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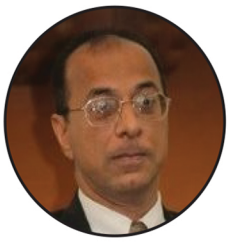

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An Evolving World Order: Atmanirbhar Bharat is a Pressing Need

Dhruv C. Katoch*

The Russian invasion of Ukraine will have far reaching consequences on the world order as we know it. Many analysts believe that the inability of the NATO alliance to come to the aid of Ukraine spells the emergence of a new world order based on multiple power centres. India has chosen to walk a tight-rope, keeping lines open to both Moscow and Washington, while not taking sides in the conflict. Pragmatism in such a policy is dictated by India's close ties with Russia and its heavy dependence on Russian equipment for India's Armed Forces. India is also closely aligned with the US as a member of the Quad, a four-nation grouping focused on a rules-based order in the Indo-Pacific.

It is to be hoped that the forthcoming talks scheduled at Minsk between President Putin of Russia and President Zelenskyy of Ukraine lead to a ceasefire and eventual withdrawal of Russian forces from Ukraine. The war has already sent energy prices soaring with crude oil prices breaching the USD 100 per barrel mark. After two years of the negative impact of the Covid 19 pandemic on India's as well as the world's economy, from which India has just about begun to recover, the fallout of a prolonged war in Ukraine will cast a shadow on India's growth story. While India, by herself may not be able to exert the required pressure to ensure return of peace in Ukraine, in conjunction with other major powers, it perhaps may be possible to do so.

Looking into the future, it is important for India to achieve a higher level of indigenous defence preparedness to obviate dependencies on other countries, which could limit India's strategic decision-making options. Technology will remain the game changer, with the technologically advanced nations having a disproportionate influence on the world economy as well as in creating strategic choices. Towards this end, India needs to move on two fronts. First, is to invest in future technologies, especially in the field of Artificial Intelligence (AI), so that it does not have to play the catch-up game. Second, is to make the home environment conducive to the Atmanirbhar growth story, which is receiving full political support, but would require appropriate legislation to perform up to potential as also a very receptive and supportive bureaucracy.

India needs to take a hard look at the Mittelstand model which propelled German industry to world leadership in the small and medium-sized enterprises. These were small family-owned businesses which were supported to become world class enterprises. With the stress that India is laying on the SME and MSME sectors, it would be instructive for India's political leadership as well as the bureaucracy to see how this model enabled the sector to flourish.

In the defence sector, the government is laying

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great stress on becoming self-sufficient in defence needs. This is, of course, a work in progress as the customer base for the supply of weapons, ammunition and equipment has a limited market and the lead time for manufacture is very long. There is also a risk involved in such manufacture as despite the heavy investment made by the private sector, there is no surety that the product will have a buyer. But it is here that the SME and MSME sectors can deliver, if provided the right enabling environment, in partnership with one of the bigger firms to supply components and sub components of platforms and weapon systems. In the two defence corridors that are coming up, one in Tamil Nadu and the other in Uttar Pradesh, such enabling of SMEs and MSMEs can contribute greatly to reducing India's dependence on imports.

The Ordnance Factory Board has been disbanded and the 41 Ordnance factories that came under it have been amalgamated into seven DPSUs (Defence Public Sector Undertakings). This has been a huge step taken by the government, against great opposition from the unions. But the ultimate test will come when the seven DPSUs are able to show a marked improvement in performance. If these units are going to be managed in the same manner as before, with the same lot of personnel, we may not get the desired results to enhance quality, increase manufacture, reduce costs and ensure timely delivery. A new management, perhaps form the private sector which understands and is attuned to a competitive marketplace with a flair for business may be the mantra required to convert these units into great industrial powerhouses. It can be done, if the government and India's bureaucracy is prepared to provide them an enabling environment, with appropriate regulations where they have the freedom to execute policies in line with the private sector.

Of great import is the decision by the government to export the Brahmos missile to Philippines. This marks a radical shift in India's defence policy which had earlier been wary of exporting upper end offensive weapon systems. But if the Brahmos missile can be exported, the field is now open to export of all types of weapons and equipment. It is indeed an exciting time for the defence sector and both the public and private sector must do what they can to promote exports. The government of course would have to come up with enabling legislation, but the renewed thrust on defence exports fits in well with the Prime Minister's vision of achieving defence production capability of USD 25 billion by 2025, of which exports would comprise USD 5 billion. While this may appear ambitious, India has the capability to not just achieve these goals, but to surpass them too. All that is needed is an enabling environment.

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Learning from the World: Holistic and Equitable Measures for Health and Education Key to India's Post Covid Economic Revival

Parul Soni*

The pandemic is not yet over. However, humankind has shown extraordinary resilience by not only devising a number of preventive vaccines in a record time, but also by making a continuous stride towards economic revival. In some parts of the world, economic recovery is happening faster than projected – the European Commission's autumn forecast shows GDP in the EU and the eurozone area reaching 5 per cent by 2021, higher than the previous forecast of 4.8 per cent. Moreover, it is projected to grow by 4.3 per cent in 2022 and by 2.5 per cent for the EU and 2.4 per cent for the eurozone in 2023.[1] The fact that this global economic revival is constantly threatened by an aggravating climate crisis and rising inflation and economic inequality may undercut the pace and it will be unwise to assume India can remain insulated from such threats. However, much of it can be averted by adapting to the best practices and implementing policies with decisiveness that brings benefits to the people and society and fosters greater good. In the past two years, access to nutrition, health, education, and employment remained some of the biggest concerns for the government, its policymakers as well as the common people. As India slowly emerges from the third wave of COVID-19 and pedals the growth accelerator with the Union Budget this year, it must probe into health and education – areas that call for the greatest attention as they impact human life like no other.

Holistic Healthcare and Disease Prevention Key for Post-COVID Health Systems

Until the pandemic struck, the term 'health' was more indicative of treatment of diseases than '... a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.' as defined by the World Health Organization (WHO). Before COVID-19, common people were largely reacting to health problems, while policy discussions on health were often centered around the cost of healthcare. This has a precedence in the history: In the 19th Century, when New York was under repeated attack of cholera epidemics, prevalence of cases among poor, working-class, and immigrant populations

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living in without proper access to water, sanitation, and hygiene (WaSH), forced the state legislature pass the Metropolitan Health Law in the second half of the century. It mandated municipal governments to maintain adequate sanitary conditions and created a Board of Health that implemented practices to limit the city's death toll and inspired similar laws and organizations around the US.[2] In the post-COVID growth, health must be considered an investment and for a developing country like India, it can offer stupendous returns: As per estimates, a 10 per cent reduction in malaria incidence is associated with an increased annual economic growth of 0.3 per cent.[3]

Following are a few aspects investing in which can enrich the post-COVID Indian healthcare systems:

Focus on improving SDH parameters: The social determinants of health (SDH) are the non-medical factors that influence health outcomes, including income and social protection, education, working life conditions, food insecurity, housing, basic amenities and the environment, and access to affordable health services of decent quality. The WHO estimates find SDH accounts for between 30-55 per cent of health outcomes,[4] and addressing SDH appropriately plays an important role in improving access to health services and reducing inequities in health. SDH parameters can vary greatly between urban and rural areas and for men, women, children, and marginalised communities. The pandemic has put the spotlight on the glaring inequalities in the society and underscored the importance of ensuring these parameters are met to enable people live a healthy and productive life.

Nutrition for health and wealth creation: To think that food meets a person's physiological needs will be a serious underassessment of its importance. However, in the early days of the pandemic, over 3 lakh children under the age of 5 in India may due to reduced routine health services coverage and increased wasting.[5] Estimates show that multiple forms of malnutrition (MOM) may reduce nearly 8 per cent of India's economic growth driven by reduced days to school, cognitive impairments, compromised adult productivity, and increased healthcare costs. Malnutrition may impose a steep cost to the economy, as high as USD 3.5 trillion per year, or USD 500 per person.[6] Food, and in turn right nutrition, can well become the engine of economic growth in the aftermath of the pandemic. Ensuring nutrition security can yield impressive economic benefits – for every dollar invested in wasting and stunting of children, a return of USD 18 is received. In India, the yields are between USD 34.1 and USD 38.6, three times more than the global average. India must ensure that supplies to beneficiaries of its impressive nutrition programmes continue without any disruption and innovative forms such as nutraceuticals, gummies and chewables are inducted.

Prevention of non-communicable diseases: Non-communicable diseases (NCDs) are India's biggest health threat and affects a large share of the pre-adult and adult population of all ages. The four major NCDs in India are cardiovascular diseases (CVDs), cancers, chronic respiratory diseases (CRDs) and diabetes[7], driven by four behavioral risk factors – unhealthy diet, lack of physical activity, and consumption of tobacco and alcohol. According to the India State-Level Disease

Burden Initiative in 2017, the Indian Council of Medical Research (ICMR) estimates that the proportion of deaths due to NCDs in India have increased from 37.9 per cent in 1990 to 61.8 per cent in 2016. During the pandemic, NCDs have emerged as the single biggest risk factor, termed as comorbidity, that can accelerate disease progression and even cause death and studies have found that in 70 per cent of observed states in India, a high NCD prevalence was accompanied by high Covid mortality and vice versa.[8] While India has a National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS), there is an urgent need to widen its coverage and monitor the progress.

Building climate-resilient health systems: The devastating second wave of COVID was a rude reminder of how inadequately India is equipped to handle large-scale outbreaks as common supplies like oxygen fell short of what was required. And even though last year's union budget had extensive plans to ramp up health infrastructure, the actual numbers are far and few between. The importance of a system-based approach towards health is one of the biggest learnings of COVID for all developing economies across the world, including India, something that acts as the foundation of well-developed health systems. As the country is likely to face increased droughts and floods, it is important to build health systems that do not crumble under the sustained pressure of health emergencies or cases. This will require attaining the optimum doctor-patient ratio as recommended by the WHO, strengthening of digital platforms for patient data and disease history, training manpower to use transformative platforms such as telemedicine / teleconsultation, and ensuring seamless supply using drones to widen access to health e-com in smaller towns, rural and remote areas. At the same time, it is also important to look into the carbon footprint of the healthcare sector – if the global healthcare sector were a country, it would be the 5th highest emitter on the planet.[9] India contributes to 2 per cent of global healthcare's climate footprint and investing in the decarbonization of local and national energy systems as well as advocating use of clean, renewable energy can address the concern.

Using latest R&D for insightful health policy: Health policies play an important role in analysing the unmet needs of the people and finding innovative ways to bridge the gap. The pandemic has highlighted the varying needs of people and adopting an analytical approach, such as systems science, can help understand the complex relationships between communities and develop targeted interventions to improve health and improve health equity by facilitating alternative policies. Australia benefited from this approach by creating the HE2 Diagram—a model that outlined the determinants of inequity in healthy eating.[10] In the United States, a largescale system dynamics model evaluated the impact of local interventions on longterm outcomes of cardiovascular diseases among all US adults. The simulated interventions ranged from increasing access to and marketing of options for physical activity, taxing junk food, and banning smoking at work and public places, to implementing air pollution control regulations. The results were then used by health planners and policymakers in counties in Texas to support local strategy and interventions. With the ambitious

IndigGen project already gathering steam, it will be crucial to meet the target set for this year. Whole genome sequencing (WGS) can play a significant role in public health in several ways, right from revealing population-level predispositions to diseases to assisting in finding ways to mitigate rare genetic diseases. Given that COVID has injected a fresh lease of life to genome sequencing, India must use genomic insights for public health policy formulation.

Rebuilding Post-COVID Economy with an Equitable Education System

If focusing on health helps people live, focusing on education enables them to live a productive life. There is no denying the fact that together with health, education form the cornerstones of productive society and are key enablers of economic growth of a country. Sadly, even before the pandemic struck, learning crisis was a reality in developing economies – about 258 million children of primary- and secondary-school age across the world were out of school, and the Learning Poverty (being unable to read and understand a simple text by age 10) rate in low- and middle-income countries was a whopping 53 per cent – meaning that over half of all 10-year-old children could not read and understand a simple text even before the disruptions began.[11] In the past two years, as the pandemic dented the learning curve of students not only by prohibiting their access to classrooms but also affecting their social skills and mental health, it won't be surprising to see staggeringly high numbers of students in the bracket of Learning Poverty. Diverse socio-economic conditions across the country amplified the gaps and made it difficult for students to either attend or follow online classes. Therefore, it is urgent and imperative upon policymakers to build an education system that meets immediate needs and addresses inequities.

