



The Indian EXPRESS

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RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

Guardian of the House

To restore prestige of Parliament, take steps to ensure independence and impartiality of Speaker



ARVIND P DATAR

A STICKY PROBLEM

RBI must carefully chalk out path of policy normalisation, be mindful of upside risks to inflation

IN THE STATE of the Economy report released on Tuesday, economists at the Reserve Bank of India (RBI) appear to be rather optimistic about the trajectory of inflation going forward, downplaying the threat of price pressures building up in the economy. The report notes that the "recent upsurge has peaked and the worst is behind us", adding that inflation "is likely to stabilise during the rest of the year". Recently released data does seem to corroborate the view that inflation at both the wholesale and retail level has peaked. Data released on Monday shows that the Wholesale Price Index (WPI) cooled for the second straight month, falling to 11.2 per cent in July, down from 12.1 per cent the month before. Similarly, data on retail inflation released last week also showed that the consumer price index (CPI) had moderated to 5.6 per cent in July, after breaching the monetary policy committee's (MPC's) upper threshold of 6 per cent in the previous two months. Till now, the MPC has also justified the stance of monetary policy on grounds that the uptick in inflation is transitory in nature, and is likely to abate as supply-side disruptions ease. However, inflation may well prove to be sticky on the downside. Price pressures may build up in the economy during the second half of the year, making it difficult for the MPC to continue to justify its current policy stance.

The decline in inflation at both the wholesale and retail level is in part driven by lower food inflation. At the wholesale level, the primary food index was at the same level as it was a year ago, while at the retail level, the food price index eased to 3.96 per cent in July, down from 5.15 per cent the month before. Even core inflation has moderated at the retail level. However, worryingly, segments such as transport and communication, education and personal care, all have seen an uptick. Part of this can be traced to higher fuel prices. The pass through of higher commodity prices — RBI's own surveys suggest that firms "expect to pass on the cost burden to the consumers in Q2 by increasing selling prices" — along with demand-side pressures which are likely to surface towards the second half of the year as household demand recovers, suggest that inflation may well continue to remain elevated.

So far, the RBI has treaded cautiously, sidestepping calls to review its policy stance, mindful of the consequences of premature tightening. While it continues to attach primacy to reviving growth, considering that inflation remains elevated, it must carefully chalk out the path towards policy normalisation. Even as the withdrawal of its accommodative measures is likely to be gradual — in line with evidence that a durable economic recovery is taking shape — the central bank must be mindful of the long-term costs of ignoring inflation.

NORTHEAST WARNING

Government should take note of the signals of unease, address it through politics and policy

INDEPENDENCE DAY SAW a breakdown of law and order in Shillong and its adjoining regions. Some people attacked police after a former ultra, Cherisherfield Thangkiew, died on August 13 following an encounter. Thangkiew, associated with the HNLC, an insurgent group banned in 1991, had surrendered in 2018 and was leading a "retired" life when police shot him, allegedly when he attacked his pursuers. Though HNLC is hardly a force now, the police believe that the outfit, and Thangkiew, were linked to recent low intensity blasts in Meghalaya. Given that the HNLC and its politics of ethnic separatism has few takers in Meghalaya, Thangkiew's death may have provided a trigger for anger against Conrad Sangma's administration — be it on account of its Covid mismanagement, or failure to end coal mining.

The Shillong violence is a wake-up call. It comes three weeks after six policemen were killed on the Assam-Mizoram border — a fresh incident of firing was reported on Tuesday. In Nagaland, anxiety is building up over the failure to conclude the peace deal apart from slip-ups in Covid management. The Northeast has a long history of governance failures widening fault lines and leading to divisive ethnic mobilisations and violence. The past two decades, however, have been relatively peaceful. The Centre negotiated peace deals or ceasefire agreements with insurgent groups and state governments started to consolidate the tenuous peace and undertake major development projects, including roads, bridges and electrification. Now, a shadow is forming over this narrative of hope. The administration has been swift and successful in containing the violence, but these localised events do point to insecurities on the ground. The government needs to recognise, and be sensitive to, the numerous fault lines that shape ethnic, regional and political relations in the region.

The NDA government has been proactive in undertaking development projects in the Northeast — since 2014, the outlook has shifted from Look East, a 1990s' formulation of the then Prime Minister PV Narasimha Rao, to Act East. It helped the BJP expand its electoral footprint in the region. While the BJP's political outreach through the North-East Democratic Alliance has been successful, its exclusivist agenda has given a new life to the politics of polarisation. For instance, the promotion of the CAA-NRC resulted in mass mobilisations that seemed like a throwback to the days of the Assam agitation. In the best interest of the region, governments need to eschew the emphasis on singular identities and promote a politics of inclusion. That's the warning from Assam, Mizoram, Nagaland, and now Meghalaya.

