figures, however, are an understatement. When capital expenditure is broken down in GDP terms, this fiscal, India will spend 5.7 per cent of its GDP on this head. Of this 5.7 per cent, 3.4 per cent comes from the Centre, 1.2 per cent is the Centre's assistance to states for capital expenditure, and 1.1 per cent is the contribution of public sector enterprises. The same figure for 2023-24 (Budget estimates) was 5.4 per cent and for 2022-23, it was 5.2 per cent. These are substantial sums that are not easy to sustain in a noisy and fractious democracy like India where the demands on government revenue and resources are endless.

These productive parts of expenditure should be contrasted with the politically unavoidable but 'expensive' bits of spending. Take the bill for fertiliser subsidy. This stands at ₹1,64,000 crore. This figure has come down from the extraordinary ₹2,51,339 crore in 2022-23 when exceptional geopolitical uncertainty arising from the war in Ukraine had led to elevated fertiliser prices and the subsidy had to be increased to prevent unrest among farmers and also to keep the prices of food under check. Similarly, the food subsidy bill remains elevated at ₹2,05,250 crore. This figure—as well as that for fertiliser subsidy—represents a drop from the revised estimates for the last fiscal (2023-24) when the Budget estimates were lower but then expenditure slippages took place. If one adds petroleum subsidy, the total tag for these three components comes to ₹3,81,175 crore. This is 89 per cent of all subsidies and the bulk of these go to farmers, directly and indirectly. This is over and above the allocation for agriculture and allied sectors in the Budget that stands at ₹1,51,851 crore. This huge outlay—which comes close to what the country spends on its defence—is in marked contrast to the noises made by a vocal

GIVEN THE POLITICAL CLIMATE, ESPECIALLY AFTER THE GENERAL ELECTION, IT WAS SPECULATED THAT A DEGREE OF POPULIST SPENDING WOULD BE UNDERTAKEN BY THE MODI GOVERNMENT. NOTHING OF THAT KIND HAPPENED. THE GOVERNMENT HAS PROMISED TO REDUCE THE FISCAL DEFICIT IN 2024-25 BY ALMOST ONE PERCENTAGE POINT OVER THE LAST FISCAL TO 4.9 PER CENT OF GDP EVEN AS IT HAS RAMPED UP CAPITAL EXPENDITURE TO GIVE A BOOST TO ECONOMIC GROWTH

section of farm leaders who claimed the Budget had nothing for farmers.

These are the pressures that any government has to bear while dealing with organised special interests in India.

The one troubling aspect of the Budget on the expenditure side is the continuing burden of interest payments. In fiscal 2024-25, these payments amount to ₹11,62,940 crore, or nearly 35.5 per cent of the revenue receipts. As a percentage of tax revenue (net to the Centre after payments to states), this figure is even higher and stands at 45 per cent. These are extraordinarily large payments. If one were to single out one factor that cramps the Centre's fiscal room for manoeuvre, it has to be the heavy burden of interest repayments. These payments are due to the debt incurred over time by the government. In this context, it is heartening to note the statement of Union Finance Secretary TV Somanathan, who said after the Budget presentation, "Hereafter, it is not the intention to focus on a deficit number but rather to look at what will keep reducing our debt-to-GDP ratio in normal years." If that course were adopted, it would be a prudent one: a lower debt level will not only allow a greater fiscal room to the government but would also make it possible for India's sovereign rating to improve.

ANY UNION BUDGET IN INDIA is first and foremost a political exercise. It is a fallacy to view it as a mere problem of allocation of resources to different sectors of the economy. That description is better suited to erstwhile plans and the difference between the two approaches explains their very different fates. The mark of a Budget's effectiveness lies in how far it can resist political pressures pushing it in the direction of populist expenditures. By that mark, the 2024-25 Budget passes with flying colours. Three aspects of the political situation merit a careful look from this perspective: support to states ruled by the government's allies, especially those in Bihar and Andhra Pradesh; the 'jobs situation'; and transfers to states. The management of these three issues has been careful and not fiscally imprudent.

In the past two-odd years, the political clamour on 'jobless growth' had captured the minds of certain sections of the Indian electorate. Given the electoral outcomes, there was bound to be some spending on this score. The government chose to commit ₹2 lakh crore spread over five years for three schemes under the prime minister's special package. These are not wanton expenditures to placate anyone but careful interventions in the labour market to foster job creation.

'JOBLESS GROWTH' HAD CAPTURED THE MINDS OF CERTAIN SECTIONS OF THE INDIAN ELECTORATE. GIVEN THE ELECTORAL OUTCOMES, THERE WAS BOUND TO BE SOME SPENDING ON THIS SCORE. THE GOVERNMENT CHOSE TO COMMIT ₹2 LAKH CRORE SPREAD OVER FIVE YEARS FOR THREE SCHEMES UNDER THE PRIME MINISTER'S SPECIAL PACKAGE. THESE ARE NOT WANTON EXPENDITURES TO PLACATE ANYONE BUT CAREFUL INTERVENTIONS IN THE LABOUR MARKET TO FOSTER JOB CREATION

The same care marks the resources promised to Bihar and Andhra for their economic development and special needs. Instead of conceding 'special packages', the government has chosen to help these states by promising funding for specific projects. The total sum involved, as gleaned from the finance minister's speech, is ₹73,900 crore.

The total for these two commitments—jobs programme and financial resources to Andhra and Bihar—amount to ₹2.74 lakh crore, roughly 5.7 per cent of the total expenditure of the Centre in 2024-25. This is less than the sum of major subsidies and represents better spending priorities. It is a mix of infrastructure, flood control, and power projects apart from the development of a new capital in Andhra Pradesh, a city which can become an economic engine in due course.

A day after the Budget, the promise of these resources to Andhra and Bihar led to a furore in Parliament and outside by political parties from other states who alleged the Centre had been 'partial' to the two states without giving projects and financial resources to others. This is, at best, an argument of convenience. As mandated by the Finance Commission, every year the Centre transfers large dollops of its revenue—taxes and duties—to the states. In 2024-25 this devolution will amount to ₹12,47,211 crore. This is a figure that has grown by 13 per cent over the previous fiscal and amounts to almost 32.5 per cent of the Centre's gross tax revenue. The problem with state governments is that they are left with precious little after they meet their committed expenditures. If one adds the populist spending by parties ruling these states—promises that have to be met as they were made during the heat of electioneering—one only stares at dire economic straits. As is the wont in India, the broken crockery is then thrown at the Centre with wild allegations that range from "destruction of federalism" to "states not being given their share of resources". Even a cursory look at the 2024-25 Budget shows this to be untrue. The reality is that the Modi government has managed to keep India's economic interests at the forefront even as it has handled the political aspects of resource allocation deftly.

In her note, HSBC's Bhandari said that "even though fiscal consolidation should impart a negative fiscal impulse, when adjusted for better quality spending and higher RBI dividend, the fiscal impulse is marginally positive. And that was the winning stroke—the art of lowering the deficit, but not the growth." That artful jugglery is a product of political circumstances, cramped fiscal space, and the endless clamouring for money by special interests. And yet, India continues to grow year after year. ■

A FINE BALANCE

Capital investments without sacrificing fiscal consolidation

By BIBEK DEBROY

THE FULL BUDGET FOR 2024-25 DOES not exist in a vacuum. It possesses an antecedent and a consequent. The antecedent is the Interim Budget. The Bharatiya Janata Party (BJP) did not do as well in the General Election as it expected to. Two hundred and forty does not mean one forgets the Interim Budget, to start from scratch. Instead, 240 or not, one builds on the Interim Budget and what it promised. In the consequent, there is an immediate medium term and a longer term. The immediate medium term is the next five years of Modi 3.0. Between 2024 and 2029, India will become the third-largest economy in the world using official exchange rates. (Using purchasing power parity—PPP—exchange rates, it has already crossed that threshold.) Between 2024 and 2029, an aggregate GDP size of $5 trillion will be reached. India, and the world, will also be close to 2030, the terminal year for the Sustainable Development Goals (SDGs). (All countries have deviated from SDG trajectories, but India less than most.) The Budget for 2024-25 is not a one-shot and one-day affair. It is not as if the Union government ceases to function on the other 365 days. Therefore, as the Budget is analysed and vivisected, like a butterfly pinned to the wall, the next five years bear mention. Yes, import duties need to be streamlined and rationalised, with duty inversion addressed. However, tinkering ad hoc at the margins on July 23 is not the answer.

AS THE BUDGET IS ANALYSED AND VIVISECTED, THE NEXT FIVE YEARS BEAR MENTION. YES, IMPORT DUTIES NEED TO BE STREAMLINED AND RATIONALISED, WITH DUTY INVERSION ADDRESSED. HOWEVER, TINKERING AD HOC AT THE MARGINS ON JULY 23 IS NOT THE ANSWER. UNION FINANCE MINISTER NIRMALA SITHARAMAN HAS PROMISED US A REVIEW WILL BE DONE IN THE NEXT SIX MONTHS

Union Finance Minister Nirmala Sitharaman has promised us a review will be done in the next six months. Direct taxes, for both personal and corporate taxpayers, have two parallel channels now. The choice is optional. One channel has fewer (not zero) exemptions, the other represents business-as-usual. We have been told a little less than two-thirds of corporate payees and a little more than two-thirds of personal income taxpayers have opted for the simpler system. Simpler is not simplest, the goal with zero exemptions. Zero exemptions reduce compliance costs, curb tax avoidance (as opposed to outright tax evasion) and decrease litigation. That trajectory is in the future. For the moment, the finance minister has promised us the Income Tax Act will be reviewed in the next six months, to make it simpler and more transparent. Promises with clear timelines are credible. On both these counts, the 2024-25 Budget leads up to future Budgets and Sitharaman, and the government, can be held to those promises. This leaves domestic indirect taxes and the Goods and Services Tax (GST). GST is still a work-in-progress, notwithstanding efficiency gains obtained. There need to be fewer rates and more items (petroleum and related products, liquor, tobacco, real estate, and stamp duties). But that is for the GST Council to propose, before the Union government disposes of the recommendations.

So much for the immediate medium-term consequent. In the longer term, there is the goal of a developed country, an expression that can be quantified and precision imparted in multiple ways. An obvious one is per capita income (in US dollars for purposes of comparison) and aggregate size of the economy (also in US dollars) in 2047. Per capita income is nothing but the average productivity of India's citizens, at least that segment of the population that is part of the workforce. Enhancing productivity requires efficient factor markets—land, labour and capital. Land is completely in the State List of the Seventh Schedule. Therefore, the desirable laundry list mentioned in the Budget (ULPIN, cadastral surveys, digitisation of registries, mapping with farmers' registries) are conditional on how states rise to the bait. These ideas are not new. So far, states have been less than forthcoming. The Budget papers over how states can be incentivised, understandably so. The carrot of a Centrally sponsored scheme has not provided the miracle wand, so far. Nevertheless, it is fair to say that efficient land markets, even if variably implemented across states, will provide a considerable fillip to the growth trajectory.

The Budget does not say much on efficient labour markets, not directly. (Labour is in the Concurrent List of the Seventh Schedule.) States have not been that eager to issue orders under the four Labour Codes and flexibilities implied under those Codes have been nullified through Orders, or through rigid Shops and Establishments Acts (which govern services). Though the Budget does not pay much attention to labour laws, it details initiatives on employment and skill formation. The proposition that job growth is an issue, and that the employment elasticity of growth has declined over time, is a truism. A day before the Budget, the Economic Survey highlighted it, as it did the question of female participation in the workforce (which has increased). At best, government can provide an enabling framework for growth, employment and skill formation, and not offer to supply jobs itself. The Budget has the equivalent of what, for want of a better expression, can be called ELI (employment-linked incentive) scheme, with various components. But the crux of whatever is done, both for individuals in the labour market and micro, small and medium enterprises (MSMEs), is greater formalisation. Those transitions (farm to non-farm, foodgrains to commercialisation, subsistence to wage employment, rural to urban) occur over decades, with heterogeneity among states. At best, the Union government encourages, incentivises and does not get in the way. This leaves the matter of capital markets and, no doubt, clarifications by the finance ministry will leave everyone better informed about what is intended for capital gains taxation. (The scrapping of the irritant of the Angel Tax deserves special mention.)

SINCE THE NOMINAL GDP GROWTH RATE IS ONLY PROJECTED AT 10.5 PER CENT, AND NOT SOMETHING THAT IS A PIE IN THE SKY, THE ACHIEVEMENT IS COMMENDABLE AND ONE SHOULD UNDERLINE THAT, AS FINANCE MINISTER, NIRMALA SITHARAMAN'S FISCAL MARKSMANSHIP AND TRANSPARENCY IN NUMBER-CRUNCHING ARE FAR SUPERIOR TO THOSE OF SOME OF HER PREDECESSORS, SOME OF WHOM HAVE TURNED VOLUBLE AND VOCIFEROUS CRITICS

WITH 240, INSTEAD of whatever number was expected, the consensus among those who prided themselves on being expert commentators was that Bihar and Andhra Pradesh would hold the Budget numbers to ransom. Nothing of the sort has occurred. Instead, barring infrastructure, the assistance to these two states is through multilateral development agencies. Commentary was also ubiquitous that there would be pandering to populism. Pre-Covid, and more so post-Covid, the Modi government has stuck to fiscal consolidation and the path of fiscal rectitude, with an emphasis on capital expenditure, which yields greater multiplier benefits than revenue expenditure, or reductions in taxes. Those propositions are evident to anyone conversant with public finance theory and Indian empirical numbers also bear out those hypotheses. Continuing with that trend, capital investments in 2024-25 are 3.4 per cent of GDP, not a number to be scoffed at, given that there is a deficit reduction commitment. The Interim Budget for 2024-25 projected a fiscal deficit-GDP ratio of 5.1 per cent. That figure of 5.1 per cent would have made the goal of 4.5 per cent in 2025-26 a trifle difficult to achieve. However, the full Budget for 2024-25 has given us 4.9 per cent, making 4.5 per cent next year well within reach. In spite of the large figure of Reserve Bank of India (RBI) dividends, this is a remarkable feat. Since the nominal GDP growth rate is only projected at 10.5 per cent, and not something that is a pie in the sky, the achievement is commendable and one should underline that, as finance minister, Sitharaman's fiscal marksmanship and transparency in number-crunching are far superior to those of some of her predecessors, some of whom have turned voluble and vociferous critics. The Modi government has been a bit reticent about outright privatisation, opting for disinvestment and monetisation of public assets. The Budget proposes disinvestment receipts of ₹78,000 crore, not an outlandish number. On this count, too, the Budget numbers are believable. To return to an earlier point, Cassandras expected populist revenue expenditure and even tax reductions. Nothing of the sort has happened. (Standard deduction changes and slab adjustments are minor.)