To help countries recover from the impact of pandemic and accelerate learning in a post-COVID scenario, the World Bank suggests the following 10 actions:[12]

- Assessing learning loss and monitor progress, when children return to school and during remote instruction;
- Providing remedial education and socio-emotional support to help students catch-up and ensure school retention;
- Restructuring the academic calendar, to adjust for lost school days due to the pandemic;
- Adapting the curriculum, to prioritize foundational learning (including social-emotional learning) accounting for the lost time;
- Preparing and supporting teachers, to manage burnout, improve digital skills, identify those students needing support and adjust instruction to meet them where they are at;
- Preparing and supporting school management, to develop and implement plans that ensure health and safety conditions for children's return to schools and learning continuity;
- Communicating with stakeholders, to build ownership and support from parents/ caregivers, teachers, school staff and the broader community for school reopening plans;
- Encouraging re-enrolment, with special emphasis on at-risk of dropout populations;
- Minimising disease transmission in schools, supporting campaigns for vaccination rollout and

following epidemiological guidelines for sanitation and hygiene to prevent outbreaks, activation of remote instruction; and

- Supporting learning at home, by distributing books, digital devices where possible and resource packs for remote learning to children and parents.

Designing and implementing learning recovery programmes: As India's young adults head back to school, it is important to ensure that thoughtful learning recovery programmes are designed to help those who lagged for reasons beyond their control. Learning losses due to the pandemic can foster insurmountable inequities as these children are at risk of being further pushed behind in future, especially when it comes to skill building and employability. This necessitates countries to design learning recovery programmes that help disadvantaged students receive the support they need to catch up to expected learning targets. In June 2020, British Prime Minister Boris Johnson announced an USD 1.3 bn pupil catch-up fund, and a portion was set aside for tutoring that was launched in November.[13] According to research in the UK, 12-week programmes of tutoring can help students make progress equal to three to five months of normal schooling. In Italy, middle school students who received three hours of online tutoring a week via a computer, tablet, or smartphone saw a 4.7 per cent boost in their performance in math, English, and Italian.[14] Ukraine, a middle- and lower-income country like India, is implementing learning continuity programmes – the country's Ministry of Education and Science (MOES) and Ministry of Digital Transformation, established the All-Ukrainian Online School platform for distance and blended learning for students in grades 5–11 that helps to connect teachers and students, and where the latter can access educational materials and continue schooling during enhanced quarantine / lockdowns. The platform contains lessons in 18 basic subjects and consists of videos, tests, and a compendium of lessons and has the facility for them to track their learning progress. This is somewhat similar to the SWAYAM platform launched by India which could be adapted for the lower grades and limited internet connectivity to support distance learning. According to the World Bank, besides such learning continuity programmes, Ukraine could consider supporting "just-in-time" student assessments to measure the extent of learning losses and identify the students who may need additional targeted support to catch up through accelerated learning programmes, a step that can be emulated by India as well.

Increasing budgetary allocations for education: Given the disproportionate expenses incurred to handle the pandemic, there is a fear of budget cuts for the education sector. However, in the latest budget, India has successfully averted that trap – the Union Budget this year set aside INR 1.04 lakh crore for education, marking an increase of around INR 11,000 crore or 11.86 per cent from the allocation of 2021-22 Budget.[15] This can play a significant role in helping students from underprivileged backgrounds to overcome the gap caused by the pandemic. The increased funds can be used to help the most vulnerable students and the government must focus on funding and allocating resources to support schools delivering remote instruction, particularly those serving high-

poverty and high-minority students. The fund must also increase provisions to incentivise students, such as scholarships. Ukraine has taken concrete steps to protect and shore up education spending in 2021 – it increased transfers to local governments for teaching aids and equipment, provided additional support and social protection to teachers and academic staff by increasing salary, and opening new channels of transfer to local governments for school safety and other measures to combat COVID-19. While India too increases its focus on digital-enabled education, expanding the 'One classroom, one channel' programme, the establishment of a Digital University, 750 virtual labs for science and mathematics, and the DESH-Stack e-portal for skilling, it is important to track the progress of these programmes and the students they aim to benefit.

Address barriers to overcome future shocks: The learnings from the pandemic are immense, and most significant of them is that being flexible is no longer an option. This is applicable to schools and educational institutions as well who are now faced with the possibility of physical interactions to blended models of education, for good. They must be better prepared to switch easily between face-to-face and remote learning to protect the education not only during future pandemics, but also during other shocks forcing school closures, such as natural disasters or other adverse events. Therefore, areas that are more prone to endure the most of erratic climatic patterns should be encouraged more to build their capabilities in blended learning. Being flexible about modes of education as well as suitable curriculum may also create opportunities for more individualized approaches to teaching and learning and help take a more empathetic view of what the students need. This will also necessitate the 'Train the trainer' module for teachers, especially in rural and remote areas, to adapt to the realities of the post COVID world – digitisation, simulated classrooms, remote learning, building critical thinking and emotional and social intelligence capabilities in students, and the likes. It will be wise to offer short training courses to improve their digital skills and help them strategize ways to reduce screen time for students when prolonged screen-based learning is required. They must also be trained to counsel students on building new-age, tech-based skills, keeping the evolving job market in mind. These may include, but not limited to, cybersecurity, robotics, cloud computing, blockchain, augmented reality (AR) and virtual reality (VR). At the same time, parents and the community at large must be enabled to support students during challenging times since they are critical to children's education, and implementing family-level and community-level programmes may help to a great extent. Given that girl children comprise a lion's share of the school dropouts and are disproportionately affected during the pandemic, extra care and focus should be given to build WaSH infrastructure in schools to arrest girl student dropouts and bring back such to the fold as we tread the path of economic recovery.

Conclusion

This was not the first pandemic the world has seen, nor will it be the last. However, the damages it has caused may have a lasting impact, unless thoughtful measures are implemented to drive the

recovery. Having said that, covering a population of 1.3 billion is a herculean task for any government; collaboration and partnerships will remain the key to achieve the measures that can prepare India better for future pandemics or any other widespread disruption. India must formulate policies that will encourage corporates in undertaking public-private partnerships as they will remain critical in improving social markers and pave the way for economic growth. Besides, to meet the realities of a post-COVID world, India must focus on building and strengthening last-mile internet infrastructure across the country – upcoming technologies like 5G needs special focus and headway in India for the solutions to work in a post COVID world.

At the same time, international collaborations will form a critical inroad for new ideas and know-hows that can substantially improve the quality of life of an average Indian.

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FOCUS

Economic Value Addition through Regulations

Jaijit Bhattacharya*

Abstract

Startups and innovations in Businesses, by definition challenge the boundaries of current regulatory frameworks. However, nations that have been flexible from a regulatory perspective, have had larger number high impact startups. India needs to have a clear, centralised mechanism for regulatory changes. In addition, there is an urgent need to ward off the tendency of the judiciary to create regulatory frameworks, without the institutional capabilities.

Introduction

Uber was illegal in most countries when it started off. And it would have been a dead-on-arrival idea, had it not been for the US states to start creating enabling regulatory spaces that gave Uber the toehold in its home country. This gave Uber the ability to change the regulatory spaces in other countries and emerge as a multi-billion-dollar global phenomena.[1]

India too has its share of startups that are getting throttled because of existing regulatory frameworks, that were created for a different technological ecosystem. An excellent example is that of the entire drone startup ecosystem, that was on the grey zone between legal and illegal, till the government stepped in to clear the air and come out with well deliberated enabling policies and regulations on drones. In the absence of such policies, even suppliers of drones to the military were engaging in unlawful actions, every time they would fly a drone for testing purposes.

In fact, our home-grown commercial vehicle aggregators face pushback when they try to do something as simple as trying to get an auto-rickshaw to deliver a package. Such an activity of enabling an auto-rickshaw to deliver a package would lead to increase in the income of the auto-rickshaw driver and would increase the asset utilization in the economy, as well as increase efficiency in the economy. However, as per regulations it is illegal for auto-rickshaws to carry goods instead of passengers. In the era of aggregating everything via apps, it is seriously debilitating to not being able to use auto-rickshaws to deliver goods. It does not help startups that are trying to change the status quo and have to create new markets, deal with attracting funds, attracting talent, aligning with the compliances in the country and then also engage in public policy discussions to change regulations that are limiting the ability of the modest auto-rickshaw drivers from earning more, thereby also reducing tax collections of the government.

Case of e-education

During the Wuhan Covid pandemic,

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e-education saved more than a year for millions of students in this country. Given the experience in being able to deliver e-education at scale, there is a clear need for frameworks and policies that enable e-education to be delivered for K-12 and for higher education in courses where physical labs and physical meeting is not required. This would enable not just delivery of education where it is not being delivered, but also improving the quality of education where it is currently being delivered.

The Union Budget 2023 declared the setting up of a Digital University, under the aegis of the government. However, it would be worthwhile to also promote strong entities from the private sector to also bolster the Digital Universities infrastructure and capabilities, thus being able to export education digitally to the world, earning precious foreign exchange. If India needs to upgrade the educational qualification of its workforce and increase their productivity at scale, digital universities are perhaps one of the most potent ways to do so in a short period of time. However, India does not even have a regulatory framework for Digital Universities. A non-governmental body cannot even apply to become a Digital University as such a concept is non-existent.

Case of other Innovations

Indian vehicles get certification at ARAI for scooters, cars, busses and other existing vehicle types. However, if someone comes out with a vehicle that does not fit the above definitions, then they cannot get the certification required to sell their vehicles in India. So, if a startup creates a trike, which is a three-wheeler bike with two wheels in the front and one in the back, there is no category of such a vehicle and hence the startup will not be able to get their product to see the light of the day. In comparison, we already see a patent war in Europe where the Italian scooter manufacturer Piaggio has stopped the french manufacturer, Peugot Motorcycles, from manufacturing similar trikes (2 wheels in front and one in the back) as Piaggio claimed it had a patent on it. It is also interesting to note that Piaggio exercised its patent right only after Peugot Motorcycles moved under the ownership of Mahindra & Mahindra. However, the point to note is that the Indian ecosystem would not have even allowed such a vehicle type of trike to be created in India due to regulatory constraints. Of course, we will eventually accept such a vehicle type when foreign players start looking at India for such a vehicle type, with mature foreign technology, while India did not give the regulatory space for such vehicle types to come up within India.

It is pertinent to bring up the case of our regulatory frameworks that drove one of our finest scientist to die by suicide. The then governments and regulatory frameworks prevented Dr. Subhash Mukhopadhay, who had independently invented in vitro fertilisation (IVF), to share his innovation with those who needed it in India. Moral and ethical issues were quoted to even give a very real threat of arrest to Dr. Mukhopadhay. He died by suicide. Eventually IVF was allowed in India, only when foreign entities brought the concept to India.

In recent times, in 1997, a Dr. Baruah, a doctor from Assam was lampooned in the media and in the policy circles and arrested for attempting to implant a pig's heart into a human. Instead of

providing more funding for continued research, the doctor had been hounded out of practice. Dr. Baruah was clearly not a quack, being a Fellow of the Royal College of Surgeons and Physicians in the UK.[2] The same has now been done by doctors in Europe and subsequently in US. Our inability to provide a safe regulatory space for such innovations and scientific breakthroughs to happen and to flourish, will continue to impede India from being a technological and economic powerhouse. With not being able to take this breakthrough forward, India has lost out in a future multi-billion-dollar xenotransplantation industry.

In fact, Indian regulatory framework is preventing simple income-enhancing changes such as letting an auto-rickshaw carry a package or setting up of Digital Universities. As one has perennially rued, India will allow such innovations only if it has been done elsewhere and hence only if a foreign company brings it to India.

Regulatory frameworks as an independent source of generating value in the economy[3]

Taking the example of Bike taxis, which is a concept that is already prevalent in many southeast asian countries, we analyse how regulations can generate value. In India, where we have overloaded three wheelers of all sizes carrying commuters who would like to commute at the cheapest cost possible, it is but obvious that a bike taxi would be of immense demand for commuters. However, bike taxis are actually not yet legal in most states of the country. Making bike taxis legal would lead to millions getting a livelihood while providing a cheaper and more convenient mode of transportation to many millions in our crowded cities. Needless to say, it would also lead to more tax collection and an increase in the size of the economy.

While there is no central legislation regulating bike taxis, the Central Government has recommended that bike taxis be allowed for commercial use and had also directed the State Governments to consider allowing private bikes to be converted into taxis so as to be used for commercial purposes and the regulations around the same. The matter of whether or not bike taxis are permissible, now lies in the hands of individual State Governments. Till then, we continue to lose the ability to increase efficiency of commuting in our cities.