FOR THE LOVE OF SUDOKU

Maki Kaji gave puzzlers all over the world an obsession that continues to have a grip on them

IT WAS IN 1984 that Maki Kaji first came across a now-familiar grid-based puzzle. At the time, it went by the rather dull name of Number Place. Kaji, who spotted the puzzle's hit potential, renamed it Sudoku — derived from the Japanese sentence "Suuji wa dokushin ni kagiru" (numbers should be single)", which also doubled up as an instruction to puzzlers. The "Godfather of Sudoku", as he eventually came to be known as, died at his home in Tokyo on Monday at the age of 69.

The origins of Sudoku are hazy, although many historians believe it to be the direct descendant of a puzzle known as Latin Squares (named thus in the 18th century by Swiss mathematician Leonhard Euler). The version that Kaji discovered is believed to have been created by a retired American architect known as Howard Garns, possibly in the '70s. While Kaji didn't technically invent the puzzle, he can be credited with refining it into the brain teaser that would soon spawn its own devoted following and highly competitive tournaments all over the globe.

For Kaji had instantly spotted what gave the puzzle universal appeal. Despite appearances, it requires absolutely no mathematical ability from its solvers and, unlike in a crossword puzzle, even the ability to "read" (numbers, in this case) is not a requirement. It had the potential to be the next Rubik's Cube, because all it required was logic. Kaji knew that Japan, a nation which watches brain teaser-based TV shows during prime time, would lap it up. Sudoku, first published in Japan in the magazine *Nikoli*, quickly became a national obsession, although it wouldn't become a global phenomenon until 2004, when *The Times of London* published a puzzle. Years later, in an interview, Kaji described Sudoku as a "treasure", adding that he was driven by the "excitement of solving it". A sentiment that will resonate with the millions who still rack their brains over a fresh puzzle everyday.

THE DISTURBING SCENES that we have witnessed in several state assemblies were sadly repeated in this year's Monsoon Session of Parliament. Over the last two decades, paralysing Parliament has become the standard operating procedure of every Opposition party.

One can safely predict that the Winter Session of 2021 and all the coming sessions of Parliament will also be "washed out". The decline in the functioning of India's Parliament — and state assemblies as well — is caused by one primary reason: The lack of independence and impartiality of the Speaker.

Our Constitution, after extensive debate, adopted the Westminster model of governance. Members of Parliament were granted the same powers, privileges and immunities that were enjoyed by the House of Commons. In the Lok Sabha, as in the United Kingdom, the Speaker is the supreme authority; he has vast powers and it is his primary duty to ensure the orderly conduct of the business of the House. Every textbook of constitutional law points out the two essential qualities of a Speaker: Independence and impartiality. GV Mavalankar, the first Speaker, observed: "Once a person is elected Speaker, he is expected to be above parties, above politics. In other words, he belongs to all the members or belongs to none. He holds the scales of justice evenly, irrespective of party or person". Pandit Nehru referred to the Speaker as "the symbol of the nation's freedom and liberty" and emphasised that Speakers should be men of "outstanding ability and impartiality". MN Kaul and SL Shakhder, in their book *Practice and Procedure of Parliament*, refer to him as the conscience and guardian of the House. As the principal spokesperson of the Lok Sabha, the Speaker represents its collective voice.

It is the Speaker's duty to decide what issues will be taken up for discussion. He has the sole discretion to permit an adjournment motion to be tabled or to admit a calling attention notice, if the issue is of

urgent public importance. In the latter case, the minister has to make a statement or ask for time to make a statement later. Speaker Mavalankar observed that if something is very grave and affects the country, the House must pay attention to it immediately. Indeed, the supremacy of Parliament is emphasised by Article 75(3) of the Constitution: "The Council of Ministers shall be collectively responsible to the House of the People".

Several judgments on the anti-defection law have been rendered by the Supreme Court. A common factor that shows up in these rulings is the blatant, partisan conduct of speakers in state assemblies. Sadly, over the last decade and more, an impartial and independent Speaker is an oxymoron. Indeed, it should be made mandatory that the Speaker ought to resign from his party and his sole allegiance must be to the Constitution and to maintaining the dignity of the House.

Sadly, over the last decade and more, an impartial and independent Speaker is an oxymoron. Indeed, it should be made mandatory that the Speaker ought to resign from his party and his sole allegiance must be to the Constitution and to maintaining the dignity of the House. The present practice of the Speaker continuing to be an active member of the ruling party has the inevitable result of his refusing to allow any debate or discussion that may be essential in national interest but may embarrass the ruling party. This inevitably leads to constant disruption of Parliament by the Opposition.