Every Budget is a balancing act. It is a statement of numbers, of the Union government's annual receipts and expenditure, recognising that most revenue expenditure (salaries, pensions, interest payments, even subsidies) is sticky downwards and exogenously determined in the short run. The balancing act is one of finding room for capital investments, without giving

Illustration by SAURABH SINGH

up the objective of fiscal consolidation. In addition, especially since 1991, all Budgets have been identified with setting out a reform template, articulating the government's vision. Every reform template can be criticised on grounds of omission, since, like Oliver Twist, everyone wishes for more. But, on grounds of commission, there is little one can fault the finance minister with. She has ticked all the right boxes. She has made promises one can hold her to, come six months. Like every Budget, questions can be raised about implementation, especially because states are involved. Will every state deliver? That is an unlikely and impossible scenario. But even if some states deliver and factor markets start to be reformed, India will on that 2047 trajectory. After all, depending on the year, more than 95 per cent of national income occurs in states. An all-India growth rate is an aggregate of what happens to state-level GSDP (gross state domestic product). The Economic Survey projected real growth of 6.5 to 7 per cent in 2024-25 and 7 per cent thereafter. With downside risks and global uncertainty, betting on more is possible, but it is best to be conservative. Indeed, most observers, including those outside the government, would probably say 7.5 per cent, not 7 per cent. A Budget is only one small cog in the wheel. It is not the sole instrument. With that yardstick, the full Budget for 2024-25 is a pragmatic balancing act that helps, and does not hinder, the trajectory. ■

Bibek Debroy is the chairman of the Economic Advisory Council to the Prime Minister

THE BOOK OF JOB

Commitment to generate employment opportunities and upskill people

By ULLEKH NP

FOR THE WORLD'S most populous country where more than 40 per cent of the estimated population of 1.4 billion is aged below 25 years, Union Budget 2024-25 is a step in the right direction in that it has acknowledged and reacted to the fast-growing need to create new jobs and address a lack of employment opportunities. The numbers at hand are proof of the daunting task for any government, especially since efforts to create decent jobs have been put in cold storage by successive federal dispensations for decades. Sample this: an International Labour Organization (ILO) report titled 'India Employment Report 2024: Youth Employment, Education and Skills' notes that in 2022, the share of unemployed youths in the total unemployed population was 82.9 per cent. "The share of educated youths among all unemployed people also increased, from 54.2% in 2000 to 65.7% in 2022. Among the educated (secondary level or higher) unemployed youths, women accounted for a larger share (76.7%) than men (62.2%). This indicates that the unemployment problem in India has become increasingly concentrated among the youth, especially educated youths and women in urban areas," as the report points out.

As luck would have it, the Budget has made ambitious proposals to generate jobs and train people to help them acquire good jobs. As of now, our labour market, segmented as it is, comprises a large chunk of unskilled workers mostly in the informal sector, which employs more than 85 per cent of our workforce, and a small section in well-paid or relatively good white-collar jobs of taxpayers. The huge gap between both these categories is being filled, but the

Illustration by **SAURABH SINGH**

NIRMALA SITHARAMAN ANNOUNCED FIVE SCHEMES TO FACILITATE EMPLOYMENT AND OFFER SKILLING AND OTHER OPPORTUNITIES FOR 4.1 CRORE YOUTHS, OVER THE NEXT FIVE YEARS. THE GOVERNMENT HAS SET ASIDE ₹2 LAKH CRORE FOR THE PURPOSE

pace needs to be faster for India to take advantage of its demographic dividend. Or else, the economy will have to endure a demographic burden consisting of a large unemployed and under-skilled and unskilled population.

Finance Minister Nirmala Sitharaman has made all the right noises and good choices. In her speech, she announced five schemes to facilitate employment, and offer skilling and other opportunities for—according to her, 4.1 crore youths—over the next five years. The government has set aside ₹2 lakh crore for the purpose.

Among them are three schemes, collectively called "employment-linked incentives". One of them will offer, according to the Budget document, a one-month wage to all persons newly entering the workforce in all formal sectors. "The direct benefit transfer of one-month salary in three instalments to first-time employees, as registered in the EPFO [Employees' Provident Fund Organisation], will be up to ₹15,000. The eligibility limit will be a salary of ₹1 lakh per month." This scheme is worth ₹23,000 crore.

The second scheme envisages providing incentives to both the employee and the employer. It involves helping out both with their EPFO contribution in the first four years of employment. As high as ₹52,000 crore has been allocated for them, which the government expects to benefit 30 lakh youths and their employers. The third one will reimburse employers up to ₹3,000 per month for two years towards their EPFO contribution for each additional employee who earns a salary of up to ₹1 lakh per month. The finance minister said the scheme is expected to incentivise additional employment of 50 lakh people. The Budget also made proposals to facilitate higher participation of women in the workforce through setting up amenities to make their work-life balance easier.

The other schemes addressing job creation and skilling will cover more than 20 lakh youths who will be trained over five years, Sitharaman said in her speech. The Budget also said that an existing skill loan scheme will be revised to facilitate loans up to ₹7.5 lakh with a guarantee from a government-promoted fund. In addition, students will be able to avail of loans up to ₹10 lakh for higher education in domestic institutions. The Budget also came out with proposals to enable one crore youths to be skilled by India's top companies in five years. The federal government will enlist support for all these schemes from the states and the private sector. In her speech, Nirmala Sitharaman also said that the government will launch a comprehensive scheme to provide internship opportunities in the top 500 companies to one crore youths in five years.

NOTED ECONOMIST M SURESH BABU, DIRECTOR OF THE Madras Institute of Development Studies (MIDS), says that he isn't entirely kicked about the Budget proposals although he feels that the scheme which offers incentives to both the employee and the employer in the first four years of employment makes sense as a measure to generate more jobs. He is not convinced however about how internships, which are reflective of the apprentice mindset of the past, will guarantee adequate job creation. He concedes that it helps in skilling, but his quibble is that skilling needs to be streamlined to meet new demands and such an overhaul is possible only through a comprehensive review of past and existing skilling programmes.

Meanwhile, the government hopes that its aggressive push in the infrastructure segment as well as in Micro, Small, and Medium Enterprises (MSMEs) will also help meet job requirements as the country forges ahead with its plan to become an economic powerhouse. The Central government has vowed to spend more on infrastructure to generate jobs, anticipating that its plans in this area will have a multiplier effect and stir up the economy, and the Union Budget confirms that resolve. The Centre had some years ago doubled its infrastructure spend to 3.4 per cent of gross domestic product. This time, the Union Budget announced a capital expenditure of ₹11.11 lakh crore to

AFP

support the development of infrastructure over the next five years.

THE CENTRE HAS VOWED TO SPEND MORE ON INFRASTRUCTURE TO GENERATE JOBS, ANTICIPATING THAT ITS PLANS IN THIS AREA WILL HAVE A MULTIPLIER EFFECT AND STIR UP THE ECONOMY. SOME YEARS AGO, IT HAD DOUBLED ITS INFRASTRUCTURE SPEND TO 3.4 PER CENT OF GDP. THIS TIME, THE BUDGET ANNOUNCED A CAPITAL EXPENDITURE OF ₹11.11 LAKH CRORE TO SUPPORT THE DEVELOPMENT OF INFRASTRUCTURE OVER THE NEXT FIVE YEARS

The proposals in infrastructure development include a transit-oriented development plan for 14 large cities with a population of over 30 lakh, the creation of investment-ready "plug-n-play" industrial parks with complete infrastructure in or near 100 cities, and the setting up of Digital Public Infrastructure (DPI) in agriculture, power projects, ports, airports, and so on. The Centre will also spend ₹10 lakh crore to house people. In her Budget speech, Sitharaman said she has also made a provision of ₹2.66 lakh crore for rural development, including rural infrastructure.

Having invited criticism for an apparent slowness in the creation of new jobs, the government is now looking to revitalise the economy by emphasising on prompt development of its MSME sector and towards making it go global. The Budget has announced a credit guarantee scheme for MSMEs by which they can avail of loans without collateral or third-party guarantee. Finance Minister Sitharaman said, "For facilitating term loans to MSMEs for the purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced. The scheme will operate on pooling of credit risks of such MSMEs, and a separately constituted self-financing guarantee fund will provide to each applicant a guarantee to cover up to ₹100 crore, while the loan amount may be larger." She also announced that public sector banks will build "in-house capability" for credit assessment of MSMEs. The government will also slash the mandatory revenue requirement for MSMEs for submitting applications on TReDS from ₹500 crore to ₹250 crore. TReDS is an electronic platform for facilitating the financing or discounting of trade receivables of MSMEs through multiple financiers. The Budget also announced that the Small Industries Development Bank of India (SIDBI), a state-run financial institution, will open 24 new branches to serve MSME clusters. The government also announced a significant hike in the Mudra loan scheme, enhancing the limit of Mudra loans to ₹20 lakh from the current ₹10 lakh for those who have availed and successfully repaid loans previously taken.


A automobile assembly plant near Chennai

Several agencies and scholars, however, continue to be pessimistic about India's capability to generate opportunities to meet the demand for jobs. Citigroup Inc said recently in a study by Samiran Chakraborty and Baqar Zaidi—which was reported by Bloomberg—that the country will struggle to create enough jobs for its growing workforce over the next decade even if the economy grows at a rapid pace of 7 per cent. According to the report, India must generate approximately 12 million jobs annually over the next decade to accommodate new entrants into the labour market. "However, with an anticipated growth rate of 7 per cent, the country is expected to create only 8-9 million jobs annually, as noted by economists Samiran Chakraborty and Baqar Zaidi in their recent study," Bloomberg reported. The economists highlighted that the quality of jobs created in India remains a significant challenge, it said. "Official data analysis reveals that approximately 46% of the workforce is still engaged in agriculture, despite the sector contributing less than 20% to the gross domestic product (GDP). In contrast, manufacturing accounted for 11.4% of total employment in 2023, a lower proportion compared to 2018, indicating that the sector has yet to fully recover since the pandemic," the report added.

India's labour ministry has countered the report, arguing that the nation has generated more than 8 crore employment opportunities from 2017-18 to 2021-22. "This translates to an average of over 2 crore employment per year, even though the world economy was hit by the Covid-19 pandemic during 2020-21 which contradicts Citigroup's assertion of India's inability to generate sufficient employment. This significant employment creation demonstrates the effectiveness of various government initiatives aimed at boosting employment across sectors," an official release said.

True, the formalisation of jobs is a work in progress in India where a lot more measures are required to meet the accelerating demand for employment opportunities and decent jobs. In that sense, this Budget offers a ray of hope. ■

WHY IS IT TAXING?

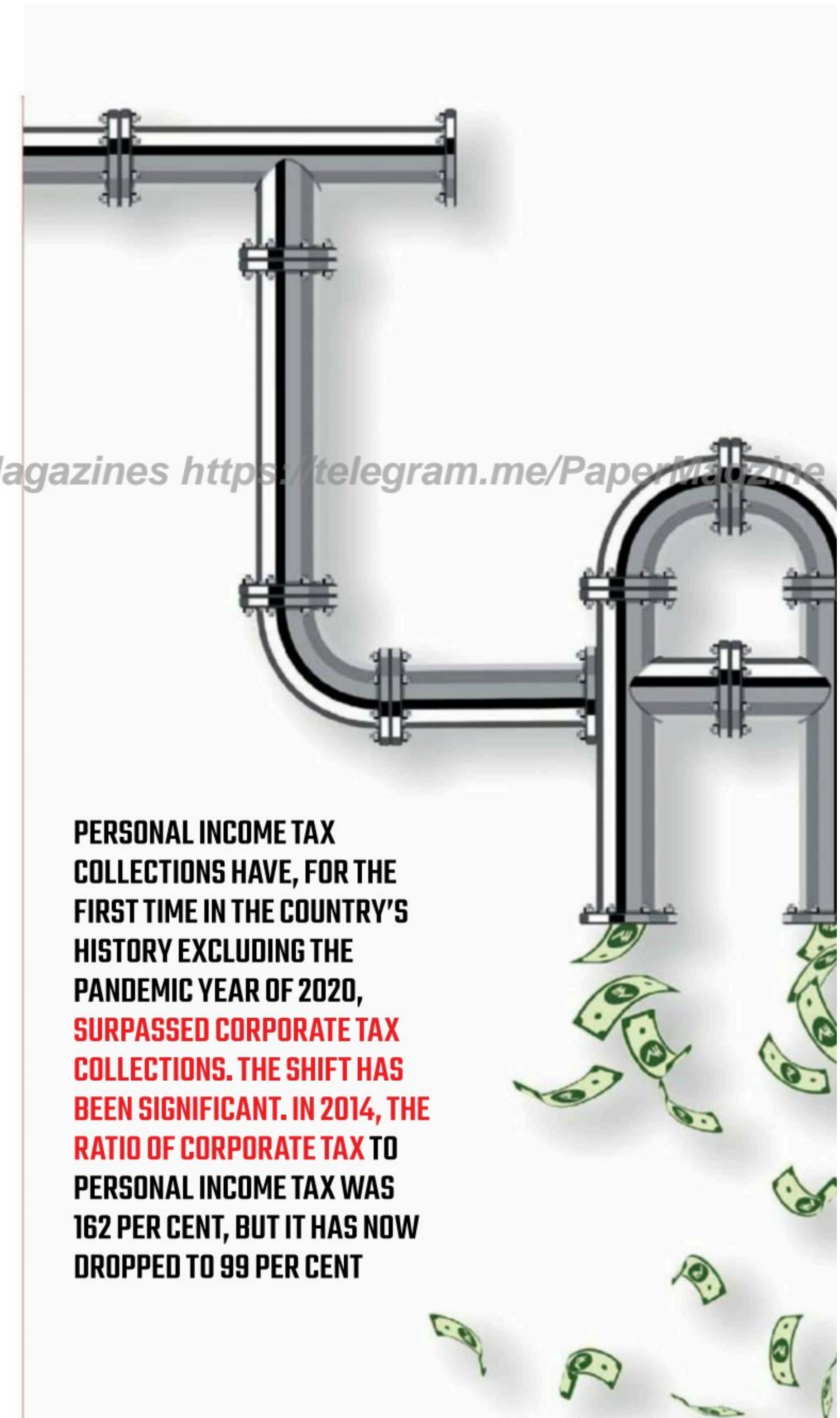
The middle class needs more money in its hands to spur consumption

By DEEPAK SHENOY

THE INDIAN economy is experiencing a significant upswing, buoyed by robust macroeconomic fundamentals and corporate tax cuts that have enabled corporations to pare down debt and enhance earnings. Real GDP for financial year 2023-24 is estimated at 8.2 per cent, compared to 7 per cent the previous year. This economic vitality is mirrored in corporate India, where the profit-to-GDP ratio for Nifty 500 companies has climbed to 4.8 per cent in 2023-24, a substantial rise from 4 per cent in the preceding year and a stark contrast to the 2.1 per cent observed at the pandemic's end. We are nearing the historic peak of 5.2 per cent observed in 2008. Corporate India is booming.