Let us consider the case of Digital maps. Up until 2021, Digital Maps in India were illegal. Indian laws required Indian firms to seek licenses and additional approvals to create and publish topographical data. Such a regulation not only deprived the nation of an extremely useful asset, but also led to handicapping local digital map players while providing foreign players an iron grip over the Indian market. Although this regulation was changed in early 2021 and it has led to significant economic activities, it had already done the damage of blocking the growth of robust Indian digital mapping companies. In fact, no less than the Prime Minister of country noted that the "deregulation" step will help the country become more self-reliant and help reach its US $5 trillion GDP goal.

India also has unicorn startups running online gaming industries where the founders wake up every morning to check if they have been banned yet. State governments after state governments have been seriously considering the idea with total

bans and partial bans on online gaming. Even though the government understands that one cannot stop the march of technology, we still have a situation that entire industries and the millions of people working in it, are perpetually on tenterhooks if their industry will continue to operate the next day.

That brings us to the case of cryptos. Much has already been analysed on cryptos. It has significant economic and geopolitical implications. But what would be difficult to do would be to impose a blanket ban on cryptos. Hence, however difficult it may be, creating a regulatory framework would be essential.

We also had the case of industries being declared out-of-bounds for the private sector, because public sector enterprises were operating in those sectors. Hence, startups providing bus services were illegal as they competed with the state's bus services. Or providing food on train was illegal as it competed with Indian Railway Catering and Tourism Corporation (IRCTC). Even voice over IP (what many of us commonly use on a daily basis over messaging apps such as WhatsApp and Telegram) was illegal in India as it competed with VSNL (a telecom company that was then under the government) and BSNL.

In fact, even delivering medicines to consumers was illegal, and so is delivering alcohol to consumers, thus inhibiting aggregator startups that were into online pharmacies and inhibiting aggregators that can enable alcohol delivery (which is a major source of revenues for most state governments).

Regulatory Destruction of Economic Value: Case of banning vehicles based on age[4]

The previous sections captured on how regulations can, and are leading to considerable value creation in the economy. However, there are also regulations that destroy very significant economic value. These are not necessarily regulations by the executive, but regulations that have come out due to the judiciary.

Judicial intervention leading to banning vehicles based on their age is unprecedented globally and would lead to enormous value destruction. If the aim is to reduce pollution, then emissions should be the criteria. Wanton destruction of private property is not judicious.

Specifically, if one looks at the Supreme Court order on October 29, 2018, that prohibited the plying of 15-year-old petrol and 10-year-old diesel vehicles in the national capital region and directed the transport department to announce such vehicles to be impounded if found plying, it is leading to a humungous destruction of property and economic value. It is especially of concern since the central government had subsequently come out with a new voluntary vehicle scrapping policy, which looks at the vehicle's fitness as the criteria for scrapping and not its age.

Evaluating the impact of the regulatory change brought in by judicial intervention, approximately 3 lakh two wheelers will get scrapped annually and about 1 lakh four wheelers will get scrapped annually. Taking a conservative residual value of two wheelers to be Rs 10,000 on average, and residual value of four wheelers to be Rs 2 lakhs on an average, that is a value destruction of a whopping Rs 2,300 crore annually. What are we getting in return? We are supposed to get (a) cleaner air, (b) more demand for vehicles and

hence more jobs, (c) creation of a vibrant scrappage industry and hence more jobs and (d) creation of an electric vehicles retrofitting industry. Are these really the benefits that we will get? Let us look at each one of them more closely.

Looking at the first supposed benefit of cleaner air, if this was really the objective of NGT and the courts, then the order would be have been to have stricter norms for pollution check. The criteria for scrapping vehicles would have been their fitness check and pollution emission checks and not the age of the car. This is exactly the regulation that the central government has brought in, which focusses on the fitness of the vehicle rather than merely the age. The orders to scrap vehicles based on age appears to be more driven towards creating a market. The cost is being borne by the middle class who did not know at the time of purchasing their vehicle that the life of their property will in future be curtailed by judicial orders. It needs to be debated if the courts have the right to snatch away property from people based on specious arguments of pollution being linked to age of a personal vehicle. Such arguments may hold for commercial vehicles but not for personal vehicles. One needs to ask what is a pensioner expected to do when she bought what she thought was the last vehicle that would be hers for the rest of her life, now that that vehicle is being taken away from her. We need to consider where is she expected to get the money to buy another vehicle. When she had bought the vehicle, the "contract" with the government was that she can drive the vehicle till it is fit to drive. It was not based on the age of the vehicle. Why are the courts and the state government now suddenly taking away that vehicle by citing pollution when clearly one can have emissions as a norm for scrapping cars and not age. Such regulations push people into poverty with respect to their current standard of living.

If at all a regulation is to be brought in which scraps vehicles based on age, then that rule should have been declared at the time of buying the vehicle, and not midway through the life of the vehicle. Such an action would be tantamount to cheating the people of their property. Such regulation may be prospective but never retrospective.

In fact, around the world, age has rarely ever been used as a criteria to scrap vehicles. Most vehicle scrappage policies are driven by incentives and not by fiat. By forcing the scrappage of vehicles by age, the courts are taking away property from citizens.

In fact, the Constitution originally provided for the right to property under Articles 19 and 31. Article 19 guaranteed to all citizens the right to acquire, hold and dispose of property. Article 31 provides that "no person shall be deprived of his property save by authority of law." It was also provided that compensation would be paid to a person whose property has been taken for public purposes, and that is how the USA had designed its own vehicle scrappage policy.

Unfortunately, the provisions relating to the right to property were changed. The 44th Amendment of 1978 removed the right to property from the list of fundamental rights. A new provision, Article 300-A, was added to the Constitution, which provided that "no person shall be deprived of his property save by authority of law". Subsequent liberalisation of the economy and the government's initiative to set up special economic

zones led to many protests by farmers and led to calls for the reinstatement of the fundamental right to private property. In fact, the Supreme Court itself had sent notice to the government questioning why the right to property should not be brought back. And now we see the Apex Court itself taking away property from citizens in a manner that begs to have more rationale. However, none of this should imply that in a democratic setup, properties will be taken away by changing the regulatory frameworks.

If age was a criteria for taking away property, we should look at the thought experiment of the courts deciding that all houses that are over 30 years of age should now be demolished and rebuilt as it has been found that a few houses above the age of 30 years have collapsed. It would obviously lead to a massive demolition industry, lead to new buildings being created, and many jobs getting created. But is that the right thing to do? At whose cost would these industries and jobs get created? Such actions may happen in countries like China. However, in a democratic country like India, regulations should not be used in such draconian manner, leading to destruction of economic value. It appears that pollution was an excuse for this massive value destruction.

In fact, vehicle owners cannot even get their vehicles converted to electric vehicles as the norms are not ready and the homologation rules are too complex to make electric retro-fitment economically viable. Moreover, we have not even considered the possibility of creating an industry to refurbish the vehicles and export them to other countries, the way Japan does.

Let us look at the second projected benefit of more demand for vehicles and hence more jobs. We need to do an in-depth study on whether people really have that kind of disposable money to be able to buy new vehicles. With rising expenses and rising cost of medical care, buying new vehicles will really not be top priority. We also need to consider if it is morally right to take away someone's vehicle so that that the person is then forced to buy another vehicle. This then bring us to the hypothetical but equivalent case on the need to pass a regulation to demolish all houses above the age of 30 years as people would then buy new houses and grow the economy. The argument is obviously not an acceptable argument.

Similarly, if we look at the third and fourth benefits of creating a scrappage industry and creation of electric retrofitting industry, both arguments are unacceptable as we are creating these industries by taking away someone's hard earned property. To add to the woes, there is no clarity on how the electric vehicle retrofitting will work as retro-fitment kit for each model of a vehicle would require homologation which is extremely expensive and time consuming. Again, one only needs to compare it with the hypothetical order of demolishing all houses that are above the age of 30 years, to see the unethical nature of this order.

One has not witnessed such large-scale destruction of economic value through regulations in the recent past. Unfortunately, since the orders supposedly lead to a larger market for the automobile giants, it is a losing battle for the weak middle-class to be able to challenge the order. The middle-class cannot do dharnas and choke arterial roads and highways. They have to get up in the

morning and go for their jobs and keep the economic engine running and mutely submit themselves to the regulatory burdens. And thus, yet again, it is the middle class that will be at the receiving end of a regulatory intervention that helps large companies rather than protecting the vulnerable.

Regulations distorting the economy

The government has been charging a tax on digital payments while promoting digital payments. It is tantamount to a tax on a tax paid purchase and inhibits the growth of digital payments. Since it is obvious from economics that an indirect tax distorts the economy, an indirect tax on the indirect tax, further distorts the economy.

When one makes a digital payment to a merchant, using a card, the merchant usually incurs a facilitation charge which is a small portion of the value of the transaction. So, if one is paying by say credit card for buying medicines, the chemist needs to pay a small amount of the transaction value to the credit card network, in order to receive the payment. This amount actually is not just the cost of facilitating the payment, but is also the interest cost of the payment as the payer then gets around 45 days of credit to pay back that amount. Thus, it also becomes an important tool for providing access to small credit to the common people.

These charges are legitimate charges for a legitimate service being provided. However, one needs to pay 18% as GST on the digital payment charges. So, in effect, to make a payment digitally, one needs to pay separately to the government also. This is unacceptable as one is already paying taxes on the goods or service being purchased, and on top of it, one has to also pay an additional tax to the government if one is making the payment digitally. And this is especially convoluted in the context that the government is promoting digital payment.

To be fair to the government, the government does give a waiver of taxes on digital payments of values less than Rs 2,000. However, as seen in recent cases in the industry, the indirect taxes arm of the government (CBIC) believes that such waiver is only for banks and not for fintechs. Hence fintechs who did not charge a GST on transactions below Rs 2,000, were presented with show cause notices and humungous tax demands. It seems to be a classic case of left arm not knowing what the right arm is doing.

Even if this issue of taxing the transactions facilitated by fintechs is resolved, and payment transactions below Rs 2,000 are not taxed, the fundamental issue stays – is it right to levy an additional tax on the payments when the payer is already paying a tax on the goods or services purchased? Should we treat payments as a service? Consider the case that someone pays their taxes using a credit card. The person has to then make an additional tax payment on the tax payments since they are using digital payments to make that payment. This is indeed convoluted. And as is the impact of any convolution, it has a deep impact on ease of doing business. Consider small businesses trying to keep track of GST on each of their digital payments so that they are able to claim an input tax credit on all these payments. It is a challenging situation.

How big is the impact of the GST on payments? Typically, credit cards charge around

2% as the transaction facilitation charges (also called as MDR which stands for Merchant Discount Rate). This 2% is then shared across multiple players who orchestrate the transaction in the backend, each player getting small fraction of this 2% charge, and the share goes down to as small as 0.05%. After GST, the total cost of making digital payment bumps up to 2.36%. So, the government ends up getting 0.36% which becomes one of the largest chunks for facilitating the payments. What also needs to be noted is that the government does not have any direct role in facilitating the payments, and yet gets a lion's share of the total transaction charges that a citizen incurs for getting small credit and for making a payment digitally.

The government has also been working hard along with the card networks to reduce their charges. However, if the government itself stops levying a tax on payments, the charges would reduce by a whopping 18%.

The Challenges of Regulating Crypto[5]

Cryptos pose a significant challenge to the regulatory framework. It would be difficult to ban cryptos and it is challenging to construct a regulatory framework that protects the people and the financial institutions from cryptos. Hence it is important to consider cryptos separately, in order to understand the dimensions of creating regulatory frameworks for economic growth through new technologies.

Much has been debated over the cryptocurrencies that has posed a significant regulatory challenge to policymakers. In its worst, the argument of cryptocurrency backers is the threat of the nuisance value of crypto i.e., many people have already invested into cryptos and hence any regulatory framework that leads to reduction in the value of the cryptos will hurt the considerable number of people who have invested into cryptos. This is not a tenable argument since the government must ensure that there is no further harm to the rest of the public.

In fact, to begin with, cryptocurrency itself is a misnomer as its legal existence in most countries is that of a commodity and not a currency. What it implies is that most countries globally do not accept cryptos as legal tender. As free people of free nations, one is free to buy anything that they want with their tax-paid money, and hence people are free to buy cryptos. But the cryptos cannot be uses as a currency. They can buy it only as a commodity and trade in it, pretty much like the way children trade in cricket cards (or baseball cards in US). So perhaps, we should refer to cryptos as crypto-commodities or perhaps as crypto-assets for those who believe cryptos to be assets.