The present practice of the Speaker continuing to be an active member of the ruling party has the inevitable result of his refusing to allow any debate or discussion that may be essential in national interest but may embarrass the ruling party. This inevitably leads to constant disruption of Parliament by the Opposition. Indeed, a Speaker who continues to be a member of the ruling party is like an umpire being appointed by the batting side.

The persistent disruption of Parliament causes extensive damage not only to the prestige of the House but also frustrates the primary function of any legislature: The responsibility to make laws for the good governance of the country after careful debate and deliberation. Every law enacted is, therefore, said to represent the "wisdom of Parliament". One cannot forget that some of the finest speeches have been made during debates on controversial legislation in all parliamentary democracies.

The stalling of parliamentary proceedings has led to the passing of important bills in several sessions without any discussion. In this session, not a single bill was referred

to any select committee. It is significant that the Chief Justice of India has also highlighted the deleterious effects of no discussion taking place even when important bills are being passed.

However, the most dangerous consequence is the vastly increased powers that the executive — the bureaucracy — begins to command by default. In 1951, a nine-judge bench of the Supreme Court (In *Re Delhi Laws Act Case*) held that essential legislative functions cannot be delegated to the bureaucracy; law-making must remain the domain of the legislature. This constitutional mandate is now increasingly and consistently being violated by issuing rules and notifications that have far-reaching consequences. The new rules on information technology and electronic commerce are clear instances of changes that should have come about by a parliamentary law. And worse still is the power given to the executive to issue retrospective notifications — a step unknown to any civilised democracy.

The separation of powers is part of the basic structure of our Constitution. If Parliament ceases to be relevant, the foundation of our democracy will progressively get weaker. It is, therefore, imperative that the Speaker of every legislature resigns from his party to honour his constitutional obligation of independence and impartiality. For example, in 1967, late N Sanjiva Reddy resigned from his party when he became the Speaker.

This must be accepted as the primary responsibility of every ruling party, both at the Centre and in each state, and made into a constitutional convention. Indeed, the option is a binary: Either allow Parliament and state legislatures to descend into terminal decline or make the Speaker truly independent and let every legislature perform its constitutional function of deliberating on matters of public importance and passing laws after proper debate.

The writer is a senior advocate



NAVYA NAVELI NANDA AND SAMYAK CHAKRABARTY

THE FUTURE IS FEMALE

Women have skills 21st century workplaces need, companies must let them lead

WOMEN COMPRISE 48 per cent of India's population. Yet, barely a fraction of them are empowered to become active drivers of India's economic growth. In a landscape where AI is set to take over human intelligence, many reports including one by the World Economic Forum indicate that some of the sought-after skills for the 21st century workplace include emotional intelligence, creative problem solving, critical thinking and storytelling. If you think about it, these are actually innate abilities that many women are proficient in. While traits such as empathy, compassion and sensitivity that women are gifted with are perceived as "weak", they are actually strengths that leaders should equip themselves with to solve problems in today's work world. To perform roles as homemakers and mothers, many of them leverage these skills on a daily basis. Why can't we then create a mechanism to train them to apply these in a workplace context?

For the youth in India in general, our education system primarily trains us in technical skills and academic knowledge — even though most large companies do not give as much importance to degrees any longer

and are demanding "smart generalists".

Two broad realities need to immediately change. First, women from lower income communities at scale only get access to job opportunities that require limited application of their creative and emotional intelligence. Their vision and aspirations need to be broadened. Second, women are only being "accommodated" in workforces to project equality on paper, but are rarely considered for leadership roles especially in conventional SMEs that actually create majority employment.

A multi-stakeholder approach needs to be adopted to ensure that gender, type of college and income background does not put any woman with a dream at a disadvantage. It should be easy for women from lower-income groups to aspire to be financial analysts, AI and ML (machine learning) experts, copywriters, product managers, entrepreneurs or CEOs.

Unemployment is a looming socio-economic and humanitarian crisis. A key contributing factor is the inequity in high quality exposure. Youth and women from elite institutions and privileged backgrounds are far more likely to be considered as "quali-

fied" for aspiration roles due to their proficiency in new-age soft skills and the visible finesse in their conduct. While one cannot blame employers for demanding so, it becomes essential to build a mechanism which enables seekers from less privileged backgrounds to be at par.