Furthermore, our internal analysis reveals an optimistic financial landscape for corporates—the median 'net' debt to equity ratio stands at 0 for large caps, with midcaps and smallcaps demonstrating even more favourable conditions with ratios of (-)7 per cent and (-)4 per cent respectively, indicating that they have more cash, on average, than debt. While this can be partially attributed to the insolvency and bankruptcy code, which weeds out bad borrowers, it is also the result of robust corporate earnings.

While corporations are prospering, the income taxpaying middle class is taxed harshly. This is evident as personal income tax collections have, for the first time in the country's history (excluding the pandemic year of 2020), surpassed corporate tax collections. The shift has been significant: in 2014, the ratio of corporate tax to personal income tax was 162 per cent, but it has now dropped to 99 per cent. If the 2014 ratio had been maintained, personal



PERSONAL INCOME TAX COLLECTIONS HAVE, FOR THE FIRST TIME IN THE COUNTRY'S HISTORY EXCLUDING THE PANDEMIC YEAR OF 2020, SURPASSED CORPORATE TAX COLLECTIONS. THE SHIFT HAS BEEN SIGNIFICANT. IN 2014, THE RATIO OF CORPORATE TAX TO PERSONAL INCOME TAX WAS 162 PER CENT, BUT IT HAS NOW DROPPED TO 99 PER CENT

income taxpayers would collectively have paid ₹3 lakh crore less in taxes.

This Budget has done little to rectify this imbalance. First, what was good: the standard deduction has been increased by ₹25,000 to ₹75,000; minor changes in tax slabs makes for savings of approximately ₹17,500 per year.

This minor improvement has been outdone by more significant changes in other parts of the tax code. Short-term capital gains have been increased from 15 to 20 per cent. More importantly, long-term capital gains (LTCG) have been set at 12.5 per cent, but any indexation benefits derived from it have been removed. The cut in indexation impacts real-estate investments.

Consider the following example: you buy a property for ₹15 lakh and sell it eight years later for ₹25 lakh. Under the old regime, with an average inflation rate of 5.5 per cent, your purchase price would adjust to ₹23 lakh. Therefore, you would have to pay an LTCG tax of 20 per cent on the capital gain of ₹2 lakh, resulting in a tax liability of ₹40,000. However, without indexation, your capital gain would be ₹10 lakh, leading to a tax liability of ₹1.25 lakh, three times higher than earlier.

For equity market (and mutual fund) investors, the increase in capital gains taxes, both short and long-term, might still be justifiable in the act of normalising tax rates across asset classes. But it pinches when it comes after a large bull run.

The two other asset classes affected by recent tax changes would be debt and real estate, both of which are traditionally considered 'safe' investments. Debt instruments, such as bonds and fixed deposits, and real-estate properties are often favoured by investors seeking stable and low-risk returns. However, without the benefit of indexation, the tax liability on gains from these investments has significantly increased. Debt mutual funds were hurt in 2023, and in 2024, it is real estate—both of which are relatively less volatile investment avenues.

Illustration by SAURABH SINGH

The Budget, however, equates asset classes in terms of tax. Real estate, REITs, and stocks are all taxed similarly in the long term, at 12.5 per cent tax, and the holding period is either 12 months or 24 months. The lack of indexation reduces calculation complexities in tax filing, and eventually, the asset class making a higher return will now be similarly comparable.

Still, taxes to the middle-class have risen across the board:

- Capital gains on stocks were introduced after a decade in 2018, at 10 per cent, and are now at 12.5 per cent (long-term) versus 0 per cent before 2018
- Gains in debt mutual funds are taxed as income at slab rates (going up to 39 per cent) versus being taxed at 20 per cent after indexation earlier
- Dividends were not taxed in the hands of investors, now they are
- There is a TDS on dividends and interest received from bonds, versus none earlier
- Income tax for individuals was increased from 30 per cent to as much as 39 per cent based on higher income slabs
- There is now a tax deducted at source during a house or car purchase, luxury goods and a large tax on foreign travel expenses
- Deductions offered a decade ago have the same limit today, though incomes have increased by nominal GDP levels. This leaves more income taxed with the deductions becoming less relevant
- Securities transaction tax (STT) was created in 2004 to allow capital gains to be exempt from tax; but now we pay STT, and capital gains tax continues. And STT has also been increased.

In what has been a relief, companies pay only 25 per cent tax (down from 34 per cent) and in Budget 2024, customs duties on gold have been cut to 6 per cent from 15 per cent. The reductions are few and far between, while the increases come in different forms every year.

The idea seems to be that individual taxation will remain high, while corporate tax (which is paid after expenses) is way lower.

There is a 'new tax regime', which offers different tax slabs if you choose a no-deduction system where you are not allowed any of the deductions, such as insurance premium, rent, housing loan principal, etc. Regardless, even that regime seems incredibly narrow—the

THE IMPOSITION OF DIFFERENTIAL RATES OF GST, TOO, HAS A LAYER OF ARBITRARINESS. YOU WILL PAY 5 PER CENT GST ON FOOD, BUT 28 PER CENT ON AIR-CONDITIONING. IN A TROPICAL COUNTRY WHERE HEAT WAVES ARE COMMON, THE LEAST WE COULD DO IS TO AT LEAST ACCEPT THAT AIR-CONDITIONING WILL BE A NECESSITY. THE LESSONS ARE EVIDENT FROM DUBAI OR SINGAPORE

lowest tax slab is effectively ₹7.75 lakh (below which you pay no tax) and the highest income tax slab is ₹15.75 lakh (above which you pay 30 per cent tax). This is a very narrow corridor in which around five slabs exist.

In what is perhaps a good thing, the fear of a change in the form of inheritance/estate taxes or taxes on gifts has not materialised in this Budget. However, the structure of personal taxation is such that there are hardly enough complaints demanding the government to reconsider. In an exceptional situation in 2016, when the government attempted to tax withdrawals from the employees' provident fund balances, there was enough furore for it to withdraw the proposal. But that perhaps incensed the large number of government employees affected by the change; given that some of the recent tax increases may not disproportionately impact government employees (who may not have that much in terms of capital gains or mutual funds), there is no concerted call for a rollback on any tax increase.

Usually, the problem is this: we pay all these taxes, and get terrible roads, no running water, electricity cuts, long legal waiting periods and, in general, arbitrariness of bureaucrats who have become the system. To mitigate this, we have costs to bear: we buy sump tanks to store water, we buy RO filters to make that water drinkable, we have inverters and generators to avoid the power cuts and we pay our way out of the arbitrariness even when abhorrent. The taxes then hurt more.

And then, there is a large segment that remains untaxed; rich farmers, for instance, are not taxed. But it is not just farmers; anyone with agricultural outputs is not taxed on income, including listed companies that make, for instance, packaged seeds. Not taxing entities that make hundreds of crores, or rich farmers that sell a crore worth of produce or more, while continuing to tax the middle class seems rather one-sided.

The imposition of differential rates of Goods and Services Tax (GST), too, has a layer of arbitrariness. You will pay 5 per cent GST on food, but 28 per cent on air-conditioning. In a tropical country where heat waves are common, the least we could do is to at least accept that air-conditioning will be a necessity. The lessons are evident from Dubai or Singapore. Consumption taxes impact everyone, not just people with high incomes, and we should lower the overall impact of these taxes.

It is not like the government was short of cash, either. Very recently, it received a dividend from the Reserve Bank of India (RBI) that was ₹1,00,000 crore more than expected. Tax collections from other sources, such as GST, excise (for fuel) and corporate taxes have also been buoyant. There are other mechanisms, like disinvestments into a strong bull market, which can raise revenues. The government can raise a large amount through disinvestment of public sector banks (PSBs) where their holdings have soared as a result of the recapitalisation process. The benefit of this should have, in some way, gone to the middle-class taxpayer, but hasn't.

There is another puzzling new concept called tax-at-source, where it is assumed that people spending on what the government thinks is 'expensive' things, are somehow evading taxes. So if you buy a house, the buyer must deposit some part of the value to the government as tax-at-source on behalf of the seller. This has moved into tax-at-source for cars worth more than ₹10 lakh, and now on any luxury good that involves a bill of ₹10 lakh or more. Travelling abroad? Pay 20 per cent of everything you spend to the government as tax-at-source. Sending money to your children abroad for their education? Pay 5 per cent tax-at-source. And so on.

Indeed, a tax-at-source is simply an advance payment of tax, and you can claim it back if your actual taxes are lower. But it beggars the imagination that the taxman should take so much money from something as simple as foreign travel. In effect, a person that has finally retired and wants to take that world trip he has worked his entire life for, will now have to find 20 per cent more money because the government thinks he does not pay tax, and he has to wait a year to claim it back. For the aspirational among us who do the right thing, it is almost like the government's telling you: "How dare you go abroad? Show us some money too."

One relief in this Budget is that this foreign-travel based tax-at-source can now be adjusted against your salary income. Perhaps the government decided to make it slightly easier on those taking their world trips while they continue to be working—a small but welcome mercy.

Leaving money in the hands of taxpayers, the middle-class ones, would spur consumption and allow for more corporate investment to come in. India is on a growth path that other Western countries are not; we need to both consume and invest, and cannot really depend on exporting to nations that are either ageing too fast, or will not allow us to export to them. Creating a path to higher consumption involves either stable or lower taxes, and for higher investment, a controlled inflation and lower interest rate regime. We have only managed to control inflation in prices, but the real problem now is the inflation in taxes for the middle class. ■

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LETTING THE ANGEL FREE

Making it easier for startups

By RAMEESH KAILASAM

INDIA IS ON THE trajectory of becoming a $10 trillion economy in the near future. But pulling this populous country along is a humongous task. In the past decade, startup innovation has borne fruit as the country's aspirational youth have become job creators from mere jobseekers. The last decade has witnessed a spurt in multiple new business ideas and models that have managed to create more work opportunities. On its part, the government has recognised this and has begun to support these initiatives through enabling programmes.

Different sectors of the startup ecosystem viewed Budget 2024 with great expectations. After all, over time, startups have had multiple wishlists, including relief from certain taxes as well as regulations.

Finance Minister Nirmala Sitharaman presented her seventh Budget and it was clear that the aim was to address the primary issue of jobs. The focus was also on startups, MSMEs, education and skills Through the introduction of new schemes and increasing allocation, the new focus on concepts of internships and upskilling are steps intended to address the ever-increasing growth of the working population and their livelihood.

The most significant announcement in this Budget was the abolition of the "angel tax" that was introduced in 2012 by Pranab Mukherjee as part of measures to curb the creation and circulation of unaccounted funds. Under Section 56(2)(viib), the difference between the issue price of unlisted shares and their fair market value was taxed as income for the company. This tax was aimed at preventing money laundering by foreign investors in overvalued unlisted firms. Over the years, numerous changes and exemptions were made to this section. However, it unintentionally imposed a tax burden on startups during their early funding stages, hindering their growth significantly, forcing many to go abroad to set up holding companies.

In 2022, the tax's extension to non-resident investments led to a decline in startup funding. Angel tax abolition is a significant step. Angel tax used to apply to unlisted companies in India whenever they raised capital by issuing shares to investors at a price exceeding a company's fair market value, and such difference was taxed at a rate of above 30 per cent. Its prevalence also created a significant burden as several cases were slapped on startups. Now, considering angel tax has been abolished, the government should also relax the ongoing cases where genuine startups may have suffered.

Another change, that was a longstanding demand from the startup ecosystem, was the capital gains differential that existed between listed and unlisted securities. Unlisted securities are fundamental to infuse capital but taxation here was twice that of listed securities. By bringing parity here, startup funding will see a major boost.

For e-commerce operators in India, the government has proposed lowering the tax deducted at source (TDS) rate from 1 to 0.1 per cent under Section 194-O of the Income Tax Act; e-commerce operators must deduct income tax from the gross amount of sales of goods or services facilitated through their digital platforms. This significant reduction in the cost of online selling is expected to provide a stimulus to digital commerce adoption in the country. This TDS was initially introduced to monitor e-commerce transactions for round-tripping of funds and to prevent money laundering. While the reduction in the rate is a positive step, ideally, the TDS should have been completely removed to alleviate and eliminate the compliance burden.