However, what is more critical is that cryptos do not have any inherent value per se. There are other currencies also that do not have any inherent value. In fact, most modern currencies, starting with the US dollar, do not have any inherent value. In 1971, the US dollar delinked itself from gold and rescinded from its commitment to pay one ounce of gold for every USD 35. This made the US dollar the first "crypto" from the perspective that it had absolutely no underlying value any more. And hence, the US government could print as much of US dollars as it wanted, to fund its own growth, while being within certain economic and monetary policy constraints.

The rest of the world gave credence to such a currency and accepted the US dollar to be the benchmark currency and the de facto currency for most international trade. This was driven by the fact that the US dollar was backed by the strength of the US economy. The powerful US economy was one of the largest exporter as well as importer of goods and services and hence it commanded the currency for trade, which obviously was the US dollar. In addition, the US government and military ensured that all energy trade in the world happens through US dollar. Whenever there was a threat of such trade happening through other currencies such as the Euro, Rouble or the hypothetical African Union Currency, such trade structures and regimes were violently displaced. And thus, a currency with no underlying value, became the strongest currency in the world.

With this argument, the question that arises is, why cannot a crypto, with absolutely no underlying value, become a strong currency. Actually, it can, as cryptos such as Bitcoin, are actually backed by a large economy, which is largely black in nature. Bitcoin gained popularity as trade on the "Silkroute" increased. "Silkroute" is not the trade route of the past but is a place in the darknet where drugs, guns and other illegal commodities are traded on the internet. Therefore, need for anonymity while dealing with such illegal commodities becomes paramount. One cannot pay for drugs online using their bank account or credit card as the buyers can be traced and caught. This is where bitcoin comes in. It enables the payment for such illegal commodities being traded in the darknet. Fiat currencies just cannot be used as it would leave trace of the buyer and lead the person to be identified and caught. Hence Bitcoin was the perfect currency for this darknet trade and therefore, Bitcoin is backed by this dark economy, just as US dollar was backed by the US economy. This is primarily where the Bitcoin derived its early value from. Bitcoin is not controlled by any one person or government. It provides perfect anonymity.

Till June of 2021, it was widely believed that cryptos provide the anonymity described above. However, in May this year, there was a ransomware attack in the US on the pipeline system by the name Colonial Pipeline, which is the largest oil pipeline system in the US. A very large sum of ransom was paid to the attackers and this money was paid in Bitcoins. The attackers conveniently thought that no one would be able to catch them, once they have the Bitcoins, as Bitcoins is anonymous and not traceable. But, within weeks, the US government was able to trace the Bitcoins and recover them. This is possible since the Bitcoins actually have a public ledger where one can see which email address is owning them. With the resources at the disposal of the US government, it was possible for the US government to trace out the IP addresses and the ownership of the Bitcoins and recover the same. The same cannot be easily done by other governments. For other jurisdictions, such as India, cryptos remain de facto anonymous.

The question that then arises is why would anyone prefer to use cryptos for payments over say a centralised construct such as UPI. Why would people move to an energy-guzzling, high carbon footprint crypto such as Bitcoin over an easy-to-use, low carbon footprint solution like UPI? The answer is the same as for the use of Bitcoin

for Silkroute – anonymity. For long, it was theoretical that cryptos can be used for money laundering and for terror financing. Towards the end of 2021, it turned out that the Enforcement Directorate of India had identified that using cryptos, Rs 4,000 crore has been laundered out of India in the last one year. In addition, the global body on terror financing, FATF (Financial Action Task Force) updated its Guidance for a Risk-Based Approach to Virtual Assets (cryptos) and Virtual Asset Service Providers (VASPs). The FATF standards now require countries to assess and mitigate their risks associated with crypto transactions and subject them to supervision or monitoring by competent national authorities. This guidance is supposed to help countries and VASPs understand their anti-money laundering and counter-terrorist financing obligations, and effectively implement the FATF's requirements as they apply to this sector. Ones needs to understand that the implication of not aligning with FATF is severe. As an example, FATF has put Pakistan on the grey list and has threatened to put them on the black list, which will severely limit the ability of Pakistan to raise funds and to do transactions.

With so many challenges, regulating cryptos becomes a tough job. On the other hand, it is also difficult to ban the march of technology. But how does one regulate something, which transcends the jurisdiction of one's own country? One can perhaps put KYC (Know Your Customer that banks use to ensure they know whose account they are opening up in order to remove anonymity) on crypto exchanges operating in India. But what about crypto exchanges that are operating outside of India and are accessible from India, just like any other Internet based service? Such exchanges will not follow the laws of the Indian government. What if money laundering is done through the fungibility of the exchanges per se? How can one enforce any regulation brought in by the government?

It appears to be a situation where the government needs to do a tightrope walking on the issue and cannot rush into creating a regulation. It will be a challenging situation for governments across the world to regulate cryptos within the FATF framework and to manage the diminishing control of central banks on their monetary policies due to cryptos replacing their fiat currencies in a creeping manner.

Conclusion

In the brave new India, where a plethora of changes are being brought in by the government, by the society and by the industry, it is only right to have a channel where startups can reach out to and enable regulatory frameworks to change quickly for enabling startups to bring innovation and prosper, and in the process, enable the nation to also prosper. The government has already done it in the case of drones. We need to have a structured process wherein we can quickly create supporting regulatory structures that can propel India into leadership in many future multi-billion-dollar industries.

Quick, appropriate regulatory frameworks that respond to technological changes and innovations are in themselves a significant source of value creation in an economy. One can be reminded of the Sarai Act of the late 19th century. The act mandated that all sarais (hotels and inns) would need to mandatorily keep an earthen pot of water

outside for all visitors and passers-by and provide a place to tie the horses. That law carried on till the 21st century till the government finally abrogated the law. We need to make such changes much more rapidly. Perhaps, looking at the Better Regulation Office of the UK Government as an example of an institutional structure that is dedicated to overhaul older laws and enable increased efficiency in the economy would be a good starting point.

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India's Progress as a Defence Manufaturing Hub

Anil Jai Singh*

In August 2014, India's newly elected Prime Minister Shri Narendra Modi gave a clarion call to the nation to focus its attention on making India a manufacturing powerhouse with his 'Make in India' vision[1]. Defence manufacturing was identified as one of the 25 sectors in this vision[2].

India has been one of the largest importers of defence equipment for over three decades and had the ignominious distinction of being at the top of the list from 2004 to 2014. As per the authoritative data base released by the Stockholm International Peace Research Institute (SIPRI) in 2020, India's defence imports reduced by 33% from 14% of the global total in the period 2011-2015 to 9.5 % in the period 2016-2020, with Saudi Arabia pushing India to the second position.[3] Whether this drop was due to the success of the indigenisation process or due to the complexity of the acquisition procedure will become evident only when the figures for the current five year period are released. India is slated to procure some significant military hardware in the next few years including its most expensive ever import, the S-400 Air Defence system from Russia, 24 Sikorsky MR-60 helicopters from the USA, two Type 1135.6 Krivak class frigates and possibly, a nuclear-powered attack submarine on lease from Russia. The Air Force and the Army are also in need of modernisation and not all requirements can be met indigenously due to the capacity and capability constraints of the Indian defence industry.

Indigenisation and self-reliance in defence manufacturing is a strategic imperative for India. As a regional Indo-Pacific power, India's dependence on imports is a critical vulnerability. This has been exposed more than once; the first time was when the Soviet Union collapsed and so did its defence industry which left the Soviet equipped Indian Armed Forces facing a spares crisis with serious consequences for the country's security. The second instance was the sanctions imposed by the West in the wake of the nuclear tests carried out by India in May1998 which also affected India's military preparedness adversely. Both these events led to a thrust on indigenisation but was limited in scope and substance and focussed more on addressing the immediate crisis.

In 2020, the Ministry of Defence unveiled a Draft Defence Production and Export Promotion Policy[4] to energise the defence manufacturing sector and set an ambitious target for defence turnover of USD 25 billion in 'Aerospace and Defence Goods and Services' with exports worth USD 5 billion by 2025. It is also intended to double defence procurement from the present Rs 70,000 crore to Rs 140,000 crore in the same time frame. Presently, the share of domestic procurement is about 60% of the total procurement[5]. The recent Budget has increased this allocation to 68%, which in percentage terms is 10% more than the current financial year. With the projected capital allocation of Rs 1.52 lakh crore[6], this amounts to a

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considerable Rs 1.03 lakh crore. This is ambitious but attainable and when seen in conjunction with the review of all 'Buy Global' cases undertaken by the Defence Acquisition Council in January 2022, it clearly spells out the intent to minimise the dependence on imports and invest more in developing indigenous capability. While this is indeed encouraging and necessary, there are considerable capacity and technology constraints in the defence industrial ecosystem which will need to be addressed. Perhaps an indication of how much of the 58% committed in the current FY has actually been spent on indigenous equipment would offer an insight into the probability of attaining the intended target.

In 2021, the Government listed a total of 209 items which would be produced indigenously with the timeline reflected against each in two 'Positive Indigenisation Lists'. Another 'Positive Indigenisation List' included 2,851 items including assemblies. Components and sub-components, imports of which are also embargoed. In addition, various other initiatives have been taken to encourage indigenous defence production. These include the 'Innovations for Defence Excellence'(iDEX) scheme to encourage MSMEs, the Implementation of "Public Procurement (Preference to Make in India), Order 2017, the launch of the SRIJAN portal to facilitate indigenisation and the establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu[7].

Revisiting the Defence Acquisition Procedure

The Ministry of Defence has always been pro-active in promulgating policies encouraging the growth of the defence manufacturing base in the country, promoting indigenisation and meeting the requirements of the Armed Forces. However, regrettably, implementation has been found wanting. At the turn of the century, it was decided to streamline the defence procurement process through an institutionalised mechanism to ensure transparency, probity and above all timely procurement. This led to the promulgation of the first Defence Procurement Procedure (DPP) in 2002. Since then, this document has undergone numerous iterations (2005, 2008, 2011, 2013, 2016 and the latest in 2020, now renamed the Defence Acquisition Procedure). The document has grown from 141 pages (DPP 2005) to a humungous 657 pages (DAC 2020). These well-intentioned improvements over the years have led to it becoming increasingly complex in its understanding, interpretation and implementation. This is primarily because successive iterations have rarely been a result of any meaningful internal audit of the existing procedure as newer categories of acquisition and procedural terms and conditions have been added without adequately analysing the success, or lack of it of the existing ones.

To illustrate the point, MoD introduced the 'Make' category in DPP 2006 with the intention of developing indigenous capability in some core areas. Amongst the first programmes announced with great expectation was the plan to build an indigenous FICV (Future Infantry Combat Vehicle) with active participation from all the leading private players including MSMEs. Other programmes included a nation-wide Defence Communication Network (DCN) and a Battle Management System (BMS). The FICV programme was

cancelled after a few years which led to industry incurring considerable losses on its investment. While the larger players were able to absorb this, it was the MSMEs which bore the brunt. Subsequently, a revised 'Make' procedure was reintroduced and since then it has continued to evolve. In the DAP 2020, 'Make' has been subdivided into Make 1,2 and 3. It is too early to assess the effectiveness of this but the bottom line is that the Indian Army is no closer to getting a FICV today than it was 15 years ago.

Similarly, in a bid to encourage indigenisation, the degree of indigenous content required in various categories has been on the rise. However, this has rarely taken into account either industry's technology constraints or its appetite to make costly investments either in R&D or in Transfer of Technology (TOT) without any assurance of an adequate return on its investment.

In 2006, MoD introduced the concept of Offsets and issued detailed guidelines. As per this, all Buy Global contracts above Rs 300 crore had to have an Offset element of at least 30%. The aim was to ensure the induction of cutting-edge technologies. These guidelines met with limited success and were revised in 2016 with the contract value being raised to Rs 2000 crore and multipliers being added to attract technology. However, this too did not give the required boost. In the DAP 2020, offsets have been waived for procurements through the G2G or the US Foreign Military Sales (FMS) mechanism. This has virtually sounded the death knell for any useful offsets because most big-ticket items come via this route. In fact, with the increase in the indigenous content in most procurement categories, offsets have become more or less redundant and could perhaps be dispensed with.

The MoD claims that the DAP 2020 has been developed keeping in mind the shortcomings of its previous iterations and has included inputs from all stakeholders including foreign and domestic industry. Many new provisions have been added, including the leasing of equipment, encouraging foreign industry to manufacture in India, incentivising technical innovation and providing an impetus to MSMEs and start-ups for developing disruptive and cutting-edge technologies. Timelines to process acquisitions have been tightened with due accountability to reduce procedural delays etc.