Corporates and, more specifically, male leaders in positions of power must make an active effort towards creating equal opportunities and a secure environment. But that should not be out of charity or to project a diverse workforce. It should be because organisations see the immense value that women could add due to their proficiency in the most sought-after non-technical skills. This approach, we believe, will make it a win-win for women job-seekers as well as employers. Just getting a job is not enough, we need to see more women in positions of power and that can only happen if women are recognised and enabled for their strengths and not for them acting "like men".

Nanda is co-founder, *Nimaya & Project Naveli*; Chakrabarty is co-founder, *Nimaya and X Billion Skills Lab*



AUGUST 19, 1981, FORTY YEARS AGO

OPPOSITION WALKOUT

THE OPPOSITION WALKED out of Lok Sabha for the second consecutive day on Tuesday following the Speaker's refusal to allow an adjournment motion on the alleged misuse of official machinery in the Garhwal poll. Immediately after question-hour, almost the entire opposition got up to ask the Speaker about the fate of the motion tabled by Jyotirmoy Basu of CPM. The Speaker said that the subject had come up for discussion in the Business Advisory Committee and that he would find a way to discuss the matter.

IMF LOAN

THE UNION FINANCE Minister, R Venkataraman, denied on Tuesday in the Rajya Sabha that the International

Monetary Fund (IMF) had insisted on a wage freeze and a ban on strikes in the country for grant of a Rs 5,000 crore loan sought by India. The minister refused to disclose the terms and conditions of the loan at this stage as it would be "premature" to do so.

ASSAM TALKS

CENTRAL GOVERNMENT OFFICIALS and the Assam agitation leaders on Tuesday resumed their unending search for a solution to the foreign nationals' issue. The four All-Assam Students Union and the All-Assam Gana Sangram Parishad leaders declined to say anything about the nature of discussions with officials led by Cabinet Secretary C R Krishnaswamy Rao expect that the talk centred on concrete points

and were comprehensive.

ATTACK ON TAMILS

FEELING CONCERNED AT reports from Colombo, the government has decided to make a statement in Parliament on attacks on the people of Indian origin in Sri Lanka. The government took the decision after studying the latest reports from the Indian High Commission in Colombo. These reports are stated to have painted a fairly alarming picture of the situation in which the people of Indian origin, mostly Tamils, have become the target of violence. New Delhi also seems to be worried about the fate of the 1964 Sirimavo-Shastri agreement which governs the grant of citizenship to Tamils in Sri Lanka and repatriation to India of those who cannot be granted citizenship.

Understanding Taliban 2.0

The upheaval in Kabul needs to be seen in the context of radical realignments in the region and the transformations within the Taliban



M K BHADRAKUMAR

REGIME CHANGES ARE capricious events, since there are many variables in play. It explains their mystique. The latest one in Afghanistan, third in the past two decades, is no exception. The Mujahideen takeover in 1992 was a pre-ordained event choreographed by the United Nations, which slipped out of its hands. The 1996 Taliban takeover was like a slow-motion talkie with Ahmad Shah Massoud simply disappearing from Kabul without a fight. Last Sunday's dramatic developments lead to a sense of déjà vu.

However, there are major differences, too — three, in particular. Unlike previous occasions, the Afghan state structures are largely intact, which was highlighted by the Taliban's dramatic press conference in a grand setting, with chandeliers hanging from the ceiling, within 48 hours of their march into Kabul.