Although the finance minister's Budget speech mentioned the word "startup" only twice, the Budget contained significant provisions for the startup ecosystem. This year's Budget indicated that the government views startups as an integral part of the broader business landscape.

The definition of "eligible startup" under the Startup India initiative was expanded to include entities incorporated between April 1, 2016 and March 31, 2025, allowing more startups to benefit from the tax holiday offered under the scheme. Currently, to qualify for incentives, a startup's turnover in any of the previous financial years must be less than ₹100 crore.

The government has also proposed easing foreign direct investment (FDI) and overseas investment rules to facilitate investment, encourage prioritisation, and promote the use of the Indian rupee for overseas investments.

To boost the nation's space economy over the next decade, the government has announced the creation of a ₹1,000 crore venture capital fund for space tech startups. This fund aims to enhance private sector-driven research and

Illustration by SAURABH SINGH

innovation in the space tech industry on a commercial scale.

The finance minister proposed expanding the use of Digital Public Infrastructure to drive productivity gains, create business opportunities, and foster innovation within the private sector, particularly in the areas of health, law and justice, logistics, MSMEs, service delivery, credit, e-commerce, education, and urban governance.

Agri-tech startups focused on vegetable supply chains receiving support, including improvements in connectivity, storage, and marketing is a good move, including the development of Digital Public Infrastructure for the agriculture sector following a year-long pilot.

The customs duty on mobile phones, mobile PCBAs (printed circuit board assemblies), and chargers is proposed to be reduced to 15 per cent from the existing 20 per cent, aiming to benefit consumers and further develop the mobile phone industry in the country. This decision was influenced by the three-fold increase in domestic production and the nearly 100-fold increase in mobile phone exports over the past six years, indicating the maturation of the Indian mobile industry.

The government intends to create e-commerce export hubs through a public-private partnership (PPP) model to enable MSMEs and traditional artisans to sell their products internationally. These hubs will function within a streamlined regulatory and logistical framework, providing a comprehensive array of trade and export-related services in one location, thereby significantly improving the ease of doing business for SMEs.

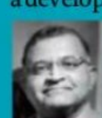
The Budget is heartening and has brought some cheer among the startup ecosystem. India's digital ecosystem has transformed remarkably due to initiatives like Digital Public Infrastructure (DPIs), including open APIs, the United Payment Interface (UPI), and the Open Network for Digital Commerce (ONDC).

More needs to be done on a war footing in the days to come if India is to continue on its promising trajectory toward a $10 trillion economy. The next immediate reform the government should undertake is ushering in a GST 2.0 that truly works for the ease of doing business, and one which does not hurt the digital economy. Currently, the states are working out new cess models in different digital sectors that are equally hurting the digital economy.

Startups operating in the digital world face significant challenges from increasingly stringent regulatory restrictions from different ministries as well as state governments, apart from GST. Excessive regulatory constraints have already begun to hamper the ability of Digital India to innovate, compete, and grow. These companies, the backbone of our digital economy, require a flexible and supportive regulatory environment to thrive.

The number of laws specifically targeted towards digital companies is increasing by the day. Commercial impact and competitiveness are affecting digital companies domiciled in India which, almost always, have to ensure immediate and full compliance with such laws as opposed to non-domiciled digital companies, which can afford to operate in India completely disregarding such laws. There is a need to ensure that the law treats all companies, digital or physical, domiciled in India or foreign, in the same manner, and offers a true level playing field.

Overregulation can lead to increased compliance costs, stifled innovation, and, in the long run, reduced competitiveness on both the domestic and global stages. This, in turn, could deter investment in Digital India, hinder job creation, and potentially slow down the overall economic growth of the country, risking Prime Minister Narendra Modi's vision to make India a developed nation by 2047 in the hundredth year of Independence. ■



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A MATTER OF SKILL

How to unleash the aspirations of young India

By DHIRAJ NAYYAR

THE BIGGEST conundrum of India's political economy is jobs. Often, in government, it is the elephant in the room. The first Budget of Prime Minister Narendra Modi's third government has tried to address it directly via the announcement of three employment-linked schemes and a programme for paid internships on a large scale. While all of these are very good steps, they are unlikely to fully address what is a deep structural issue.

Before any solution is posited, it is important to know what precisely the problem is. In India, it is not quite about jobs. Actually, there are plenty of jobs being created, as the relatively low unemployment rate suggests. However, too many of these do not come with a decent wage, either in low productivity agriculture or low-end services. What India has is a challenge of creating sufficient good jobs or decently paying jobs. An additional problem is that where good jobs are available, there are not enough people who have the necessary skills to take up those jobs.

One of the challenges is our understanding of what a good job is. It is apparent what a not-so-good job is. It comes with subsistence wages, no benefits (like leave) and no social security (like insurance). However, for too many people in India the definition of a good job is a government job. For low-income groups in particular, it is a Class IV/Group D government job. This is the lowest rung of government employment (usually a peon, now called Multi-Tasking Staff/MTS) which commands a high wage, benefits (leaves, housing), social security (free healthcare, pension), and job security. Significantly, it is a white-collar office job. The fact is that this distorts aspirations. There may be unfilled vacancies for jobs at the lower end in government, but this is primarily because these services and personnel are no longer required. The job of an MTS, primarily to move files from one office to another, has been made obsolete by a system of e-files.

That said, there is a huge potential to create many more well-paying jobs in the private sector. These have to come from an expanding manufacturing sector. While these may not be 'white collar' and as easy going as a low-rung government job, they can pay well, provide benefits (leaves, housing facilities) and a social safety net (contributory pension, health insurance). The employment-linked incentives announced by the government in the Budget may help create lakhs of additional jobs in existing manufacturing facilities. However, they are unlikely to create millions of jobs at a mass scale, which can help absorb much of the 40 per cent of the workforce in agriculture producing just 15 per cent of GDP—the core of the under-employment/low wage issue.

It is actually quite well known what needs to be done to create millions of good jobs, but the political economy is stacked against the reforms required. The Budget has promised an economic policy framework and reforms in factor markets, namely land, labour, and capital. The intent is right. But is the political economy conducive for such reform?

Essentially, there are only three reforms that are necessary. First, large-scale manufacturing requires large tracts of land. Land acquisition has been a vexed issue for a decade-and-a-half and any effort to amend the rigid and impractical Land Acquisition Act of 2013 is met with political opposition and accusations of favouring the wealthy at the expense of the poor. In fact, it is a pro-poor reform because it will create better jobs for those who need them most. There are other options to move ahead on land. The good thing is that digitisation of land records has progressed remarkably well in most states and that has given clear land titles to owners. India's outstanding public digital infrastructure system can be extended to create a platform for the buying and selling of land without any human intermediation or middlemen. The buyer and seller themselves can settle the right price. Alternatively, ambitious state governments can create land banks from land that they already own for big factories.

Second, reforms on labour. Too often, we get stuck on hire-and-fire. There is so much emphasis on the latter that people forget that it leads to little or no hire. India's competitive advantage is its relatively cheap labour force. Instead of worrying about firing and what is an appropriate minimum wage, laws should be made flexible so that hiring gets priority. The fretting over firing is

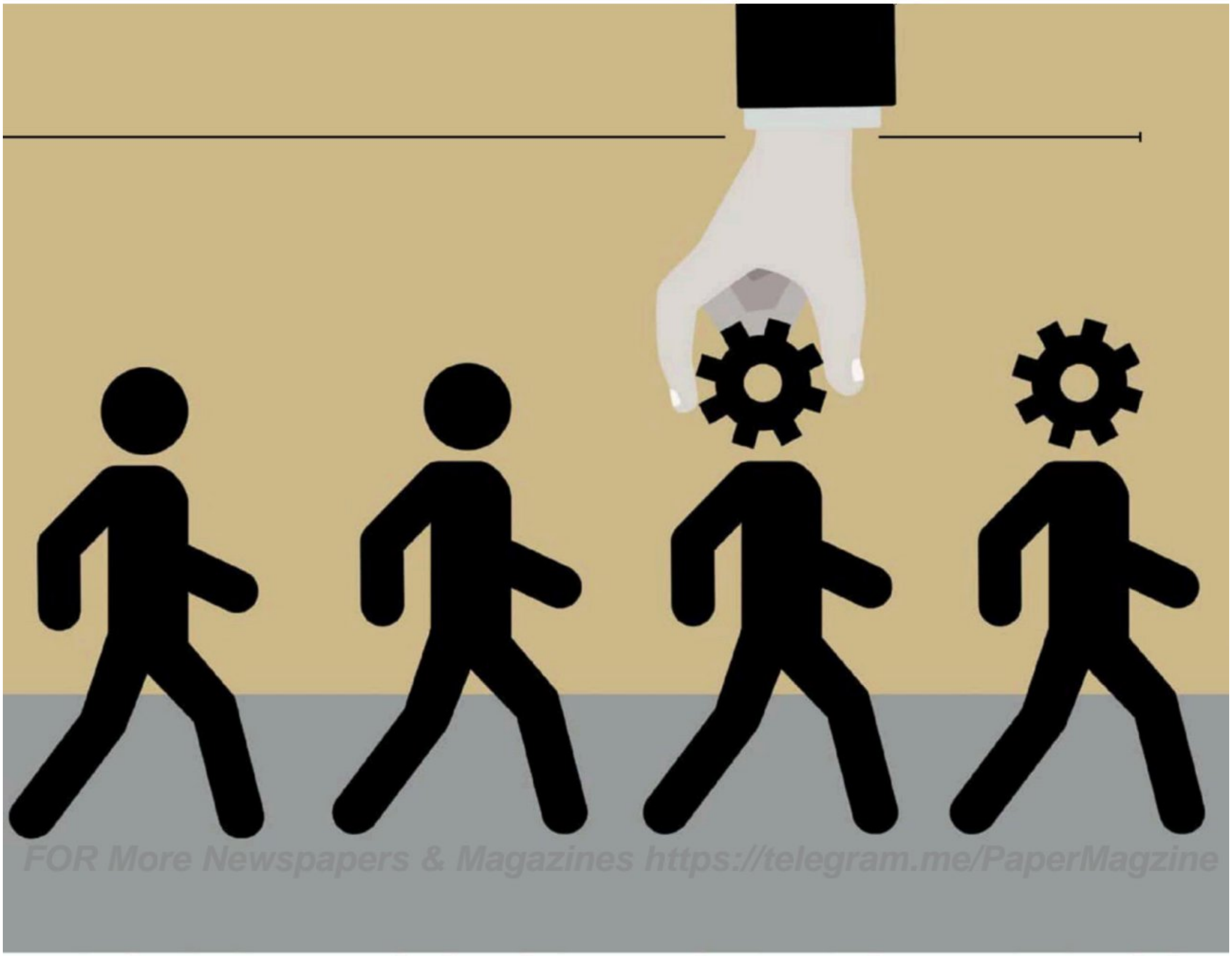


Illustration by **SAURABH SINGH**

because there is a scarcity of good jobs in the economy. Paradoxically, present laws only promote scarcity. Flexible laws will lead to the creation of so many good jobs that people will have options to move jobs or move factories rather than fall into unemployment.

Third, largescale manufacturing needs quick decision-making on the part of government on statutory clearances. Few investors will wait one year or two years or even longer to get basic environment and forest clearances to start their operations. Time is money. The government is committed to a quicker system within a 90-day window. Nothing should stop the government from moving to a system of self-certification in which it lays down preconditions for operations and then conducts an audit to check compliance. In the event of violations, hefty fines can be imposed. This does not happen because there is a lack of trust, that somehow, regulations will be violated. But if conditions and clearances are simple, there is very little incentive for anyone to even try to circumvent the system.

In parallel, the government can give serious consideration to Andhra Pradesh Chief Minister N Chandrababu Naidu's idea of a skill census. It is apparent that there is a mismatch between the kind of workers industry wants and the ones who are available. It is, of course, a matter of the right kind of skilling of the workforce. But there is also a larger societal question related to the earlier point about what is a good job. Too many Indians are still oriented towards doing basic college degrees in the hope of a white-collar job, preferably government, but that leaves them unemployable in terms of the many other options that exist. A skilled job in a factory will likely come with a higher wage and benefits than a low-rung government position, but it is viewed as a blue-collar job and therefore not aspirational. Mindsets need to change. No job is a bad job. Innovative solutions such as giving skilling programmes a university-degree status should be considered as this may help people overcome their inhibitions and prejudices. Needless to say, any skilling effort needs government and industry to work together. It is time to move beyond the outdated Industrial Training Institutes (ITI).

The task to create good jobs and skilled people is not Mission Impossible. However, it does require a degree of realism, practical thinking and changed mindsets. ■

Dhiraj Nayyar is Chief Economist at Vedanta

HARVESTING THE FUTURE

A better deal for farmers, women and youth

By AMITA SHAH

A group of farmers near Jaipur

AT THE END OF NOVEMBER, INTERACTING with beneficiaries of his government's welfare schemes, Prime Minister Narendra Modi had delineated women, youth, farmers and the poor as the four "biggest" castes for him, in an oblique retaliation to the demand for a caste census raised by the Opposition, particularly Congress. Less than a week later, he repeated his new caste mantra while addressing Bharatiya Janata Party (BJP) workers at their headquarters in New Delhi, after the party's victories in Madhya Pradesh, Rajasthan and Chhattisgarh, in a face-off with Congress. "Only by empowering these four castes can the country be empowered," he had said.

The focus on the four sections resonated in Union Finance Minister Nirmala Sitharaman's

ALAMY

Interim Budget speech in February, ahead of the Lok Sabha elections, when she said the country progresses when they progress, and again in the full-fledged Budget presented on July 23, after the Modi government returned to power for a third time. "As mentioned in the Interim Budget, we need to focus on four different castes—the poor, women, youth and the farmer," she said in her address.