The Defence Acquisition Procedure as the very term suggests is a procedure that provides the guidelines for defence procurement and is not a set of rules carved in stone. Hence, in certain cases, a degree of flexibility should be available to ensure timely induction of an essential capability.

The reason this does not happen is because of a glaring anomaly in the country's higher defence organisation wherein the Armed Forces headquarters, who are the final users of the equipment and have the knowledge, the expertise and the experience are not an integral part of the Ministry of Defence; they are in fact attached offices which limits their participation in the decision making process to being the 'repository of technical information and advise the department on technical aspects of question dealt with by them'.[8] This is hardly conducive to effective or efficient decision making on matters of national security.

The Indian Ministry of Defence is manned by a large and complex organisation of generalist

bureaucrats drawn from all departments of the government for limited tenures, more often than not with no background knowledge of matters pertaining either to national security, the armed forces or the technological complexities of defence equipment. Thrust into appointments where they have to take decisions on issues, they know very little about, they often raise queries and seek clarifications on matters which highlights their ignorance and lack of professionalism. Even a single frivolous query can lead to delays of a few months at times and if they keep getting raised by different departments and at different levels this to-and-fro can go on for years, as indeed it does with consequential effects on defence modernisation, combat preparedness, committed liabilities, budget allocations etc. The irony of the Indian MoD is that the Armed Forces have perhaps the least representation in any of the departmentts of the MoD.

In the absence of the professional knowledge to evaluate equipment on the basis of a weighted matrix, the MoD bureaucracy has perpetuated the myth that the lowest bid (L1) is the best criterion for selecting an equipment. It has a mistaken belief that this leads to cost savings whereas in reality it is leading to just the opposite. A weighted index with realistic expectations would deliver better and speedier results. Cost is an important factor in defence procurements the world over but the decision is based on more sophisticated methods of price discovery to select the best their Armed forces require, unlike India which chooses the cheapest. Unfortunately, despite this being common knowledge, little has been done to address this in successive DPPs including the DAP 2020.

Perhaps the most major criticism of the complex Defence Procurement Procedure is that hardly any big-ticket item has been procured via the DPP route. In the past two decades all helicopters, aircraft, ships, submarines and artillery guns procured from abroad have come through the G2G/FMS mechanism. The MMRCA was one programme which followed the DPP till the declaration of the L1 bidder. However, this could not be taken to its logical conclusion for a host of reasons and the Government finally had to resort to a G2G arrangement with France for these aircraft under very different conditions and prices than had been determined via the laid down procedure.

Widening the Defence Industrial Base

It has now been two decades since the defence manufacturing sector was opened to the private sector. However, it has been largely restricted to a network of Defence Public Sector Undertakings (DPSU) which work directly under the MoD's Department of Defence Production (DDP). This limits the manufacturing capacity in the country and leads to importing equipment to meet the requirements of the Armed Forces. This dependence on imports not only contradicts the Government's avowed aim of indigenisation and self-reliance, but also creates a strategic vulnerability which it cannot afford. Indian industry has made remarkable progress in other strategic areas like space technology, atomic energy and missile development. A vibrant MSME culture has been the fountainhead of innovation and has contributed significantly in these. However, the defence sector has been unable to replicate this success to the same extent. This has led to

capacity and capability gaps in the country's defence preparedness. These can be effectively addressed by energising the country's vast public sector network and creating an enabling environment to encourage private sector participation. There is a perception, and not without reason, that there is an 'us' versus 'them' syndrome where the 'us' (Defence PSUs) have always enjoyed a playing field that is heavily skewed in their favour and thus have a distinct advantage over the 'them' (private industry). The MoD's Department of Defence Production must dispel this belief with policy initiatives that translate into tangible outcomes.

Energising the Public Sector

India's vast network of public sector undertakings has the unenviable reputation of being inefficient, bureaucratic and lacking the agility to adapt to change. This is often attributed to the lack of incentive in the absence of a competitive environment since they benefit from the preferential treatment by the government. This is especially true of the DPSUs which continue to get most contracts by nomination. Despite this, the DPSUs have fallen far short of expectations in delivering quality products on time and within cost.

One of the success stories in the Indian defence sector has been indigenous shipbuilding which is mainly the preserve of the public sector. For over five decades, the indigenous construction of ships and submarines has been undertaken mostly at the five public sector shipyards, four of which (MDL Mumbai, GSL Goa, HSL Visakhapatnam and GRSE Kolkatta) are under the MoD while CSL Kochi is under the Ministry of Shipping. However, these shipyards, despite their inability to deliver any major platforms in time or within cost have rarely been penalised. This story is not limited only to the shipyards but is also echoed across other DPSUs that have thrived in a non-competitive captive market.

In the current system it is the MoD which defines the requirement and places an order to the MoD for equipment to be manufactured by the MoD at a price decided by the MoD which is then sold to the MoD while ensuring that the MoD does not incur a loss, the delays in delivery and cost over-runs notwithstanding. This internalisation of the ecosystem encourages inefficiency, is counter-productive and is a major anomaly in the system.

However, it would be unfair to single out the only the DPSUs for blame; the stifling oversight of the MoD greatly limits their autonomous functioning and is perhaps another reason for their lack of incentive and innovative spirit. They have the skilled manpower, the desired infrastructure and many decades of rich experience in their core area of expertise. Perhaps a phased privatisation of the DPSUs would make them more competitive and efficient because it would give them the financial and functional autonomy to optimise their core strengths, trim the flab and optimise productivity. However, since this is unlikely to happen at least in the near future, they could, for a start be delinked from the Ministry of Defence and like other industries, be placed under the Industry Ministry. They would then have to compete with private industry in a more level playing field than exists at present and would energise them to realise their full potential.

Defence is a strategic sector where certain

critical programmes need MoD/Armed Forces oversight because of the sensitive technologies involved and the demands of national security. Tier 1 and Tier 2 vendors in the private sector are already supporting the DPSUs in sensitive and strategic programmes. India's private sector has also more than proven its worth, capability and maturity and is operating successfully in a globally competitive environment. Hence MoD oversight can be incorporated into contracts awarded to the private sector as well.

Citing MoD oversight as an excuse for nominating DPSUs is not a justifiable argument. This oversight in sensitive programmes can be extended to the private sector, which is fully cognisant of the importance of security.

Some of the recent policy initiatives of the Ministry of Defence give rise to optimism that the private sector is being encouraged to become an integral and important part of the defence industrial ecosystem. Initiatives like the Strategic Partnership model which was introduced in the 2016 edition of the DPP "to institutionalise a transparent, objective and functional mechanism to encourage broader participation of the private sector, in addition to capacities of DPSUs/OFB, in manufacturing of major defence platforms" [9] in the manufacture of submarines, aircraft, helicopters and armoured vehicles is a very positive step in the right direction. Two important and long overdue programmes are currently being progressed under this model – Project 75(I) for the indigenous construction of six conventional submarines and the other for the induction of 111 Naval Utility Helicopters (NUH). It is perhaps too early to comment on this model as it is still at a very early stage but for it to be successful, the MoD's flexibility and agility to adapt will be critical.

Another encouraging development has been the dissolution of the 220-year-old Ordnance Factory Board with its 41 factories now restructured as seven DPSU clusters based on the Union Cabinet's decision on 16 June 2021. Corporatisation of this behemoth was long overdue and had been recommended by various committees over the years. It is hoped that this restructuring will lead to more efficient functioning in a cost competitive defence manufacturing environment.[10] However, despite a clarification in Parliament that the terms and conditions of the work force as Central Government employees will continue to be protected, the Unions expressed their dissatisfaction and it required legislation to prevent them from striking work.[11] The corporatisation of the OFB has been a very progressive step and its success will be keenly observed.

At present it seems unlikely that the MoD will allow its DPSUs either to be privatised or get eclipsed by the private sector but it is encouraging that the MoD is willing to admit that the DPSUs "…continue to enjoy a commanding role based on various forms of governmental support over the past decades…"[12]. It also acknowledges that the "active involvement of the private sector in the manufacturing of major defence equipment will have a transformational impact. It will serve to enhance competition, increase efficiencies, facilitate faster and more significant absorption of technology, create a tiered industrial ecosystem, ensure development of a wider skill base, trigger innovation, promote participation in global value chains as well as exports."[13]

Enabling the Private Sector

India's security requirements over the next few years requires a synergistic approach to defence manufacturing. India's private sector, both large and small, is keen to be a part of the defence manufacturing ecosystem. Indian MSMEs have been contributing significantly as sub-suppliers to DRDO and the DPSUs and the Indian entrepreneurial spirit is driving a vibrant start-up culture keen to showcase their skills in harnessing disruptive technologies.

However, despite two decades having elapsed since the private sector was permitted to participate in defence manufacturing with the aim of widening the defence manufacturing base in the country, it has not been able to get the necessary traction and remains less than optimally utilised for various reasons, not least being the lack of both encouragement and a conducive environment.

The fate of the private sector in warship construction is reflective of this. Of the four private sector shipyards which invested large sums in developing warship building skills, three have become insolvent partly because of their inability to deliver but more so because of MoD's reluctance to allow them to develop their capability. The irony is that while the DPSU shipyards despite building ships for over five decades are unable to deliver ships either on time or within cost and are not penalised for it, these fledgling private shipyards did not get similar support.

Many of India's leading industrial houses have taken impressive initiatives and made considerable investments in this sector. It is now for the government to develop an enabling policy framework to leverage their skills by ensuring a level playing field, supporting their efforts in the initial stages, and providing some reassurance of an adequate return on their investment. The Government's production and export policy has set an ambitious defence production target of USD 25 billion by 2025 including exports worth USD 5 billion.[14] The emerging security challenges in the next decade or so with two belligerent neighbours constantly sniping at our heels will require India to accelerate and augment its capacity and capability development. This will only be possible with the private and public sector working closely together to widen the country's defence-industrial base towards meeting its requirements and the laid down targets.

It is important that in addition to equipping its own armed forces, the defence industry should also be able to export military hardware to friendly foreign countries. Defence exports provide military and diplomatic leverage and are an important source of revenue generation to support the internal requirements. Diplomatic leverage is an important consideration for an emerging power like India to retain its edge in its strategic sphere of influence. India is ranked within the top 25 countries in defence exports but its share is actually less than 0.2%. The recent contract worth USD 375 million signed with the Philippines for the Brahmos missile is a significant breakthrough and more such contracts should follow.[15] The MoD should also ease the procedure to ensure that Indian industry, whether public or private is able to operate with the requisite flexibility in a competitive international market.

India recognises that technology infusion requires industry to collaborate with foreign OEMs; it has been repeatedly highlighted that

Indian and foreign OEMs should set up Joint Ventures and Special Purpose Vehicles which includes both, a manufacturing and a R&D element. To facilitate this, the Government has been steadily increasing the FDI limits in the defence sector which is presently at 74% to make the Indian defence industry an attractive proposition investment destination and then take advantage of cost advantages to manufacture in India and export to other countries in the region.

Conclusion

India's defence manufacturing is poised on a transformational cusp. Many of the impediments of the past which retarded progress in the past are being addressed. The MoD has set ambitious targets for indigenisation and its recent policies are aimed at revitalising this sector with a focus on innovation, technology development, exports, enhancing existing capacity and improving efficiencies in defence manufacturing. Restructuring within the MoD towards improving efficiency and quality is an encouraging development. The entry of the private sector also bodes well for the future. However, there are still areas where the pace of change could be accelerated. The emergence of India as a defence manufacturing hub not only to meet its own security requirements for India but for the entire region will depend on the MoD's ability and inclination to walk the talk in ensuring that its progressive policies are implemented in both, letter and spirit.

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Digital Rupee: The Big Bang Boom to Reach 5 Trillion GDP

S Sudhakaran*

The announcement in the budget about the introduction of Digital Rupee and the 30% tax on the income from virtual digital assets has set the proverbial cat amongst the pigeons. Due to a lack of clear and holistic understanding of such technology based financial instruments, there are doubts in the mind of one and all on these aspects. To have a clear appreciation of why Government chose to take the decisions it announced in the budget, let us first examine the most important decision of introduction of the RBI backed Digital Rupee, followed by the taxation on virtual digital assets.

What is Digital Rupee? Digital Rupee is a Central Bank-backed Digital Currency (CBDC). It is not a decentralised cryptocurrency like Bitcoin nor is it a Non-Fungible Tokens (NFT) like Ethereum. Digital Rupee is nothing but a virtual currency having the same intrinsic value of a physical rupee which is a fiat currency[1], which draws its value from the demand and supply of the currency in the market. This digital currency will not be on a decentralised distributed ledger but shall be an RBI controlled centralised Blockchain. This implies that the Digital Rupee is not the same as a virtual digital asset and shall enjoy a privileged status of being the only recognised and legitimate digital currency in India. The Government and the RBI will never be comfortable with a private non state controlled Crypto currency in the country as it has serious potential to undermine the country's economy and may lead to high levels of tax evasion and money laundering.