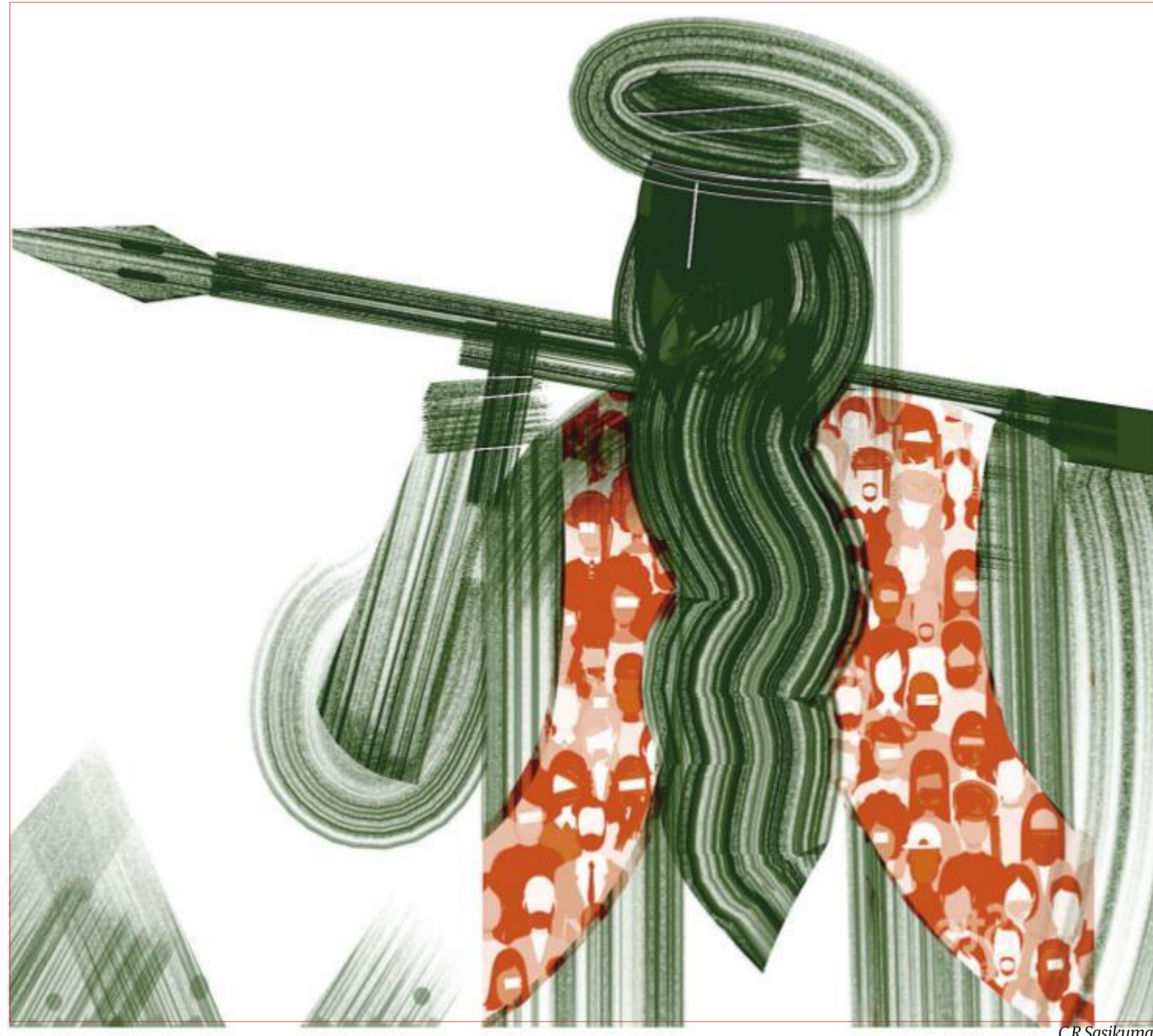
Second, the regime change is still playing out sedately and it may take days or even weeks before its final contours emerge in the form of a transitional government. There are signs that the victor is amenable to persuasion to accept a consensual outcome.

Third, and most important, unlike the previous two occasions, the international community, especially regional states, is midwifing the transition. Again, the victor is willing to take help from the world community to assist in a sweeping national reconciliation that accommodates the widest possible swathe of opinion in that hopelessly fragmented country. Setting aside great-game impulses in new Cold War conditions, big powers are constructively engaging the Taliban.

Truly, it is incomprehensible why India shut its embassy in Kabul. A great opportunity was at hand to plough a new Afghan policy independent of American tutelage. The only plausible explanation for such unseemly hurry to retrench could be that the government takes a zero-sum view that if Pakistan has a sense of triumphalism, then India must be the "loser". But we were never really such one-dimensional people previously. We had a profound understanding of the Afghan nation's ethos, traditions and culture and their enduring affection toward India.

Then Prime Minister Narasimha Rao didn't have an iota of doubt that India shouldn't lose time to launch a conversation with the Mujahideen groups ("Peshawar Seven") notwithstanding their close association with Pakistan. Suffice to say, the Indian narrative is deeply flawed. We are riveted on archaic notions of "strategic depth" and regard the Taliban as a plaything of the Pakistani establishment. Our perspective on the Taliban movement remains unchanged from the brief period it held power in Kabul. And, alas, our erroneous assumptions leave no scope to accommodate the compelling ground reality that Taliban today is largely an indigenous movement with roots running extensively in Afghan society. Indeed, through the past two decades in political wilderness, Taliban has transformed into an incredibly diverse movement that made inroads into all communities and ethnic groups.

Equally, the Indian establishment refuses to acknowledge what even the Western world, leave alone regional states, accepts: Pakistan's political economy is undergoing a profound



CR Sasikumar

transfiguration and it increasingly regards geo-economics as the leitmotif of its regional strategy. Why and how this is happening makes an epoch-making story of change. But the Indian elite doggedly refuses to take note of it lest they would need to respond to it as a responsible neighbour. Political exigencies apparently demand that it is advantageous to be stuck in the old gyre and keep turning and turning.