WITHIN MONTHS, ANOTHER round of Assembly elections are due in four states—Maharashtra, Haryana, Jammu & Kashmir, and Jharkhand. While the government has refrained from populist announcements for the poll-bound states, it has laid out incentives, opportunities and packages for the four key electoral cohorts, an outreach cutting across caste lines. This time, close on the heels of the Lok Sabha polls, in which BJP lost its single-party majority and joblessness was seen to have been a key issue, the Union Budget has unveiled five schemes with promises to open doors facilitating employment, skilling and other opportunities for 4.1 crore youth. In a country with the highest number of youths, the 15-29 age group is estimated to account for around 27 per cent of the population. Around 600 million fall in the 18-35 age group, a section BJP has been banking on for support. World Bank data released in September 2023 put the youth unemployment rate in India at 23.2 per cent.

One of the core themes of Sitharaman's Budget addresses job concerns, with schemes that aggregate a Central outlay of ₹2 lakh crore. While it mainly prods the private sector for job creation, it has said it will subsidise and incentivise it. The government plans to launch an internship scheme to provide opportunities to one crore youth in the top 500 companies over the next five years, giving them exposure for 12 months to real-life business environments, varied professions, and employment opportunities. Under the scheme, a monthly internship allowance of ₹5,000 along with a one-time assistance of ₹6,000 will be provided to the youth. "Companies will be expected to bear the training cost and 10 per cent of the internship cost from their CSR funds," Sitharaman said. Another scheme will provide a month's wage to all those entering the workforce for the first time in all formal sectors, with direct benefit transfer (DBT) of one month's salary in three instalments to first-time employees, as registered with the Employees' Provident Fund Organisation (EPFO), up to ₹15,000. The eligibility limit will be a salary of ₹1 lakh per month for the scheme, which is expected to benefit 210 lakh youth. For higher education in domestic institutions, the government announced financial support for loans up to ₹10 lakh; E-vouchers will be given directly to one lakh students every year for annual interest subvention of 3 per cent of the loan amount. Besides these, the Budget proposed a scheme to boost job creation in the manufacturing sector by providing an incentive to the employee and the employer on their EPFO contribution in the first four years of employment, targeting 30 lakh youth entering the job market.

Sitharaman, India's first full-time woman finance minister, in her record seventh Budget presentation, said there are schemes worth over ₹3 lakh crore benefitting girls and women. Ahead of the Lok Sabha elections, Modi had addressed all-women rallies in several states, pledging his commitment to their empowerment. Right from providing toilets in every home, saving women from having to defecate in the open, to 33 per cent reservations for women in Lok Sabha and state Assemblies, the Modi regime has reached out to this section, constituting 49 per cent of the population. Besides schemes directly targeting women, others like housing for the poor, Jan Dhan Yojana and drinking water also benefit women. This Budget proposes facilitating the establishment of women's hostels in collaboration with industry and crèches to facilitate higher participation of women in the workforce. Sitharaman said the partnership will seek to organise women-specific skilling programmes, and promotion of market access for women's self-help groups (SHG). According to the Economic Survey, the female labour force participation rate (LFPR) rose to 37 per cent in 2022-23, from 23.3 per cent in 2017-18, largely driven by rural women. It also said the budget for women's welfare and empowerment schemes has increased from ₹97,134 crore in FY14 to ₹3.10 lakh crore in FY25.

SITHARAMAN SAID THERE ARE SCHEMES WORTH OVER ₹3 LAKH CRORE BENEFITTING GIRLS AND WOMEN. RIGHT FROM PROVIDING TOILETS IN EVERY HOME TO 33 PER CENT RESERVATIONS FOR WOMEN IN LOK SABHA AND STATE ASSEMBLIES, THE MODI GOVERNMENT HAS REACHED OUT TO THIS SECTION, CONSTITUTING NEARLY 49 PER CENT OF THE POPULATION

The CSDS-Lokniti post-poll survey showed that 37 per cent men and 36 per cent women voted for BJP this time, a gap more or less the same as in the past. "There is no national trend that shows overwhelming support by women for BJP. It varies from state to state, depending on the leadership. It's an exaggeration to say women vote for BJP," says Sanjay Kumar of Lokniti. According to him, more than women voters, BJP had a sway over the youth.

With BJP losing ground in Hindi heartland states like Uttar Pradesh and Rajasthan in the Lok Sabha polls, the Budget did factor in schemes to address any rural discontent. Setting resilience and productivity in agriculture as priorities in the Budget, Sitharaman said a provision has been made of ₹1.52 lakh crore for agriculture and allied sectors. However, with fertiliser and

A women's self-help group from Maharashtra at a food festival in New Delhi

GETTY IMAGES

food subsidies, the total amount that flows towards India's rural areas adds up to nearly ₹5.21 lakh crore. The government, in partnership with states, also plans to implement digital public infrastructure (DPI) in agriculture, with farmers across the country and their lands to be covered in three years.

Using DPI, digital crop survey of the ongoing Kharif season will be done in 400 districts this year. Details of six crore farmers and their lands will be brought into the farmer and land registries. Promising a comprehensive review of the agriculture research setup to raise productivity and develop climate-resilient varieties, she said new 109 high-yielding and climate resilient varieties of 32 crops will be released for cultivation by farmers. Over the next two years, one crore farmers are to be initiated into natural farming supported by certification and branding.

While the PM Garib Kalyan Anna Yojana, distributing free rations to 80 crore poor families, had already been extended before the elections by five years, under the PM Awas Yojana Urban 2.0, the Budget has proposed that housing needs of one crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore. This will include the Central assistance of ₹2.2 lakh crore over the next five years. Sitharaman, while emphasising the saturation approach, said that implementation of schemes meant for supporting economic activities by craftsmen, artisans, SHGs, Scheduled Castes, Schedule Tribes, women entrepreneurs, and street vendors, such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India will be stepped up. Underscoring a saturation approach to be adopted for inclusive human resource development and social justice, Sitharaman said it aims to comprehensively cover all eligible people through various programmes, including those for education and health to empower them by improving their capabilities.

Under the PM Janjati Unnat Gram Abhiyan, the finance minister announced that for improving the socio-economic condition of tribal communities, the government will launch coverage for tribal families in tribal-majority villages and aspirational districts covering 63,000 villages and benefitting five crore tribal people. In her Interim Budget speech in February, Sitharaman had said, "We believe in empowering the poor; the earlier approach of tackling poverty through entitlements had resulted in very modest outcomes."

Soon after the finance minister's Budget presentation, Modi, in a televised address, said the Budget will empower every section of society and take poor and farmers of villages on the path to prosperity. He said it will also empower tribals, Dalits and backward classes and support economic empowerment of women. He said the Budget will open numerous new opportunities for the youth, enhancing employment, education and skill development. "Youth from poor families and villages will work in top companies under the scheme, opening up doors for new opportunities before them," he said. ■

SPORT

Graphic by SAURABH SINGH

HIGH ON PARIS

This could be India's best-ever Olympics

By BORIA MAJUMDAR

AHEAD OF EVERY Olympic Games there is customary optimism in the country. Can India turn a new leaf? Can it finally happen that we become a multi-sporting country and make a statement in the biggest global sporting spectacle? Can Olympic sports take a giant leap and start competing with cricket?

While Tokyo did provide a few answers and made Neeraj Chopra one of India's leading sport brands, the real leap has not really happened. Seven medals was India's best-ever showing but when pitted against the Indian Premier League (IPL) and more, it was not enough to pitch Olympic sports as a viable challenger. That is where the Asian Games were a breath of fresh air. One hundred and seven medals in Hangzhou and 111 medals at the Asian Para Games, and all of a sudden the cricket World Cup on home soil had a competitor last October. And that is where Paris is of immense significance for Indian sports going forward. A breakthrough Games is what India needs. A double-digit medal haul, and things will change forever. Each one of the medallists will be celebrated for days and weeks and there could be a victory parade along the lines of what we have seen after the T20 World Cup win.

But can this happen? Can India really make a statement where it matters? Can our athletes handle pressure better and perform to potential in Paris?

The one sport where India has to do well to make the double-digit dream turn real is shooting. In Rio 2016 and Tokyo 2020 the shooters had disappointed. On both occasions the team was excellent and yet there were no medals to show for it. Stars like Jitu Rai and Abhinav Bindra came close in Rio while Saurabh Chaudhary made the final but was unable to finish on the podium in Tokyo. That is where things need to be different this time round. And having tracked this team for the last two years, one can say that the hope is real. Each of the 21 qualified shooters has the talent and the potential. Also, with proper coaching and mental conditioning, they are ready for the big stage. What the Indian Olympic Association (IOA) has done this time is equip the athletes with their personal coaches. Most have their own support teams of sport scientists and mental conditioning coaches. Jaspal Rana being with Manu Bhaker, for example, is a big plus for the young shooter and should help her redeem Tokyo. The pistol team had reached Luxembourg weeks in advance and has had enough time to acclimatise. For readers, the shooting range where the Olympic competition will happen is just about 20 minutes from Luxembourg.

The truth is, India is ready. As ready as the team possibly can be. In a sport where 0.1 will separate a medal from a fourth place finish, it will all boil down to the day. Who shoots the final few shots better and who keeps their nerve. And that is where someone like Sift Kaur Samra gives us hope. Blessed with fantastic temperament, Sift left a career in medicine to pursue shooting and will now face her biggest test. She has already broken the world record and won the Asian Games gold. She has won multiple medals in world championships and world cups and also won the Olympic trials in style. Come August 2, all of India will be hoping that the country gets its first-ever female individual gold medallist at the Olympic Games.

Together with Sift Samra India has Esha Singh, Anjum Moudgil, Manu Bhaker, Ramita Jindal and Elavenil Valarivan, each of whom is capable of a podium finish on her day. With the first few days almost entirely dependent on the shooters for medals, all of India will expect these girls to hit the bull's eye.

The men's team, it needs to be said, is no less. With Aishwary Tomar tipped to win a medal in the 50m 3p, anyone among Sarabjot Singh, Arjun Babuta, and Vijayveer Sidhu can win. The Indians will be competing in 28 events and anything less than three-four medals from shooting will be considered underwhelming.

The one sport which has consistently given India medals in the last three Olympic Games is badminton. While it was Saina Nehwal in London, it was PV Sindhu in Rio and Tokyo. Sindhu is there in Paris as well and with Prakash Padukone in her corner will have the best chance of a third consecutive medal. She has a tough draw and will have to overcome the two Chinese, He Bingjiao in the round of 16 and the brilliant Chen Yufei in the quarters. If Pullela Gopichand is to be believed, it is the quarter-final that will define her campaign. "On current form and fitness Sindhu should beat He Bingjiao is my understanding. It will then boil down to the quarter-final against Chen Yufei. Sindhu knows the big stage and has worked really hard," says Gopi.

The truth is, India is ready. As ready as the team possibly can be. In a sport where 0.1 will separate a medal from a fourth place finish, it will all boil down to the day. Who shoots the final few shots better and who keeps their nerve. Paris is set to be India's greatest games

IN THE MEN'S doubles, not winning a medal will be a surprise. Satwik and Chirag have had a fantastic 2024 and are expected to go all the way in Paris. With a favourable draw, the Indians are expected to make the quarter-finals without much trouble and if they top the group beating the Indonesians, Fajar Alfian and Muhammad Rian Ardianto, they should get a relatively easy quarter-final as well. "When you are aiming to win gold you don't really bother about the draw," says Gopi while adding that Satwik's shoulder problem is no longer an issue.

In Prannoy HS and Lakshya Sen, India has two excellent athletes both of whom can beat anyone on their day. That Lakshya has been drawn with Jonatan Christie early on in the tournament is not such a bad thing for Christie early on is far more vulnerable than later in the tournament. If Lakshya makes it from the group he will draw Prannoy in the round of 16, which will assure India of one quarter-final spot.

Finally, in the women's doubles, Tanisha Crasto and Ashwini Ponnappa could well turn out to be giant killers. They have trained the hardest and will look to enjoy the Olympics experience. "At the Olympics rankings etc don't matter. It is all about how you perform on that particular day and we have done everything possible to be the best prepared. Now it is about going out there and giving it our best shot," said Ashwini.

With the Japanese and Korean pairs in their group, they will need to cause one big upset to go through to the quarter-finals.

Someone who doesn't have to cause an upset and just play to potential to raise hopes of a medal is Antim Panghal in women's wrestling. She has a very good draw in the 53kg category and being the fourth seed will avoid the third seeded Akari Fujinami in the semi-final. If Antim performs to potential, Indian fans can hope that she will be in the final of her event and have a real crack at the title. While she has a limited game, that she is resilient and determined has been proved time and again and with age and fitness on her side, she remains India's best bet in wrestling.

If Antim is a medal contender, Vinesh Phogat is a crowd favourite for sure. After what she has been through, for her to make the Games is already a miracle. And with her you know you are in for a surprise. She is one of the most committed athletes and has forever been a disruptor. From being stretchered out in Rio to being pushed around by the police on the streets of Delhi last year, Vinesh has seen it all. And yet she remains steadfast. A good Olympics could elevate her to cult status and this could be one surprise medal for India. Among men, Aman Sehrawat is the lone contender and a serious one at that. Replacing the legendary

French cyclist Matthias Dandois with the Olympic torch at Place du Trocadero near the Eiffel Tower in Paris, July 15, 2024

GETTY IMAGES

Seven medals was India's best-ever showing but when pitted against IPL, it was not enough to pitch Olympic sport as a viable challenger. That is where the Asian Games were a breath of fresh air. One hundred and seven medals in Hangzhou and 111 medals at the Asian Para Games, and all of a sudden the cricket World Cup on home soil had a competitor last October

Ravi Dahiya, silver medallist in Tokyo, Aman has big boots to fill. And yet, in every competition he has participated in he has finished on the podium. If he manages to start well, there is reason to believe Aman could go all the way to a medal.