How is the Digital Rupee different from Rupee transactions done through any digital platform such as credit cards, digital applications or UPI wallets? The existing digital platforms, while doing digital transaction, still transact physical rupees at a fundamental level. This means that the RBI has to print all those currencies and make it available to all the banks which are connected to these digital platforms. The Digital Rupee on the other hand is a virtual currency which runs on a powerful blockchain based cryptographic algorithm which secures the transactions. This implies that this virtual currency can be legitimately transacted on a peer-to-peer basis, while the government will have the complete visibility on the entire transaction end to end. This shall give the Government a greater leverage to legislate and bring laws that can bring additional revenues on areas that otherwise escape the tax net.

Decentralised Crypto currencies are often

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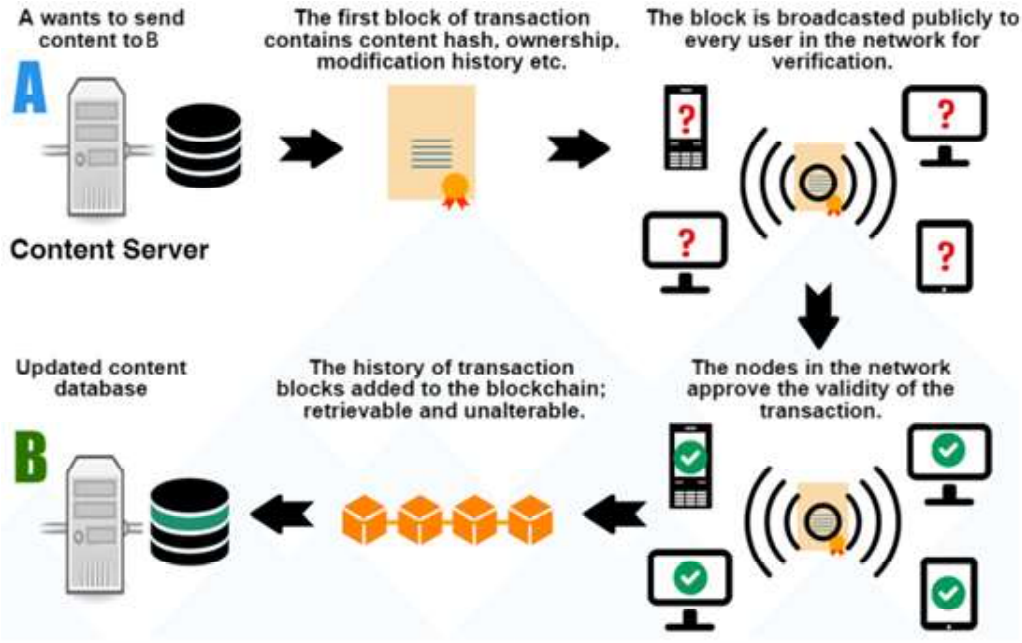
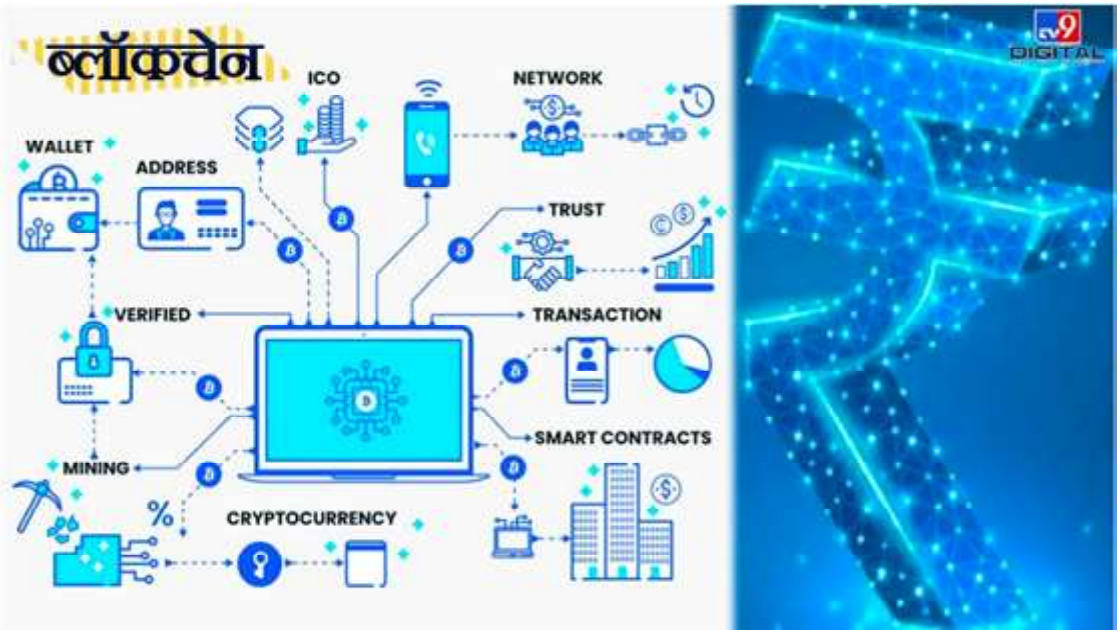
generated by a process called mining. However, in case of Digital Rupee, the RBI shall decide the quantum of currencies that are to be generated. The value of the rupee then, shall be equal to the fiat system value of all the money printed physically by the mint and generated by the digital ecosystem. It is therefore clear that the Digital Rupee shall facilitate ease of transaction while enhancing the security of transactions and reducing the cost of various overheads involved in printing, handling, maintaining and securing the physical rupee. The ownership of Digital Rupee is therefore not akin to owning a Bitcoin or Ethereum like currency whose market values are very volatile and therefore tempt greedy investors with a preposition of making quick money. It is to be borne in mind that the intrinsic value of these currencies is zero.

Currencies like the Bitcoin and Ethereum offer anonymity of ownership which is the main reason why people choose such assets. While the Indian Government has taken all possible legal measures to ensure that every transaction can be tracked when a physical rupee is used to buy a crypto currency, it still has some serious gaps in tracing crypto transactions. For example, if an investor invests Rs 1000 and buys a crypto currency, the government can easily track the process through a mandatory KYC requirement imposed on exchanges that operate inside the ambit of Indian laws and its jurisdiction. However, if a person receives crypto coins through the process of mining or as a consequence of a peer-to-peer transaction from a third party, such transactions cannot be traced by the Indian Government. It is therefore



Overview of the Blockchain Based Transaction

important to note that for some people, Crypto currencies shall still be seen as a better digital asset than a Digital Rupee due to the singular reason of anonymity that it offers.



The Digital Rupee still holds multiple aces up its sleeve and could potentially unleash a plethora of benefits to the economy and Government in unimaginable ways, provided the plan is executed without any hurdle or confusion. One of the biggest challenges in the Indian economy is the relatively low and poor tax compliance. Nationalistic rhetoric cannot boost the revenue collected through direct tax beyond a certain point. Unless technology is designed, implemented and adopted in a transparent fashion, financial transactions can never be traced or formalised. The Digital rupee may just be the tool which could potentially be the right answer to solve the puzzle of tax compliance amongst the people.

One of the key concerns of a Digital rupee is the fear that people may have less deposits in the bank as the currency is primarily stored in a crypto wallet. This may impact the ability of a bank to lend and consequently lead to reduced revenues. The fundamental notion behind such a theory is that money is deposited in the bank for securing it. Beyond security the returns offered by the banks in terms of interest on the deposit also needs to be taken into account. A Digital Rupee shall mean less overheads and expenses, which in turn could mean a higher return for money deposited in a bank. If the RBI delegates the responsibility of managing the crypto wallet with a defined set of guidelines, then the money in the wallet is as good as a bank account and therefore the Digital Rupee would not cause much disruptions in the system as it exists on date. The job of RBI is to act as a watchdog and draft policies rather than getting into services and management of technology. The crypto wallet, recognised by the RBI and operationalised by the registered financial institutions, can manage the

issue of credit and liquidity effectively, while ensuring principles of uniformity, standardisation and security of the currency in the digital regime.

The Digital Rupee will only make sense if it is proliferated significantly. While it would not be advisable to completely replace the physical currency with the Digital Rupee, a gradual and regulated infusion of the Digital Rupee in the market while replacing the physical currency must be adopted. Any half-hearted approach could potentially prove to be counter-productive, squandering in the process, all the potential benefits a digital currency can bring to the economy. The eventual target should be to replace the physical currency to at least 60% to 70% levels in an agile timeframe. It is very important to send the right signals, otherwise market sentiments may get confused leading to confusion and chaos.

The Digital Rupee will have to cross the first hurdle of adoption by the people. The following steps could be taken by the government to overcome this hurdle.

A. To begin with, the government may create a free digital wallet for each person with an Aadhaar Card and a Voter ID along with a PAN card. All the three identities may be technically merged into a single virtual token which shall be the finger print for every digital wallet.

B. The Government may transfer all direct benefit transfers (DBT) through various subsidies to these digital wallets during the initial phase to ensure proliferation of the digital rupee.

C. It may incentivise the retail business with lesser GST rates if the transaction is carried out with a Digital Rupee. A 10% discount passed on to the customer may effectively compel the retailers to migrate to a formal banking platform. The government shall pass on the benefits accrued due to lesser overheads to the retailers and the customers for some time.

D. It may disburse all salary and bill payments as Digital Rupee.

E. The printing of new currencies shall be paused till such time the Digital rupee reaches a

certain threshold say 50% to 60%. The eventual physical cash may be allowed to operate only at about 30% of the current level and a calibrated decision towards this end may be taken based on the behaviour of the economy and the response from the people.

F. Banks shall have significant downsizing of HR and the reduced overheads in the banking system shall compensate for the revenue shortfalls arising out of the digitisation of the rupee.

Once the targets are met, the discounts offered could be gradually withdrawn. Since there is a likelihood of a widened tax net, the tax rates would stabilise at the discounted levels or at a slightly higher level, based on the economic situation at that point of time. One of the indirect benefits of the digitisation of the rupee shall be that most of the accounts and financial related jobs shall be significantly downsized as AI based Fintech automation platforms will take centre stage. The potential downsizing of people with finance background shall be as much as 80% and these jobs shall mostly get transferred to the IT tech-based jobs. This would result in lesser government jobs and a much leaner government work force. The Tech jobs shall mostly be in the private sector, and therefore the productivity and accountability shall be better. The process of audit and compliance also shall get automated to a large extent leading to better compliance, with little scope for manipulation The overall credit-worthiness, from the individual to business level, will show a dramatic improvement due to the higher compliance, which will result in lesser NPA's for the banking sector as a whole.

To achieve this, the technology backbone would require a higher degree of resilience and reliability in its architecture. Without a 24x7 power and internet availability, these technologies cannot be sustained, as outages beyond a certain threshold could potentially impact business big time. Offline protocols can introduce security vulnerabilities in the system and therefore, the technology architecture has to be much more robust and resilient, with high availability, if the Digital Rupee has to take off initially.

The boost to the economy shall however come from an altogether different quarter. Indian economy has approximately 93% of its work force in the informal sector. This means a significant part of our economy is in the informal sector and the GDP of the country does not totally account for the actual value of the economic activity. One of the interesting observations of the unorganised sector is that the same owner often creates multiple entities wherein one entity is formal while the others are informal. Based on the situation and comfort, transactions are seamlessly moved between the formal and informal entities to evade tax. The informal entity needs cash to sustain its activity unhindered on a large scale. This is where proliferation of the Digital Rupee beyond 60% shall make it difficult for such business to carry on and may need better tactics and strategy to survive. The demand for a Digital Rupee by the work force due to better value preposition in the market may compel such owners to switch to the Digital Rupee instead of cash.

The government may also impose a transaction tax for deposit or withdrawal of cash in any bank

beyond certain limits. This may create another hurdle for free flow of money to and from the system. The details of the deposit may also find a trail in the crypto wallet which may ensure a reasonable trail of transaction and flow of the currency without much overheads.