Compared to the 1990s, the Taliban today is unrecognisable. The vacation of their Kabul embassies by Saudi Arabia and the UAE bears eloquent testimony to it. The Sheikhs held the Taliban in a pernicious grip in the 1990s, but the latter holds Saudis and Emiratis at arm's length now. None other than Mullah Khairullah Khairkhwa, a close associate of Mullah Omar and one of the original Taliban members who launched the movement in 1994 (interior minister, governor of Herat, etc. during their regime), stated in front of TV cameras a fortnight ago that Wahhabism is a deviant belief and "there has never been such a belief" among Afghans and "we (Taliban) do not have the same connection (with Saudi Arabia) as before". There have been no Taliban visits to Saudi Arabia for years now. The Taliban is asserting its traditional Islam and Shariah.

The Saudi and Emirati intelligence funded the Taliban and manipulated it to settle scores with Iran in the 1990s. Remember the disappearance of 11 Iranian diplomats from the consulate in Mazar-i-Sharif in 1998 in an intelligence operation for which the Taliban was blamed? Talibs are wiser now about the ways of the world, exposed to the metropolis and have diversified external relations in the West and East alike, and are hankering for legitimacy. This is in sync with Pakistan's priorities

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too and is of momentous significance as a pointer toward what to expect in Afghanistan. This needs explaining.

All evidence shows Pakistan is persuading the erstwhile Northern Alliance to join a broad-based, inclusive transitional set-up with the Taliban as the immediate priority. The signals look good. Meanwhile, the coordinating group comprising Hamid Karzai, Abdullah Abdullah and Gulbuddin Hekmatyar is en route to Doha, acting as a bridge for the non-Taliban political forces (not only from the Northern Alliance) who were marginalised by Ashraf Ghani and his corrupt clique. The statements from Moscow and Washington suggest that this process will gain traction.

To be sure, our diplomats will be eager to return to Kabul, reopen the embassy and launch a conversation with the new ruling elites and contribute to regional efforts to stabilise Afghanistan in the long-term interests of regional security and stability. There is an imperative need to stop viewing Afghanistan as a sub-plot of India's Pakistan policies.

The paranoia in certain circles in India about the "spillover" from Afghanistan is unwarranted. The Taliban has an exclusively Afghan-centric agenda. They are old-fashioned "nationalists". It is simply inconceivable that once ensconced in power, Taliban will play a subaltern role to any regional state. On the contrary, Taliban's "Afghan-ness" will inevitably surge as a robust sense of independence and "strategic autonomy" in statecraft. They will be interested in friendly relations with India.

The writer, a former diplomat, headed the Iran-Pakistan-Afghanistan division in the MEA

WHAT THE OTHERS SAY

"Those American officials from successive administrations who contributed to this two-decade-long folly have a lot to answer for. The United States of America, for once, should hold itself to account." —DAWN

Opposition needs to look within

It is not government, but Congress-orchestrated disruption of Parliament that disrespects mandate, undermines democratic values



PRALHAD JOSHI

THE OPPOSITION needs to introspect and play a constructive role in Parliament. The recently concluded monsoon session was the capture of democracy by a few Opposition members. Parliament is meant for debates and discussions, with decisions based on majority. The government has a comfortable majority in both the Houses, yet all parliamentary work, except on selected subjects, was stalled, putting at risk the well-established parliamentary ethos and etiquette.

Throughout the session, the government approached the Opposition through the business advisory committees (BACs) of both Houses, the Chairperson of the Rajya Sabha, Speaker of the Lok Sabha and different ministers, including the Minister of Parliamentary Affairs. The government agreed to discuss all the issues suggested by the leaders of various political parties, including the state of the economy, rising prices of essential goods, farmers' issues, Covid-19 and vaccination management, etc. But the Opposition did not allow discussion on any issue, except Covid-19 and vaccination.

The BACs of both Houses allocated time to discuss and pass more than 25 Bills. However, due to the irreconcilable attitude of the Opposition parties, 22 Bills were passed by both Houses without the expected and desired debate, except the 105th Constitution Amendment Bill. The leader who orchestrated all this is blaming the Prime Minister for not building consensus and for denying the Opposition the opportunity to raise issues of national importance.