Moving on to boxing, India has a very good chance with Nikhat Zareen and Lovlina Borgohain. Nikhat is a generational talent and has twice won the world championships. At the Asian Games she lost a very closely contested semi-final and in all fairness got a wake-up call. Since then she has worked the hardest and is surely tipped to win a medal in Paris. While speaking about Nikhat and Lovlina, it would not be fair to leave out Amit Panghal. Few expected him to make it and yet he has done so in style. All of us remember he failed against the Colombian in Tokyo and this is his last chance. With an Asian Games gold medal and a Commonwealth Games (CWG) gold already in his trophy cabinet, this is the last one medal that Amit needs to win.

Finally, the two other medals that India can surely win are in men's hockey and women's weightlifting with Mirabai Chanu. Chanu, a Tokyo silver medallist, has had a troubled last 12 months. With Manipur on the boil, she had to appeal multiple times on social media for the welfare of her family and such things did take a toll on her mental health. Getting injured just ahead of the Asian Games did not help and thereafter it has been about making a comeback for Chanu. She is at last injury and pain-free and has been doing the hard yards in Paris from July 7. "If all things go well, August 7 will be her day," said a very confident Vijay Sharma, India's head coach. "Mira knows what she has to do and we have trained exactly as we wanted. Now all we need is the country's prayers on competition day," concluded Sharma.

The field hockey team, which did the nation proud in Tokyo after 41 years, is yet again expected to do well and make the podium. Led by the world's best drag flicker in Harmanpreet Singh and coached by the meticulous Craig Fulton, the team has done everything possible to be in the best physical shape. With the mercurial PR Sreejesh in goal and the experience of Manpreet Singh and Hardik Singh in midfield, this team can surely beat the best in Paris.

A potentially wise India is right up there this time round. Funding has not been an issue and preparation has been the best. Now it is all about dealing with the pressure of the big stage. As Abhinav Bindra says, "You need to accept you are at the Olympic Games. You can't run away from it. Once you accept and start being in the present you can deal with pressure the best."

This is exactly what Neeraj Chopra has done. Time and again since Tokyo, Neeraj has been under pressure to deliver and time and again he has made the nation proud. Be it the world championships or the Asian Games, India's best-ever athlete has always performed as the country's best-ever athlete. With Neeraj India expects no less in Paris. On August 8, a day later than his history-making moment in Tokyo, Neeraj will once again face the test. And having seen his record, all of India will be praying for a second gold medal from the pied piper.

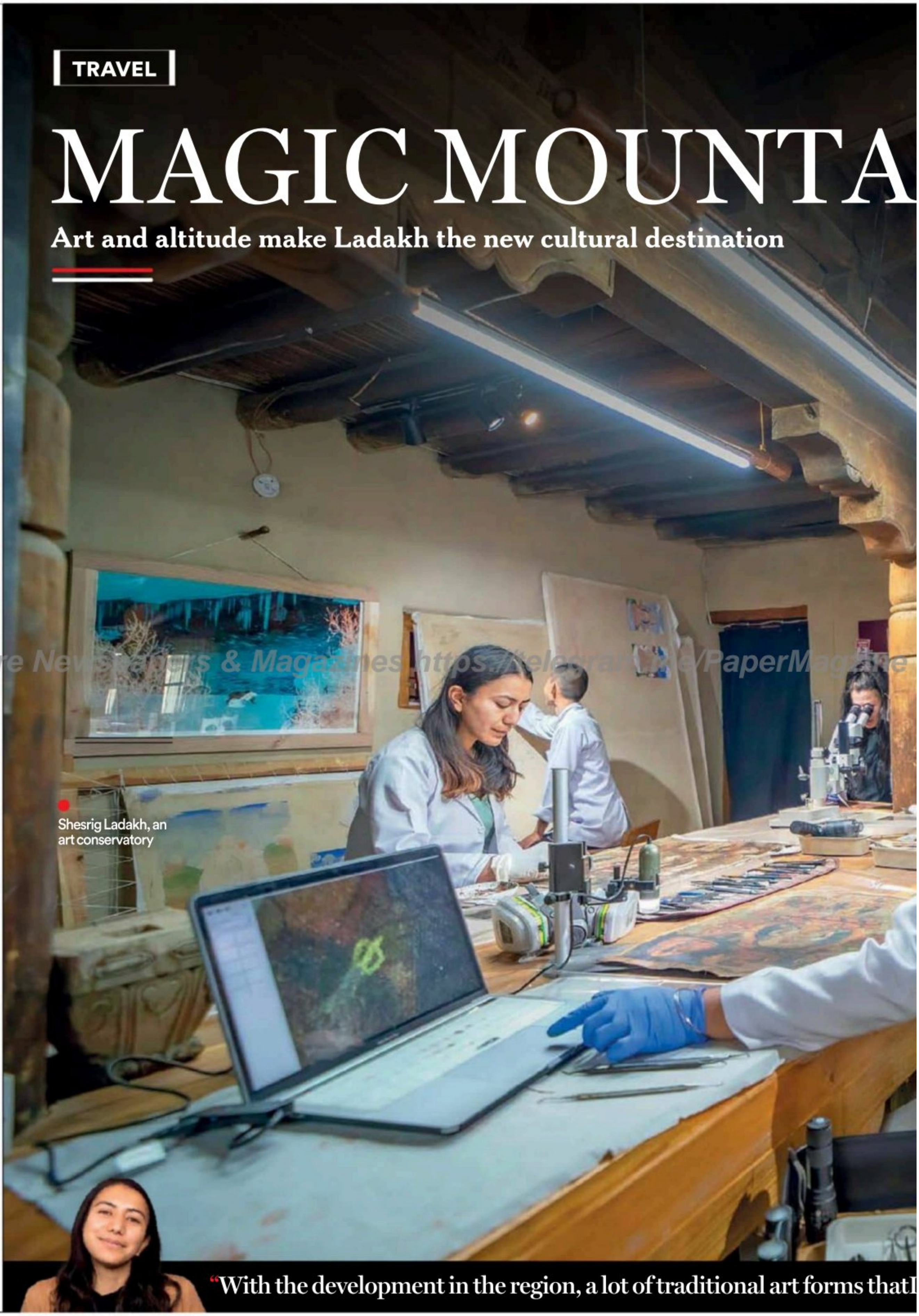
Paris is all set to be India's best-ever games. Nothing less will be acceptable and one can only hope that India's best deliver their best in the next two weeks. That should be good enough to ensure that Deepavali comes early this time year. As PT Usha, president of the IOA said ahead of departing for Paris, "We have done everything to make sure we make the country proud. Now we need to see history being made in the next two weeks. I hope all of India will be with our athletes and support for them." ■

Boria Majumdar is a sport journalist and the author of, most recently, Banned: A Social Media Trial. *He is a contributor to* Open

TRAVEL

MAGIC MOUNTA

Art and altitude make Ladakh the new cultural destination



Shesrig Ladakh, an art conservatory

"With the development in the region, a lot of traditional art forms that

IN

By Abhilasha Ojha

WHEN SHE'S NOT wielding a hockey stick as a member of the women's national ice hockey team, Noor Jahan, in her early 30s, sits in her studio adjusting the microscope with her hands, squinting through the machine to look at centuries-old thangka paintings. When she's not practicing on the ground with the other team members for Asiad Games (to be held next year), the young goalkeeper, usually called Noor or Noorie in her circles, can be found wandering inside caves and ruins, studying 14th-century wall paintings in remote areas of Ladakh. Noor (she prefers to be called by only her first name) studied art conservation at the National Museum Institute of the History of Art, Conservation and Museology, Delhi, before returning to Leh in 2017. She opened Shesrig, her art conservatory, in a 200-year-old restored home in Old Town of Leh, around three years ago.

Today, Noor is rated as one of Leh's leading art conservators and researchers. Besides restoring old paintings, she and her team of four-five local experts, including an in-house master artist specialising in the religious painted scrolls on cloth, create contemporary thangkas using traditional techniques of mineral and plant-based pigments along with the dust of semi-precious stones sourced from Europe, Japan, besides, of course, regions of Ladakh. Recently, a tourist from Switzerland asked Noor to create the six symbols of longevity; only, instead of the traditional figure of 'the old man of long life', she asked her to make a female figure thus allowing for a contemporary take within the conventional art's framework. While many of the private collectors from the Himalayan region are reaching out to Noor to restore their thangkas that are hundreds of years old, many of her patrons, mostly from Europe, are reaching her studio for dedicated masterclasses in the art form. Local tourist companies doing heritage art walks through the restored Old Town are taking tourists to visit Noor's art conservation studio for an even greater understanding of the arts scene in Leh.

grew up witnessing were vanishing. It's a reason I came back to Leh" NOOR JAHAN founder Shesrig Ladakh

"With the development in the region, a lot of traditional art forms that I grew up witnessing were vanishing. It's a reason I came back to Leh," says Noor, who quips that with her degree she could've worked anywhere in the world. She adds that the restoration work of Old Town area through the initiatives of Tibet Heritage Fund, Achi Association, German Embassy, among others, has allowed Leh to emerge as an emerging art destination, as the area today teems with art studios, galleries, workshops, and residencies. She—along with many other artists that *Open* spoke to—credits The Ladakh Arts and Media Organisation (LAMO) as a pioneer in providing a much-needed platform to contemporary artists by way of grants, exhibition spaces, archival material, and seminars focussing on the region's material, visual, and performance arts.

The last two years have witnessed corporates investing in restoration work and funding art residencies and fellowships. An increasing number of young, contemporary artists are returning to their homeland to create an artistic practice that draws upon memories of their homeland. Hotels and homestays such as Grand Dragon, Chospa, and Apricot Tree, among others, are investing in art. An increasing number of exhibitions in residencies such as Palay House (restored last year through resources by multi-arts organisation Arthshila); the uptick in public art commissions, is also leading to many travellers directly getting in touch with artists and commissioning them for affordable yet valuable artworks. What's more, many of these artists, through their work, are honouring their land, putting a spin on mythological tales and juxtaposing them to have conversations on topics such as gender politics, climate change, and cultural heritage, while also engaging with indigenous communities. Ladakh's surreal terrain (craggy, brown mountains towering over green valleys, crystal rivers, and blue skies) has made it a preferred destination for sa Ladakh, Asia's biggest land art festival.

Jigmat Norbu of Jigmat Couture, a leading brand that's created an international platform by showcasing contemporary Ladakhi garments made from age-old, sustainable practices, defines his work as "wearable art". Jigmat Couture has a textile museum in Leh with 200 indigenous textile pieces on display. "I want to give a platform to other, like-minded individuals," he says, talking about his upcoming artist residency later this year.

Like Norbu and his wife, Jigmat Wangmo, both NIFT-ians from Delhi, sculptor and painter Chemat Dorjey, also returned to Leh. Dorjey did an MA in Fine Arts at Banaras Hindu University before returning to Leh. He recently finished a commissioned bronze sculpture for the local government, his second such work. Dorjey runs an art studio, Spindle, in Old Town, Leh, which is used for exhibitions, workshops, and art-related discussions. His works, be it in his paintings or in his sculptures, often feature a 'spindle', an ode to the traditional Ladakhi homes where one finds this wooden textile tool used by women to spin and twist fabrics to create yarn. Dorjey is one of the many first-generation artists returning to the region after studying in art schools across India. "There used to be hardly any platforms for artists. But in the last two-three years alone, dozens of dedicated art studios, institutions, and a growing number of artist fellowships and residences have come up," says Dorjey who recently purchased another workshop near Leh to work on some of his forthcoming commissions.

Artist Jigmet Angmo with a landscape mural for Royal Enfield Camp Kharu

Monisha Ahmed, co-founder, LAMO, picturesquely located below Leh Palace, and housed in a restored 17th-century home in Old Town, says that art in the region is flourishing. "Be it visual arts, fashion, architecture, music, we are seeing the engagement grow among people, not just within the region but also from those coming from outside," says Ahmed. According to her, festivals such as sa Ladakh along with initiatives such as the Himalayan Knot Art Residency by Royal Enfield, for which the corporate partnered with LAMO earlier this year, point to how outsiders are viewing the potential of art in Ladakh.

She's right. In the last two years, particularly, Royal Enfield, has accelerated its initiatives in the art and culture domain. The multinational motorcycle manufacturing company has so far invested ₹35 crore this year in the Himalayan region for various art-led initiatives to offer grants and fellowships, while also collaborating with sa Ladakh and UNESCO to work

An untitled work by Skarma Sonam Tashi at sa Ladakh

"I think people are noticing Leh as an arts destination because many of us are physically returning to our homes, getting inspired by our traditions, and creating a visual dialogue through our art practice" SKARMA SONAM TASHI artist

with 100 Himalayan communities to document and research its intangible cultural heritage. It is working with women self-help groups such as Looms of Ladakh to revive traditional weaves and handlooms practices and commercially sell products through textile projects such as Himalayan Knot for which it has tied up with leading brands and designers. Last year, it began Himalayan Fellowship with New Delhi-based Foundation of Indian Contemporary Arts (FICA), to award anywhere between ₹3-4 lakh to various creative art practitioners from the Himalayan region, including Ladakh.

Through its collaboration with LAMO, Royal Enfield is commissioning works by young artists such as Dorjey and Jigmet Angmo (hailed as the first graphic novelist of Leh) to promote public art in the region. It is also engaging with local architects to renovate dilapidated structures. Royal Enfield Camp Kharu, a green pit-stop at village Kharu, which opened two months ago, is a case in point. It was a dilapidated washroom run by local authorities that was renovated using vernacular architectural methods and changed into a stunning café with glass windows for uninterrupted views of the Zanskar range and Indus River. The café, which serves authentic Ladakhi cuisine to visitors, is run by a self-help group comprising six local women. The place also has a dedicated exhibition space besides clean, pay-and-use toilet facilities. Says Bidisha Dey, executive director, Eicher Group Foundation, Royal Enfield's CSR arm: "While Indian contemporary art has long focused on the work of artists from major cities and towns of India, we are now seeing emerging artists from border and regional areas, many of whom channel their culture and history to inform their work, thus providing perspectives, techniques and wisdom from regions that have been kept away from mainstream attention."