All these moves may force the informal sector to move into the formal sector, which may effectively boost the GDP figures significantly in a short span of time. This could be the boost the government was looking for to stimulate the GDP figures towards the much hyped 5 Tn economy mark. The projected 10% Y-Y growth in the next three years would imply a growth of 30% for the economy by the year 2024. Add to this a one-time possible correction of at least 30% to 40% due to the formalisation of the informal economy and the net growth would be around 70% if the growth rates are compounded Y-Y. 70% growth in 3 years would attract better FDI which could boost the market sentiments further resulting in the perfect recipe for a big-bang boom of the economy. The market sentiments may give a good push taking the overall growth to well beyond 100 percent of the present GDP levels. This is the only way the country can hope to touch the 5 Tn GDP size in a faster time-frame.

The 30% tax levied on the digital assets is seen

by many as a clandestine move to legitimise the Crypto currency in India. This again appears to be a smart move by the government to discourage the use of such speculative instruments while staying clear of banning the technology. Banning would be difficult to justify in a court of law, as the government would need a similar technology to implement the Digital Rupee. Hence, the Government, by announcing 30% tax on digital assets, has standardised the tax for any speculative income arising out of such investments that was left out till date. In short, this taxation is considered at par with the income raised on activities like gambling which are taxed at 30%.

This move will discourage all those involved in speculative crypto investment by fulfilling the KYC requirements through established Crypto stock exchanges which are registered as legitimate Indian companies. There is also a possibility of these exchanges being brought under the GST regime for the transactions they do. So, if they are brought under either the 12% slab or the 18% slab, it shall sound the death knell for legitimate crypto investment in the country.

Any legitimate investment should have adequate checks and balances in the system with protection of the interest of the gullible and naïve investor. Since over 40,000 crore is invested in these platforms, these are the next breeding grounds for a major scam where people may be conned of their money overnight. Since these assets have zero intrinsic value, the possibility of insolvency of the owning company may lead to complicated legal battles which the investors would find difficult to sustain and win in a court of law. Such instruments, therefore, have potential to cause serious political turmoil and the move to tax is one more step to keep the tail clear so that potential scamsters do not find an easy method to stage a big scam. People who still consider such investments would be doing so at their own risk which then could be used as a shield to defend if there is any untoward incident in the fintech market.

It is therefore clear that both the moves announced in this budget have serious potential to transform the economy towards a higher growth trajectory while ensuring better compliance. A higher GDP number means a robust double-digit growth which effectively means higher revenues and less fiscal deficit. If the pandemic subsides without causing further problems for economy and no major conflicts happen, India is set poised to a double-digit growth and the march towards the 5 Tn economy appears most likely be on course. The ruling party can, therefore, potentially seal the fate of the election, even before it begins in May 2024.

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1 *Fiat money is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it. The value of fiat money is derived from the relationship between supply and demand and the stability of the issuing government, rather than the worth of a commodity backing it.*

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FOCUS

Sustainability in India after Covid-19

Hindol Sengupta and Karishma Sharma*

The Covid-19 pandemic has brought renewed focus on a healthier way of living around the world, and India embraced it as an opportunity to showcase its heritage in natural and sustainable living. The pandemic has brought preventive medicine to the limelight throughout the world. After facing a virus that had no cure or vaccination for over a year, it is now well accepted that while allopathy rightfully dominates the curative health market, the preventive healthcare market needs to be developed at par with allopathy.

In India, our rich culture of traditional medicine, which had unfortunately gone dormant over the years, came to life once again as Indians went back to their roots to fight a health enemy that modern medicine did not have a cure for. This is not to say that AYUSH (Ayurveda, Yoga, Naturopathy, Unani, Siddha, Sowa-Rigpa and Homoeopathy) developed a cure for the Covid-19 virus but to reiterate that immunity building is a challenge that the AYUSH system of medicine championed long back. But the journey or the reincarnation of the AYUSH system in India did not start as a response to the pandemic. In 2014, with a vision of reviving the profound knowledge of our ancient systems of medicine and ensuring the optimal development and propagation of the AYUSH systems of healthcare, the Ministry of AYUSH was formed as a historic move in a world that was becoming increasingly globalised and unfortunately leaving behind its traditional knowledge.

Earlier, the Department of Indian System of Medicine and Homoeopathy (ISM&H) formed in 1995, was responsible for the development of these systems. It was then renamed as the Department of Ayurveda, Yoga, and Naturopathy, Unani, Siddha, and Homoeopathy 2003 with focused attention towards education and research but AYUSH medicine still lacked the attention it deserved without being under the aegis of a ministry.

As a testimony to the establishment, India's Ayurvedic and herbal products export value increased from USD 354.68 Mn in the financial year 2015 to USD 446.13 Mn in the financial year 2019. This is to say that we were making steady progress even before the pandemic hit, but the year 2020 certainly gave the much-needed boost to the government's efforts.

While nobody predicted back in 2014 that the world would face a crisis such as Covid-19, in hindsight, the formation of the ministry became a larger blessing for the country. As the pandemic hit, the Ministry of AYUSH shared guidelines for safe Ayurveda Panchakarma practice in the COVID-19 pandemic, the AYUSH products saw a 44 per cent increase in sales post the onset of Covid-19[1] and an AYUSH Covid-19 Helpline was launched by the ministry.[2] Just like that, AYUSH medicine started gaining its trust back with renewed momentum.

The market size of the AYUSH industry as a

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whole grew around 17 per cent between 2014 and 2020 with the increase in global and domestic demand, enabled by strong support to regulatory, research and development, and robust infrastructure by the Ministry of AYUSH.[3] In December of 2020, the Ministry of AYUSH and the Ministry of Commerce and Industry decided to work collectively for setting up AYUSH Export Promotion Council (AEPC) to stimulate AYUSH exports.[4]

The scope of AEPC, which will be housed in the AYUSH Ministry, includes expediting standardisation of harmonised system code for AYUSH, collaborating between AYUSH Ministry and the Bureau of Indian Standards in order to develop international standards for AYUSH products and services, identification of best practices and success stories and their promotion, ensuring quality and standards of AYUSH products and their price-competitiveness, and creating a brand for Indian AYUSH.[5]

The government is now aiming to position India as a destination for health and wellness tourism through the AYUSH System. It has developed the Champion Services Sector Scheme for Medical value Travel to enhance medical tourism in the field of AYUSH and to provide support establishing world-class state-of-the-art AYUSH hospitals. A National Medical and Wellness Tourism Board is also formed to boost medical, wellness, yoga, and Ayurveda tourism.[6] India is already a hub for medical tourism and thus, medical tourism is an excellent area for India to push AYUSH medicine backed by research and development.

As for creating the Indian brand is concerned, incentives are provided to AYUSH drug manufacturers for participating in international exhibitions and trade fairs and for market authorisation and registration of AYUSH products with bodies like USFDA, EMEA, UK-MHRA, NHPD, TGA, alongside other international regulatory agencies abroad for the purpose of export. So far, more than 50 products (Unani and Ayurveda) have been registered in eight countries namely Kenya, the USA, Russia, Latvia, Canada, Oman, Tajikistan, and Sri Lanka[7] Registration for products is an important milestone for manufacturers to enter into newer markets with registrations in bigger nations like the USA aiding trust development in other partner nations as well.

Under the Ministry of AYUSH, a Memorandum of Understanding (MoU) was also signed between the Pharmacopoeia Commission for Indian Medicine & Homoeopathy (PCIM&H) and the American Herbal Pharmacopoeia (AHP) in September 2021.[8] This MoU will lead to the constitution of a joint committee to develop the action plan along with timelines for the development of monographs and other activities for cooperation in the field of traditional medicine[9].

While this MOU will develop the confidence of the global community about the safety of AYUSH drugs, one of the major outcomes of this partnership will be that both PCIM&H and AHP would be working to identify various challenges faced by the herbal market of Ayurveda products or drugs in the USA. This will lead to the adoption of Ayurveda standards developed out of this cooperation by the manufacturers of herbal drugs in the USA as well.

Development of monographs of Ayurveda and other Indian traditional medicine products and

herbal products, exchange of technical data for the development of monographs with due acknowledgment between the parties, training and capacity building, exchange of herbarium specimens and botanical reference samples, and phytochemical reference standards are also the part of MoU. There is an understanding for the development of a digital database and identifying further areas of co-operation for the promotion of quality standards of drugs/products used in Ayurveda and other Indian traditional medicine.[10] The National Medicinal Plants Board (NMPB) under the Ministry of AYUSH also launched a Voluntary Certification Scheme for Medicinal Plants Produce (VCSMPP) in order to encourage good agricultural practices and good field collection practices in medicinal plants. The VCSMPP will enhance the availability of certified quality medicinal plants as raw materials in the country and also boost their export and increase India's share in the global export of herbs.

Ministry of AYUSH is presently implementing the Centrally Sponsored Scheme of the National AYUSH Mission (NAM). Under this scheme, subsidy at the rate of 30 per cent, 50 per cent, and 75 per cent of the cost of cultivation is provided for the cultivation of 140 prioritised medicinal plants on farmer's land. Under the Medicinal Plants component of the NAM scheme, supporting market-driven cultivation of prioritised medicinal plants in identified clusters or zones within selected districts of states is being implemented in a mission mode throughout the country. As per the scheme guidelines, support is provided for the cultivation of prioritised medicinal plants on farmer's land, nurseries with backward linkages for raising and supply of quality planting material are being established, and post-harvest management support with forwarding linkages, primary processing, and marketing infrastructure will also be created.[11]

While AYUSH healthcare as preventive medicine continues to be developed, it is important to understand that the traditional medicine industry is not limited to drugs given for prevention or treatment of ailment but extends to lifestyle and cosmetic products as well. While the AYUSH drugs industry is still at a nascent stage, it is the lifestyle products and cosmetics industries that have been growing well for over a decade now with many firms from India emerging as market leaders as well.

While India did have big names like Dabur and Himalaya making use of the country's knowledge in traditional medicine in the lifestyle products segment, we lacked grassroots development of the AYUSH industry through small businesses becoming a part of the industry. Countries like China and South Korea have been able to proliferate their traditional medicine-based products throughout the world at a higher pace than India primarily because of the existence of several manufacturers and suppliers alongside the bigger firms.

With the world moving towards natural products, there is tremendous scope for the export of Indian traditional medicine knowledge and products. According to a 2018 report published by the Food and Agriculture Organisation of the United Nations, the Natural and Organic Beauty Market may reach USD 22 Bn by 2024.[12] According to research conducted by Kline Group, a global consulting services firm, about 50 per cent

of the US consumers surveyed perceive natural over-the-counter (OTC) products to be safer than traditional OTCs. Safety drives substantial use of natural products in the paediatric population and 49 per cent of parents give natural OTCs to their children, with 72.3 per cent giving their children natural OTCs first before administering traditional (allopathic) OTCs.[13]

The proliferation of lifestyle products can act as a starting point for the promotion of AYUSH drugs abroad as lifestyle products are easier to deliver to consumers, riding on the wave of naturalisation of consumer products. We already have brands such as Forest Essentials and Kama Ayurveda gradually capturing the global market and led by the AYUSH ministry and the Startup India initiative, there are niche brands mushrooming in the AYUSH products industry as well. Recent names include Sadhev, a Kerala-based beauty brand, that is using family knowledge to create beauty and lifestyle products and the firm has already been covered by the likes of Elle and GQ magazines.

The growth of the AYUSH industry at a global scale will be done through the twin strategy of supporting lifestyle brands that are vocal about their use of AYUSH raw material in their products and at the same time the development of a robust research and development ecosystem for the AYUSH drugs to reach a wider audience, first in India and then abroad. Taking this spirit forward, the most recent Indian budget has announced that land up to five kilometres on either side of the River Ganga would be designated for natural farming giving a major boost to organic agriculture in the country.

Despite the pandemic, India's organic food exports have grown by more than 50 per cent with food material now being exported to European countries like Germany and others. This sustainability push is not merely in food products but also in renewable energy. India's installed solar power capacity crossed 48 GW in November 2021 and the country is one of the leading players in the world in renewable energy. The country has consistently beaten its own commitments under the Paris Agreement meeting them before time.

The argument in this essay is that this is a turning point in the history of sustainability in the country. There is both appreciation and demand for a better quality of living both at home and abroad and products and services, and rules, are being created to promote sustainability. More work is needed to push both domestic and global consumption and use of Made in India sustainable products and to ensure a 'green switch' of the Indian economy. This switch will make the Indian economy future-ready and ensure that the country's health bill reduces significantly.

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Union Budget 2022: An Interview with Shri Jayant Sinha*

Rajat Sethi*

Rajat Sethi: Union Budget 2022 presented by Finance Minister Nirmala Sitharaman has been projected as India's self-reliance budget. Why do you think it was tagged as the Atmanirbhar budget?