Complaining about the use of military-grade software to hack into devices while not allowing the Minister of Information and Technology to make a statement on the subject on the floor of the Rajya Sabha on July 22 is equally unfortunate. The situation was further aggravated when a copy of the statement was snatched from the minister and was torn and thrown at the chair. On August 4, due to the deplorable conduct of some Opposition members, the Rajya Sabha chairman was left with no option but to direct six MPs to withdraw from the services of the House for the rest of the day. On that very day, one Opposition MP broke the glass of the Rajya Sabha chamber's locked door, thereby injuring a security officer. On August 10, the Opposition created complete chaos in the Rajya Sabha. Some members jumped on a table and shouted slogans, disregarding parliamentary norms.

The unelected working president of a national party, who has ignored repeated internal demands for the election of a full-time president, is talking about the promotion of democratic values. The public can tell who makes issues out of non-issues and turns Parliament into a museum by not allowing fruitful debate. Let the working president of the Indian National Congress herself intro-

spect and decide who is undermining democratic values.

There have been instances in the past when Bills were passed with little debate or no debate during the UPA government, but at least the Opposition members never danced on tables and snatched papers from ministers. There were protests in Parliament regarding corruption allegations but they never went to the extent of the manhandling of security personnel.

The party which claimed to follow the ideals of B R Ambedkar never gave him his due. This party ensured his defeat in the first Lok Sabha elections in 1952 and was not able to get him elected as one of the 296 initial members of the Constituent Assembly. Everyone knows how much importance Subhas Chandra Bose and Sardar Patel were given by INC and its governments.

A party which has used religion and caste for political benefit is talking about inclusive growth and equity-based justice, when, for the sake of votes, they nullified a progressive equity-based judgement in the Shah Bano case, which gave the right to alimony to Muslim women.

The country has not forgotten how INC and its leaders even put the judiciary in jeopardy by ensuring the supersession of three justices of the Supreme Court — J M Shelat, A N Grover and K S Hegde. A N Ray was made CJI on April 25, 1973, a day after the Supreme Court judgement in the Kesavananda Bharati case outlining the basic structure doctrine of the Constitution. All three judges who were superseded were part of the majority judgement.

India has administered more than 55 crore vaccine doses to its citizens so far — the highest in the world — despite misinformation about the vaccine and its efficacy being spread by the principal opposition party. The party contributed to the creation of vaccine hesitancy among the people.

In 2014, when NDA took over from UPA, the Indian economy was ranked 10th in the world and now it is the sixth-largest economy in the world. But, according to the INC working president, the Indian economy is not expanding and developing.

The government of the day has so far transferred more than Rs 1.50 lakh crore, as part of the Kisan Samman Nidhi initiative, directly to the bank accounts of small farmers and is still being called "anti-annadata" by the INC. They allege that the farm laws are draconian, but without pointing out a single flaw in them.

Highways are being constructed in India at the rate of 37 km per day now as against 9 km per day during the UPA tenure, but the government is still being criticised for having hollow slogans instead of tangible achievements. It is clear who believes in hollow slogans and who delivers tangible results.

Autocratic people themselves are disrespecting the majority view in Parliament and not allowing the government to discharge its functions as per the mandate bestowed on it by the people. Is it not autocratic to bring the majority opinion to a standstill?

The writer is Union Minister of Parliamentary Affairs, Coal and Mines, Government of India

A shorter haircut

Timely use of IBC can help minimise and even avoid losses for creditors



M S SAHOO

THE INSOLVENCY and Bankruptcy Code, 2016 (IBC) is a noble law because it relieves stress, be it of a company, a limited liability partnership, a proprietorship or partnership firm or an individual. However, the discussion here is limited to companies as provisions of the IBC relating to individuals, except in relation to personal guarantors to corporate debtors, are yet to come into force. It is based on generalisations though there are notable exceptions.

For reasons sometimes under the control of a company and at times beyond its control, it may experience stress, that is, is unable to repay the debt in time — implying that it has assets less than claims against it. Elementary economics tells us that when a company has inadequate assets, the claim of an individual creditor may be consistent with its assets while claims of all creditors put together may not. In such a situation, creditors may rush to recover their claims before others do, triggering a run on the company's assets. They recover on a first-come first-served basis till the assets of the company are exhausted, bleeding it to death. This is a negative-sum game.

The IBC provides for reorganisation that prevents a value-reducing run on the company. It aims to rescue the company if its business is viable or close to it if its business is unviable, through a market process. In case of a rescue, the company is reorganised as a going concern. The claims of creditors are restruc-

ured, which may be paid to them immediately or over time. In case of closure, the assets of the company are sold, and proceeds are distributed to creditors immediately as per the priority rule. The IBC entrusts the responsibility of reorganisation to financial creditors as they have the capability and the willingness to restructure their claims. They are likely to rescue a company having a going concern surplus which aligns the interests of the company and of financial creditors, making it a positive-sum game.