Angmo's striking landscape at Camp Kharu is done in a rich colour palette of blues, pinks, and browns and hangs on the first floor of the cafe. The work, which took the artist seven months to complete, comprises four canvases totalling 28 ft x 5 ft. Capturing stupas, prayer walls, rock carvings, shrines, and other Ladakhi cultural markers, the work focuses on built heritage even as it captures various regions, including Kargil's 16th-century Chiktan Palace, Namgyal Palace, Old Town of Leh, besides the Indus River, monasteries, and other areas inhabited by nomadic pastoralists. Angmo says that the region's art scene, especially in the last two years, has become exciting. "I used to get bored when I came here in 2016 after finishing my art studies in Delhi. Now, I have no time given the number of commissioned artworks by corporates, owners of hotels and homestays, along with tourists who are routinely stopping in my home studio," she says. The artist's currency has risen in the last few years—from selling works for thousands of rupees, she's now charging in lakhs. She's also working on larger pieces while experimenting with tapestry done with leftover yarn and wool along with doing landscapes in lush acrylic colours on traditional wooden tsampa bowls. She says that having art in public places such as Camp Kharu's green pit stop, hotels, cafes, homestays, airports, and even highways allows people to familiarise themselves with works of contemporary artists.

No conversation about contemporary art in Leh,

Black Necked Crane Courtship
by Chemat Dorjey

particularly public art, is complete without mentioning Skarma Sonam Tashi, one of the rising stars in the circuit. In his late 20s, Tashi, a student of art from Santiniketan, gained recognition when he participated in the first edition of sa Ladakh in 2023 following which he showed his work at India Art Fair earlier this year. He won Hyundai's art grant around the same time, later visiting Baroda as part of a residency programme hosted by art incubator and gallery Vis-à-Vis. Tashi's works are mostly site installations resembling Ladakhi mountainscapes made with reusable material, including cardboard (used traditionally in the ceilings of Ladakhi homes), papier maché, clay, and other sustainable materials to talk about the fragility of the ecosystem. "I think people are noticing Leh as an arts destination because many of us are physically returning to our homes, getting inspired by our traditions, and creating a visual dialogue through our art practice," he says, adding that the much-needed platforms through an increasing number of grants and residencies offered within the region are leading artists to show their work to the world at large.

The artist who now charges lakhs of rupees ("I barely charged in hundreds before," he says) has witnessed a staggering rise in barely four years of his artistic practice. He confirms that private collectors are calling him to create his mountainscape installations with more durable materials for their homes.

"There have been more collaborations, platforms, and initiatives in the last couple of years, and from the start, the response has been encouraging"

RAKI NIKAHETIYA
co-founder, sa Ladakh

Raki Nikahetiya, co-founder of sa Ladakh, agrees that the land art festival, which turns the conversation on ecological practices and adaptive reuse of materials, has contributed to the increasing interest in contemporary art emerging from this region. This year's edition of sa Ladakh saw double the number of artists from last year along with international collaborations such as the Vienna-based museum in progress (written in lower case) for its raising flags series that saw the participation of global contemporary artists including senior artist Shilpa Gupta. Some of the other compelling works included Himalayan Knot Art Residency winner, Chennai-based Aditi Jain's textile work juxtaposing the actual landscape of the area with weaves depicting Leh's earth and sky. There was also *Infinity in a Box* by interdisciplinary textile artists Ikshit Pande and Jasmeet Kaur, made from silk and repurposed textile waste, where the fabric was buffeted by gusty winds atop a hilly area overlooking Shanti Stupa. Spread over 22 acres of land in what used to be a dumping ground of sorts, sa Ladakh is a rich example of how communities can come together to clean and repurpose land for the sake of public art.

Nikahetiya says that this year he was getting calls from people who wanted to coincide their trip to Leh with the festival dates. "There have been more collaborations, platforms, and initiatives in the last couple of years, and from the start, the response has been encouraging," he says.

Ahmed of LAMO who came to work on her PhD on Ladakhi textiles almost three decades ago, and later set up one of the first organisations for contemporary arts, feels that it'll be interesting to watch the rise of the art movement in Leh, especially in the next decade when many of the first-generation artists who've started their practice a couple of years ago will see their currency rise. On her part, Ahmed is personally collecting many of the works of these contemporary artists. Nikahetiya says it makes sense to invest in contemporary art from the region given that the value is set to rise. "More than the price," he says, "the conversation around art, especially concerning climate and sustainable issues, will bring people to interact directly with these young artists."

Going by the increasing interest in Leh's contemporary art scene, we couldn't agree more. ■

Fruit of the Nation

Sopan Joshi's encyclopaedic biography of the mango reveals why it is intrinsic to India. The author in conversation with MADHAVANKUTTY PILLAI

Courtesy SUSHILA SHYAM

A Gond painting of mango-picking season

THE CHAUSA, it is said, was a variety of mango loved by Sher Shah Suri, the man who almost stopped the Mughal empire taking off when he defeated Humayun. That battle happened in a place called Chausa in Bihar. There is even a date to it, June 26, 1539. A story about it says that the mango variety got renamed by him after the victory because his soldiers' blood watered the trees there. As it turns out, it is a myth. When Sopan Joshi, in search of the Chausa's origins, landed in the village it was also coincidentally June 26. He then got to speaking to the villagers and found that no one in this place where the mango was supposed to have originated, had even heard of the Chausa. He went to nearby villages and it was the same all over. After a few years, he found a book which spoke of another story—in a village in Uttar Pradesh's Hardoi district from a seed that a crow dropped in front of a widow's house, a tree gave such delicious mangoes that the Awadh nawab paid Rs 100 to her every year. The village of that widow was Cheensa, leading to with some linguistic inflexion, Chaunsa, perhaps then leading to Chausa. Joshi went and nobody knew of the Chausa there either. On the other hand, he met someone saying that the village was settled by soldiers from the battle. The origin remained a question mark.

This is one anecdote in a forest in the encyclopaedic treatise on the mango—*Mangifera Indica: A Biography of the Mango* (Aleph; 432 pages; ₹799)—that Joshi took eight years to write. The mango is associated with the summer but around the middle of July is when the Chausa, one of the three main and the costliest north

Indian varieties, hits the market. What leads to its allure? This is how he describes it in the book: "The Chausa's skin is not the thinnest but is delicate and gets injured easily. Juice runs out when you cut a cheek. The flesh is a bright yellow and extraordinarily sweet; there is a little fibre in the flesh, especially close to the stone. Its aroma has notes of chalk, it is fragrant. It is a mango I like to eat alone at the table, involved, not distracted by anything."

Throughout his innumerable interviews and journeys chasing the mango, Joshi was struck by how malleable it was in mind, memory and myth. "I've even seen in academic papers that Sher Shah Suri was very fond of this variety and popularised it. The two have no connection, but you can connect anything with the mango," he says. The book is not just a factcheck or even about the fruit itself. Under its umbrella, Joshi weaves in strands like culture, literature, sociology, politics, geopolitics, botany, business, art, history, religion and even geology.

There are essentially two types of mango trees in India. One is the original inhabitant. A seed falls and a tree grows and gives fruit which has seed that then becomes another tree. There is no predictability that fruit from this next tree will be like the one from the earlier. There is then the second type. A seed falls, a sapling grows and then another branch from a fruit that tasted good is grafted onto it and that then leads to the same type of fruit with predictability. The fruits are bigger with more pulp and are usually the one that you buy from the market. The story of the takeover of grafted mango trees in India is the story of colonial conquests, industrialisation and the alienation of land from its keepers. Perhaps the best-known variety that we know, the Hapus or Alphonso, is such a grafted mango. Its very name is believed to be from Afonso de Albuquerque, who served as Portugal's governor in India between 1509 to 1511. Jesuit priests brought in their grafting techniques and introduced them onto Indian mangoes creating new fleshier varieties. The Mughals picked up on it until in modern times the fruit became increasingly industrialised with the grafted varieties.

Joshi says, "There is very old evidence of grafting in India (the book gives the example of Varahamihira writing about it in the 6th century) but grafting was not used on the mango. The mango tree was ubiquitous in ancient India. Every village, every city, had several mango groves around it. It was infrastructure. That's the reason when Ashoka wants to do his own propaganda and tell people that he's a good king, he says that he has got mango groves planted. Because an investment in the mango was considered an investment in the well-being of ordinary people. Into everybody's welfare. This you will not come across now. Because we have stopped seeing fruits and groves as infrastructure."

He finds the tree interwoven into the very fabric of Indian life for millennia. It was, according to him, the most generous form of social infrastructure. "All Indian villages and cities had mango groves, because a mango grove is where you went for a picnic, a celebration. A mango grove is where weddings happened. This has been going on forever. The other thing about the mango is it is sacred, but not overtly so. It's not so sacred that you can't cut it down or use it in any which way you want. In fact, in many communities, the ideal form of cremation—I have direct evidence from two places, Kerala and Mithila—is where when a person died, a seed-grown mango tree was cut down for the funeral." When the Mughals came, they encouraged the folk culture of mango groves or left people alone to do what they wanted. But the British and the zamindari system they instituted changed the nature of land use in India. It destroyed the mango groves of ordinary people. They became preserves of the rich.

> "Every time you have Maaza or Frooti, the fruit pulp in that is 90 to 95 per cent Totapuri to which 5 to 10 per cent of low-grade Alphonso, which doesn't sell in the market, is added. Totapuri doesn't have a dominant taste. It's a very even mango"
>
> **SOPAN JOSHI**

The mango infringes on India in unexpected ways. When new religions were born, it was a co-traveller. Like with Buddhism. In 637 CE, Hiuen Tsang came to India from China and went to Sarnath where the Buddha gave his first sermon after attaining enlightenment. He found a monastery there and wrote: "In the great enclosure is a vihara about 200 feet high; above the roof is a golden-covered figure of the Amra (mango) fruit." Among the symbols that the Buddha was represented by in early scriptures were the mango tree and fruit. And when he died, his last night was in a mango grove in Kushinagar. "No single religion is as deeply embedded in the culture of the mango as Buddhism," says Joshi.

The mango is used by the common man as bribes when he doesn't have hard cash. In politics and diplomacy, it makes its influence felt in the form of gifts. A village that Joshi visited during his research was Rataul whose mango variety, also called Rataul, originated in an orchard belonging to one Anwar-ul-Haq. After Independence his son took the graft to Pakistan and there the variety became popular as Anwar Rataul. In 1981, the then Pakistan President Zia-ul-Haq sent a basket of these mangoes to Indian Prime Minister Indira Gandhi as a gift. When Rataul's residents read about it they took a delegation to Gandhi to tell her that this was actually an Indian variety. When Joshi went there, Zahoor Siddiqui, on whose ancestral orchard the Rataul was born, showed him the original tree. He writes in the book: "Siddiqui pointed out the mother tree when I visited him in 2017. It stood there as a scraggy witness to the past." From that tree's echo, the mangoes had become a conciliatory gesture between two heads of enemy nations. The reason

RAUL IRANI

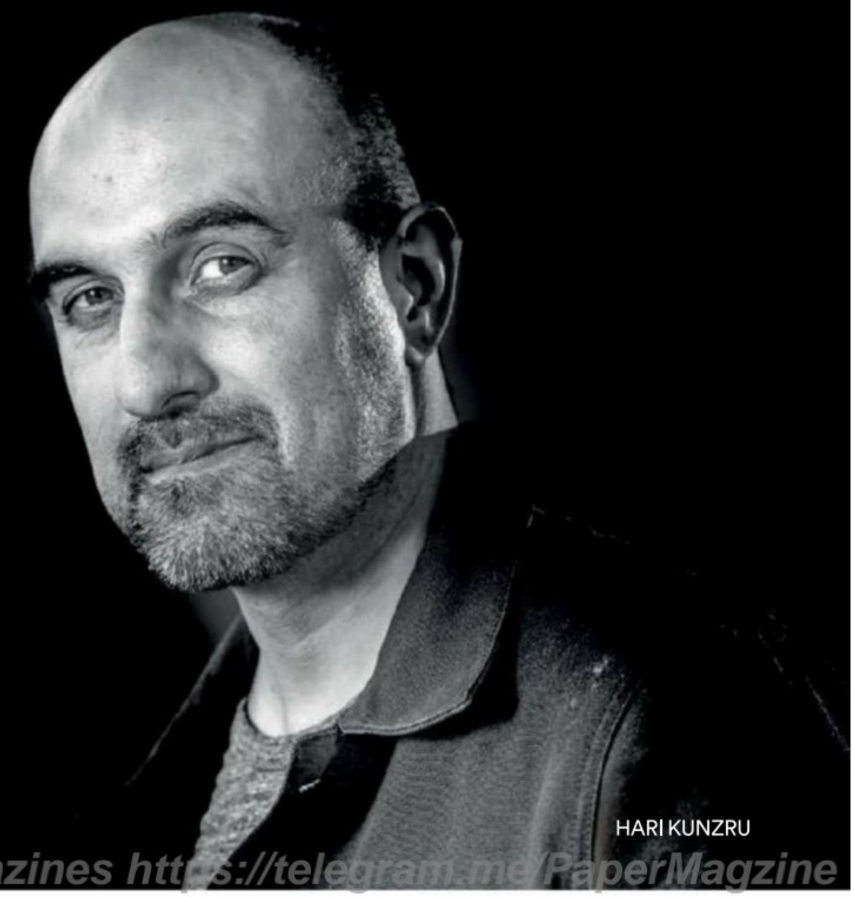
> "All Indian villages and cities had mango groves, because a mango grove is where you went for a picnic, a celebration. A mango grove is where weddings happened. This has been going on forever. The other thing about the mango is it is sacred, but not overtly so"
>
> **SOPAN JOSHI** author

might be found in how Joshi describes the taste of the Rataul: "Plump with paper-thin skin, it has very little fibre close to its small stone. In many fine mangoes of North India, the sweetness often overwhelms the subtler elements of taste, leaving it only in the flesh close to the fibres of the stone. Not so with the Rataul! Its sweet flesh retains the more ephemeral notes. They disappear as quickly as the small mango disappears into your mouth."