Where the company does not have adequate assets, realisation for financial creditors, through a rescue, may fall short of their claims. Such shortage, in common parlance, is known as haircut. About a year ago, Ghotaringa Minerals Limited, and Orchid Healthcare Private Limited caught media attention. They together owed Rs 8,163 crore to creditors, while they had absolutely no assets when they entered the IBC process. There was no hair to be cut. In comparison, there are cases (Binani Cements) which have yielded a zero haircut, in addition to rescuing the company.

Perhaps the relevant question is: Why does the IBC process yield a zero haircut in one case and 100 per cent in another? It depends on several factors, including the nature of business, business cycles, market sentiments, and marketing effort. It, however, critically depends on at what stage of stress, the company enters the

IBC process. If the company has been sick for years, and its assets have depleted significantly, the IBC process may yield a huge haircut or even liquidation. The companies, which have been rescued through IBC till March 2021, had assets valued at, on average, 22 per cent of the amount due to creditors when they entered the IBC process. This means that the creditors were staring at a haircut of 78 per cent to begin with. One third of these were not even going concerns. The IBC process not only rescued these companies, but also reduced the haircut to 61 per cent for financial creditors.

A haircut is typically the total claims minus the amount of realisation/amount of the claims. But this formulation may not tell the complete story. The realisation often does not include the amount that would be realised from equity holding post-resolution, and through the reversal of avoidance transactions and the insolvency resolution of guarantors — personal and corporate. It also does not include realisations made in other accounts (recovery of about Rs 8,000 crore incidental to resolution of Essar). The amount of claim often includes NPA, which may be completely written off, and the interest on such NPA. It may include loans as well as the guarantee against such loans. These understate the numerator and overstate the denominator, projecting a higher haircut.

Should a haircut be seen in relation to claims of creditors or the assets available? The

former may not be realistic as the claims are often inflated. The latter may make better sense because the market offers a value in relation to what a company brings on the table, not what it owes to creditors. The IBC maximises the value of existing assets, not of assets which probably existed earlier.

The IBC enables and facilitates market forces to resolve stress as a going concern where resolution applicants, who have many options for investment, including in stressed companies, compete to offer the best value and such value matches the expectation of financial creditors, who have many options for recovery as well as resolution. If the best value offered by the market is not acceptable to creditors, the company is liquidated.

In addition to rescuing the company, the IBC realises, of the available options for creditors, the highest in percentage terms. It is a tool in the hands of stakeholders to be used at the right time, in the right case, in the right manner. They should use it in early days of stress, when value of the company is almost intact, and close the process quickly before value recedes further to minimise or even avoid haircuts. Post disposal of the pre-IBC legacy matters, as "recent" stress cases are dealt with, the haircuts would perhaps be pleasing to the eye.

The writer is Chairperson, Insolvency and Bankruptcy Board of India

LETTERS TO THE EDITOR

RIGHT MOTIVES

THIS REFERS TO the article, 'Reason to remember' (IE, August 18). The author has rightly pointed out both the sides of celebrating Partition Horrors Remembrance Day. The timing of its announcement, after more than seven decades of India's independence and in the context of the upcoming UP assembly elections, shows its real intent. Perhaps the time has come to change the election system in India from First Past the Post to Proportional Representation, to put an end to this divide-and-rule political culture. The irony is that this change can only be made by the people elected through the current system which makes the perpetrators of this political culture the representatives of the people.

H Upadhyay, via email

GROUND REALITIES

THIS REFERS TO the editorial, 'Ungraceful retreat' (IE, August 18). It is heart-wrenching to see the miserable situation and the grim condition of the citizens of Afghanistan. While sympathising with Afghan civilians, I agree with the US President Joe Biden's decision of troops withdrawal. Nation-building was never the motive. If someone needs to be blamed for the crisis, it should be the Government of Afghanistan. The US provided logistics, armoury, artillery and air support to the Afghan defence forces. But these resources were mishandled and a huge amount of capital went into the

pockets of the Afghan leaders.

Tushar Anand, Patna

THIS REFERS TO the editorial, 'Ungraceful retreat' (IE, August 18). While there can be no two opinions about the ugly US role in Afghanistan, the world must not lose sight of the significant US contribution in the war against terrorism. It might have gone into Afghanistan like a blinded bully because of the 9/11 tragedy, but its intervention in 2001 definitely put terrorism back by at least a couple of decades. The US exit may be ungraceful but it serves their national interests. India needs to be clear-eyed in her response.

H N Bhagwat, Chiplun