The book is divided into three sections. In the first, Joshi looks at how the mango weaves into the fabric of India. In the second, he looks at the science and trade of it. The third is a travelogue where he goes to get acquainted across the four parts of the country with the different varieties grown there. Nuggets line the road of what you thought was a familiar fruit. For instance, many would know the variety called Totapuri but not that it accounts for 90 per cent of everything that involves commercial pulp. In Chittoor, Andhra Pradesh Joshi meets a mango farmer who tells him that the Totapuri once used to be the mango of the poor, the cheapest, but then its potential for pulp became known. The fruit is free of fibre and can grow in hardy conditions. But the trick is that to the Totapuri's pulp is added a little bit of Alphonso pulp to provide the flavour. Joshi says, "It's only in the '70s and '80s that Totapuri catches on. Every time you have Maaza or Frooti, the fruit pulp in that is 90 to 95 per cent Totapuri to which 5 to 10 per cent of low-grade Alphonso, which doesn't sell in the market, is added. Totapuri doesn't have a dominant taste or flavour. It's a very even mango."

The mango business is not a stable one even in a country obsessed with it. Mango traders have a word for it—"kachcha". "Because everything is unpredictable. You are always at the mercy of the weather. And markets are entirely designed for non-perishable items," says Joshi.

It is not an entirely bleak picture either because he finds a new category of people getting involved with the fruit. Like Nestor Rangel, an electrical engineer who became an organic mango grower. He could have earned more with cashew but chose growing the fruit and on his orchard, there are 700 trees and 20 varieties. "They are not your standard characters. But when you go to them, you get shades of the old mango culture," he says. Then there was Kongara Ramesh near Visakhapatnam in Andhra Pradesh, a homeopath and farmer who had only studied till eighth standard. He learnt the science of plant breeding by himself and made new varieties that became popular like Swagatham. Another variety of his called Amrutham can be frozen, something the fruit is not good at because it starts degrading. A line in the book by his daughter exemplifies the emotions the fruit can arouse. The three of them were in the orchard when Ramesh walked away to look at a tree. Joshi writes: "When he was out of earshot, Harita said her father did not come out to the orchard for two months after the destruction of Cyclone Hudhud. 'He was in mourning like he had lost a child.'" ■



GETTY IMAGES

Art of Love

Hari Kunzru's new novel completes his trilogy on creative pursuits. The author speaks to NANDINI NAIR

IN 1751, ENGLISH artist William Hogarth issued two prints *Beer Street* and *Gin Lane*, which were meant to be viewed alongside each other. *Beer Street* showed a more 'civilised' city, where citizens paint, read and gently sip pints of beer. *Gin Street* on the other hand, depicts a scene of corruption, a corpse is buried in the background, a mother's suckling baby falls down the stairs and a man shares a bone with a dog. *Gin Street* was a warning against the excesses of drinking gin, versus the merits of beer. In the past, gin has also been called 'mother's ruin' or 'blue ruin'.

It is befitting that a folkloric print should provide the title for Hari Kunzru's new novel *Blue Ruin* (Simon & Schuster; 257 pages; ₹699), which implicates the art world and scrutinises the relationship between creativity and commerce. With *Blue Ruin*, the New York-based author completes his trilogy which includes *White Tears* (2017), and *Red Pill* (2019). *White Tears* dealt with the appropriation of music, *Red Pill* grappled with the literary world and the far right, and now having dissected art, Kunzru's pen has torn asunder and interrogated the culture world.

Blue Ruin is a typical love triangle where two men are invested in the same woman. The book opens with Jay delivering goods to a masked, bungalow-inhabiting Alice. He faints at her doorstep as he is battling long Covid. She shelters him in an outhouse on the sprawling grounds. Told in Jay's voice, we learn that 20 years ago they had shared a tumultuous relationship, but then she had vanished without a word. She now lives a posh life with Jay's former best friend and fellow artist Rob. In the present, Rob schmoozes with the high echelons of art, Jay lives out of his car and barely makes ends meet. The opening set up of three friends from the past thrown together during a pandemic is ripe with possibility. Who were Jay, Alice and Rob when they were young? How did their paths diverge so radically? What happened to their past selves and are they now just beaten-down versions of that? These are just some of the questions that the novel unpacks with vigour.

Blue Ruin doesn't have the bite of *Red Pill* but it is a more breezy read than *White Tears*, which could at times be heavy lifting. Of the trilogy, it would be fair to say that while *White Tears* rose to great heights, Kunzru's mastery best shone in *Red Pill*, perhaps because the literary world is the one that he knows best. Reading *Blue Ruin* often feels like one is watching a Netflix production, with Nicole Kidman playing the role of Alice, a rich unhappy woman, who has bartered comfort for dreams, security for ambition. Ben Affleck could be Jay, the youth whose stars shone brightest, but as a middle-aged man is much diminished and even more battered. Leonardo DiCaprio could be Rob, the forever showman who believes he is forever 21. Beyond the cinematic nature of its characters, *Blue Ruin* also poses more philosophical questions about the 'nobility' of the artist and the capital that oils the system. The two leading men are placed in opposition to each other, if Rob likes everything about art, from the smell of the thinners, to the scratchy sound of the brush on the canvas, Jay is much more oppositional towards the entire process, he doesn't "want to make statement objects for the rich," he doesn't wish to be "shackled to anyone's wall". But if an artist doesn't sell, can he be an artist at all?

When I speak to 54-year-old Kunzru, he is just wrapping up his teaching course at New York University, Paris. The city behind him is being transformed for the Olympics. He admits that when he embarked upon *White Tears*, he did not think it was going to be part of a larger enterprise. It was only when he was on *Red Pill* did he realise that he had a third novel, on art, already in mind. With each novel centred on a different creative enterprise that also engages with contemporary political reality, they together make for a wholesome body of work, to which he has dedicated nearly a decade of his life.

To create the art world of *Blue Ruin*, to conjure up Jay's elaborate performance art pieces, to flesh out Fancy Goods (a derelict building commandeered by Rob and friends and converted into a living quarters and exhibition space) Kunzru turned to both imagination and lived experience. He has had an abiding interest in the art world since his early 20s and has loitered at its fringes since. He says, "I go through phases when I'm completely engaged in it and compelled by it, and then other times it feels ridiculous, and I focus on something else." While the summer in Paris hasn't thrown up too many shows, he did check out the French billionaire Francois Pinault's contemporary collection, where he has got "a very fancy one of everything". The businessman art collector's gallery in the middle of Paris is an apt symbol of *Blue Ruin's* concerns, where those with the most money (not necessarily with the best eye) get to determine the value of art.

Beyond the cinematic nature of its characters, *Blue Ruin* also poses more philosophical questions about the 'nobility' of the artist and the capital that oils the system. It is a novel that interrogates both creativity and commerce

In the late 1990s and early noughties, Kunzru was on the fringes of a group of friends who took over a factory space in London. A 2002 article in *Frieze* recounts, "Once upon a time in the west (of London's East End), the Bart Wells Gang arrived to stake their claim on the new cultural frontier. Squatting a warehouse in a stagnant pool of post-industrial buildings just the wrong side of Hackney's 'cultural corridor', this posse of artists moseyed between cultural worlds." Like Jay in *Blue Ruin*, Kunzru would at times wake up here in the middle of the night to chase after rats, and wake up in the morning to clean after pigeons. In this ramshackle space the artists could mount what they wanted, without the intervention of curators and galleries. And at times top-end collectors would tiptoe their way in to actually buy art. This proximity to renegade artists lends a lifelike touch to Fancy Goods in *Blue Ruin*.

The main point of friction of *Blue Ruin* is, of course, a certain discomfort with the art enterprise, as Kunzru elaborates, "There is something kind of obscene about the art market, about the way that these objects circulate, and about the art world's unwillingness to ask any questions about the source of the money that drives all the parties and the glamour and the travel and so on. And so, there are things in both directions that I wanted to interrogate." His discomfort with capital's hold on art plays out between Rob and Jay, and their trajectories. Rob is at ease with making objects to be sold, whereas Jay strains (and then breaks free) from the leash of the system. The novel asks who the 'better' artist is, and Kunzru's loyalties do seem to stack up with Jay rather than Rob. He admits that Jay and he share similar struggles, but that Jay is far more "excessive" and "rigid" and pushes matters to an extreme in a way he never could.

A sentence in *Blue Ruin* which could well be its thesis statement reads, "It's a fiction we seem to demand, that a person be substantially the same throughout their lives—human ships of Theseus, each part replaced, but in some essential way unchanging. We are less continuous than we pretend." The changes from youth to adulthood, more in personality than physiology, have intrigued Kunzru, since his debut novel in 2002 *The Impressionist*, and continue to do so. He says, "With all three of the characters in *Blue Ruin* there's an issue—about who you wanted to be when you were young versus who you turned out to be when you're in middle age. And that interests me a lot because here I am, at this time in my life. And the pathos of the kind of compromises you make, but also the kind of compassion that you have as an older person. Young people are very cruel. They're very absolute, they don't understand that things can drift or that disappointments can happen, and that people have to live with all sorts of compromises." Personally and professionally, Kunzru has changed too. He says that his style has become sparse from the "zany excessive prose" of his first book. And he likes to think he has also become a better listener over time.

Once his term in Paris concludes, Kunzru will leave his wife, fellow author Katie Kitamura and his children, to go away on his own for eight days and to write and rewrite a piece of work. He continues to be interested in the workings of memory, what we bury and what we choose to remember. For example, how the pandemic is a recent event that has been collectively rendered remote. He is also invested in "the thinness of contemporary reality, the feelings that a lot of people have that you can almost make things true by the power of your mind, by a kind of conviction, or by a kind of persuasion." He adds, "Maybe I'm thinking about stories associated with that, and I'm promising everybody that this time there's no colour in the title." His new work, one can only guess, will also be about the dual nature of life, like art, which can be both a blessing and a ruin. ■

STARGAZER

KAVEREE BAMZAI

LAKSHYA MONA SINGH PRASHANSA SHARMA

Lakshya's Resilience

In the hypercompetitive world of Delhi University, getting 75 per cent in Class 12 Board exams is the equivalent of a massive social failure. It's what happened to Lakshya, or Laksh Lalwani from Delhi's Malviya Nagar. The son of a Tata Motors executive and a former boutique owner, it seemed like the end of the world for the young man. That was until he applied for MTV's *Roadies*, which has been the launchpad for many youngsters. Encouraged by his mother, he moved to Mumbai and did a fiction show for MTV called *Warrior High*. "Every day I was on set, I could see it in everyone's eyes; I was so bad at acting. I felt humiliated and promised myself that I would spend everything I earned to become better at it," says Lakshya. So he spent the next few years investing in a three-month course at the acting school Kreating Charakters, working on his voice, his action, and his emotions; then a 12-day workshop at the renowned Adishakti Laboratory for Theatre Art Research in Puducherry. He would watch at least one film a day and work on himself for the rest of the day. Some television work followed but two movies he was supposed to act in fell through—*Dostana 2* which was supposed to star Kartik Aaryan and Janhvi Kapoor, and *Bedhadak* which was supposed to launch Shanaya Kapoor. "I guess I was meant for something else," says Lakshya. Then there was *Kill*, which premiered at the Toronto International Film Festival 2023 to rave reviews, and was theatrically released earlier in the month. The ultra-violent film, directed by Nikhil Nagesh Bhat, was shot over 75 days inside a confined set simulating a train compartment. "The days went on for 13-14 hours, with an additional two hours to work out," he says. His body had so many bruises and cuts, he says, he didn't know what was real, what was not. Lakshya's journey is not merely one of patience and resilience, but also of self belief that acting was what he was meant to do. What next?

Mona Singh's World

Having played Bulbul Johri in *Made in Heaven* Season 2, Mona Singh is Pammi, the half Punjabi-half-Maharashtrian mother in *Munjya*, this summer's sleeper hit. Soon we will see her on screen as a single woman in search of love and enjoying an odyssey of dating in Prime Video's forthcoming *Maa Kasam*. "I am doing lead roles in my 40s, which eluded me in my 30s," she says excitedly. She had the ability to ride out the difficult periods when she wasn't getting the kind of work she started with, a lead role in Sony TV's *Jassi Jaisi Koi Nahin* in 2003. But then courage is ingrained in her, coming as she does from an Army family. "My father was an engineer with the Bombay Sappers," she says and he lost his foot after stepping on a landmine during the 1971 War. "We've grown up listening to those stories," she says, adding that her mother married her father, Colonel Jasbir Singh, despite knowing of his disability. This kind of upbringing helps keeping things in proportion and life in perspective.

Prashansa Is a Chameleon

She was one of the women who escaped Vijay Varma's oily grasp in *Dahaad*. And she was the wallflower maid in the first season of *Mirzapur*. "I was supposed to die a gory death at Munna's hands, but Farhan Akhtar saw the footage and refused to keep it," she says. And thank god for it, as Prashansa Sharma's Radhiya becomes more than Beena Tripathi's maid in Seasons 2 and 3. "Raadhiya is completely mesmerised by Golu," she says, referring to the female character played by Shweta Tripathi. "Here is a woman who doesn't use her sexuality to survive. She reads, she uses her mind, she fights," says Prashansa, whose parents run a school in Jhumri Telaiya, Jharkhand. Prashansa was sent off to Welham Girls' School to study but always rebelled against authority. She then went to Hindu College, where she plunged into its English Theatre Society, then Drama School Mumbai, and finally the Prague Film School. Her Radhiya is a masterclass in how a marginal character can acquire agency. "There are two women empowering Radhiya this season of *Mirzapur*, Golu who is giving her books to read and Beena who is just letting her be. You see it in her body language and how she changes. In every episode I shed a layer of the old Radhiya. In one episode the bindi is gone, in another I start wearing sport shoes, I wear my dupatta in a different way, not to hide my body, and if you've seen the post credits scene, I'm reading poetry and my hair is gone," she says. The transformation is complete. ■