Jayant Sinha: Union Budget 2022 is a budget focused on building a strong and prosperous India - Atmanirbhar India. When we talk about Atmanirbharta what we mean is that we want to build an India that is confident, self-assured, looking to the future with absolute conviction that we can build a strong and prosperous India. An India that is in control of its destiny, that's what we mean when we say Atmanirbharta. This year's Union Budget demonstrates that thinking very clearly. The budget is focused on sustainable growth going forward and when we say sustainable growth, we mean that in the medium term over the next 3-5 years, India will be able to grow consistently at 6-8% and for that we have to build the productive capacity of the economy. Therefore, this year's budget very much has emphasised the role of capital expenditure, removing various frictions that are in the ease of doing business and continuing to strengthen both the corporate sector as well as the MSME sector. So, growth is an important pillar of Atmanirbharta and because we really emphasise capital expenditure in business and investment, we are poised now for strong sustainable growth in the medium term. So that is the first and perhaps the most important point when it comes to controlling our destiny and becoming Atmanirbhar.

The second very important point that is reflected in this budget is the fact that we are focusing on strengthening our capacity and very important manufacturing sector. These include for instance smartphones and solar panels. And for solar panel manufacturing, an amount of Rs. 19,500 crore has been given as the production linked incentives (PLI) scheme. It includes advanced chemicals for batteries. Many of these manufacturing sectors that are vitally important for us as an economy going forward have got a lot of encouragement through this budget. In total, 14 sectors are being benefited through this production linked incentive scheme. And over two lakh crores as incentives are going to go into these PLI schemes across these 14 sectors. We are expected to create about 60 lakh jobs through these PLI schemes and in particular there is one key area that I think should deserve all of our attention and

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that is in semiconductors. There is Rs 76,000 crore worth of incentives that have been lined up specially for semiconductors and the reason for that is that we have to be absolutely able to manufacture semiconductors which is the heart of electronics, which is the heart of the digital economy, that we need to be able to manufacture in India. If we cannot do that, we cannot be confident that we will be in control of our destiny going forward.

The third area to focus on with respect to Atmanirbharta is defence and in particular defence production. So again, in this budget there is an emphasis now that most of our defence requirements should be met through defence production and that's going up from 58% to 68% in this budget so that we manufacture the defence equipment and the defence goods that we need in our own country. In addition, 25% of the defence R&D that is done through DRDO should go to our start-ups so that we can build a vibrant start-up ecosystem that can serve our defence sector as well. So, whether it's defence production or defence innovation, in both areas we are emphasising Atmanirbharta. Atmanirbharta is a journey, and it will continue. But for India, particularly given the very unsettled global situation we are in right now, it's very important for us to be able to control our destiny when it comes to growth, when it comes to these important manufacturing sectors.

Rajat Sethi: India had come out of two years of really bad Covid situation and now the third Omicron wave as well. Entering into this phase of budget making exercise what do you think were the top policy priorities before the Prime Minister as well as the Finance Minister?

Jayant Sinha: The top policy priorities going into this budget are reflected well in some of the matters that I have highlighted. Atmanirbharta absolutely is the overriding priority. I think it was necessary to provide support to vulnerable populations which we provided. 80 crore people got free food grains for 19 months. It cost us 2.6 lakh crore, but we did that. We made sure that 170 crore plus doses of vaccine were administered, so now more than 70% of our people have got two doses. The people who need booster shots are getting booster shots, and so are vulnerable populations. Whether it is the MSME sector, the farmers or the poor, all of them have got support and that has been a very high priority and that required a lot of assistance last year and that assistance is going to be continued this year. The other very important priority was to continue to strengthen the healthcare sector which has been done and third of course is our manufacturing sector that needed the support of the PLI schemes and that has also been provided.

Rajat Sethi: The budget speech of Finance Minister also ushered us into the Amrit Kaal, the next 25 years of India which will hold a lot of promise for our nation. India will be the beacon of

hope for the world. It will be one of the largest and strongest growing economies in the world and in fact the world looks up to India to carry the burden of the growth for rest of them. Positioning this as a priority goal, what do you think Prime Minister's vision was in terms of this Amrit Kaal of 25 years and how did the budget reflect India's trajectory into these 25 years?

Jayant Sinha: Amrit Kaal is based on two absolutely important pillars. The one pillar which is the ease of doing business is intended to ensure that India becomes a successful economy, that our corporate sector and our start ups do very well, that our MSMEs get the support that they need. And so, we have focused on ease of doing business, enabling investment to happen, enabling the growth of our start-up ecosystem. So ease of doing business, continuing to support our enterprises is very important for us and obviously that's one of the pillars. The other important pillar is ease of living. So, we focus on ease of doing business on the one hand and easier living on the other hand, through all of that our economy will do really well. We will be able to train them and support them and that will usher in the era of prosperity and a golden era for India, which is what the honourable Prime Minister has called as Amrit Kaal from our 75th year of independence to 100 years of independence. This is a time when many factors are lining up for India so that India is generally in a sweet spot because our demographics are really excellent, our democracy remains robust. A lot of global factors are moving in our direction as well and when you add all this up, we are absolutely in a sweet spot.

Rajat Sethi: This year's budget was less on popular side and more focused around futuristic goals laying out the foundation for robust growth and sustainable growth out in the future. What was going on in the Government of India's mind when they were highlighting talking about futuristic sunrise sectors in the budget which so far have never got a mention in any of the budgets previously in all of these years. What do you think about such a futuristic sort of a budget anchoring around the youth of this country?

Jayant Sinha: Prime Minister Modi is a visionary leader and he has very correctly understood that on the one hand there is this incredible trend towards digitisation where we have to build a digital economy and we are building a digital economy incredibly successfully. India has the cheapest data rates in the world. 4G is available everywhere. We are moving towards 5G. Everybody has a smartphone, everybody has a computer, we are rolling out Bharat Net down to our panchayats, so on the one hand the digitisation of the economy is moving very quickly and when we think about digitalisation, we obviously think about cutting edge technologies like artificial intelligence and machine learning, we are thinking about quantum computing which has been referred

to in the budget. We are obviously thinking about drones we are thinking about high-speed supercomputing capabilities all of this has found mention in our budget. We are going to ramp up our solar panel manufacturing. We are going to build a completely new type of grid with massive amounts of battery storage. We are going to advance manufacturing of batteries. We are really looking out for things like solar pumps which are getting a lot of attention as well. And of course we are looking at offshore wind and wind supply of many kinds. So whether it is digitising the economy, of greening the economy, both of these two mega-trends are going to be extremely important so that India gets to the green frontier. India gets to a point where we are absolutely at the cutting edge of the global economy and we build a sustainable competitive economy which I would like to say Atmanirbhar Bharat (ANB). ANB equals CSR. Competitive, Sustainable, Resilient. So, it is absolutely an Atmanirbharta budget but on the other side of the coin on the flip side it is also a jobs budget. It is very much a jobs budget. We understand for a young population we have to create jobs and that is why people were surprised when they looked at the budget and they said there are five state elections coming up but there wasn't even the slightest hint of populism that you would have expected. That is why we have emphasised jobs, capital expenditure and those investments in the economy which are going to create jobs

Rajat Sethi: There are sectors which are moving out of favour and there are new sectors which are coming in and as you were pointing out, several of these sectors carry the promise of providing lakhs of jobs to our youth and we should skill ourselves to constantly add greater amount of value in these. How do you analyse this?

Jayant Sinha: India's exports have grown to levels that we could never have imagined. As of now, our exports are at US $400 billion. So we are clearly doing something right when it comes to the PLI schemes, when it comes to the policies we have been following in smart phones, in electronics, manufacturing in textiles, in small automotive two-wheelers and so on. We are clearly growing our exports because our economy is getting steadily more competitive day by day.

Rajat Sethi: India's fiscal deficit last year was around 6.8 % and the projected fiscal deficit for this budget is somewhere around 6.4% aiming for around the same range. What do you think should be the glide path going forward in terms of having these deficits accounted for in a sustainable manner in our public debt numbers which have shot up because of the extra expenditure that the government had to do? And it has risen above 90%. How do you think a proper glide path to bring it down around 70-72% would look like?

Jayant Sinha: There are two very important aspects around what you have asked. First is that

our government has laid out a fiscal glide path. So right now, you are absolutely right. We are at 6.8% going down to 6.4% but we have said very clearly that we intend to go down to 4.5% over the next two or three year. That is consistent with all other countries around the world that have raised spending during the Covid pandemic when, because of the lockdown, economic activity had to be shutdown and that happened throughout the three waves that we have had. So this is the time when you have to spend. Every country in the world, every large economy in the world has spent, and for everyone, fiscal deficits have gone up. So this was to be expected. This is being correctly applied in terms of the fiscal stimulus and the government, in a very responsible way, has laid out a glide path to get down to 4.5% again. And as I said, it is also a question of how you spend. Because we have stayed away from populism and instead focused our attention on capital expenditure which is much more stimulative for the economy and is a much higher economic multiplier, the quality of our growth is going to be much better. So that is one part to your question. The second part your question is also to understand that we have taken this opportunity to clean up India's balance sheet. This is very important, for in the past, in the UPA government for instance, a lot of liabilities were taken off the budget and they were stuck into things like oil bonds for example for which we are still paying. Lakhs of crores of spending which should have been in the budget were taken and put into oil bonds so that they would not be in the fiscal deficit but they actually were a liability on the government. This time, for example, liabilities associated with the Food Corporation of India, which is the money we are spending on the Food Security Act instead of being taken off the balance sheet has been incorporated on the balance sheet and included in the budget which is why some of our deficit numbers have gone up. But this was the right thing to do because by cleaning up our numbers and being transparent, which the Finance Minister has done, we are setting the stage for robust transparent, non-inflationary growth going forward.

Rajat Sethi: Some of the analysts have been saying that strongest headwinds that India is going to face in the next year or so would be a) inflation b) Fed tightening and it might throw the markets into a similar kind of a paper tantrum. How do you think budget exercise and India's financial planning takes into account these exogenous factors?

Jayant Sinha: Global inflation has spiked. It has reached over 7% in the United States, over 5 or 6% in the United Kingdom. It is at rates that have not been seen in mature advanced economies for 40 years. So global inflation is in spate, with the situation that's developing in the Ukraine also resulting in oil prices going up. They are starting to touch US $100 a barrel and of course whether it is the economic survey, the budget speech or the Prime Minister's comments after the budget, all

of them reflect these risks and uncertainties that we are dealing with right now. The good news in India is that inflation in India has been in a comfortable (as per RBI) range of between 2-6%. The RBI has done an exemplary job of managing monetary policy through a very difficult time, through very challenging conditions. The rupee remains stable, our foreign exchange reserves are over US $600 billion and therefore, even while there is all this inflation coming in through external inflation, we have built up our productive capacity. Our supply chains are working reasonably well and therefore, inflation in India is much more manageable and much more under control than it is elsewhere.

Rajat Sethi: Please share your views about Cryptocurrency and the future of finance. The budget touched upon taxation of cryptocurrencies to the tune of what ideally a lottery would be taxed at. And also, there was talk about India's digital rupee being launched in 2023. What is the governments vision around this futuristic dimension which is opening up and where do you see things shaping up in the future?

Jayant Sinha: Every time a new financial technology comes along like, for example digital payments in the past, and now cash flow-based lending which are new financial technologies, we have to balance innovation with regulation. So our job as policymakers and as regulators is to make sure that people are knowledgeable about the risks that they are taking, that there are not any excesses and that people are protected when they have to deal with new types of innovation. Now it is very much a fact that millennials in India, young people in India, are very excited about cryptocurrencies. When it comes to cryptocurrency in India, we have a very unique set of issues as far as crypto currencies are concerned, which Japan, Singapore, the United Kingdom, the US do not have to deal with. Which is that we have capital controls when it comes to our currency, our currency is managed through the foreign exchange management act (FEMA). So we cannot allow free flow of international currencies through India. Hence, we have to be very careful about how all of this develops and progresses from here. In addition to that, there is no global consensus that has yet developed on cryptocurrencies. So I think the government has taken a watchful position and they said that there are some good use cases for a sovereign digital currency which is why that has been announced. The RBI will come out with a better digital currency, which is going to be controlled and managed by the RBI.

Rajat Sethi: You are a seasoned investor as well. How promising does India's growth trajectory in its near term look like to you and what would be the message to all these global analysts and watchdogs that are looking at India and really eager to understand how is India going to progress in the next few years?

Jayant Sinha: I really cannot guess at all what

is going to happen in the short term. In the long term we know one thing that today our GDP is US $3 trillion, the market capitalisation of India's traded stocks is also about US $3 trillion. Now the Indian economy is growing at 6-7% a year in real terms and what that means is that over the next few years we will have a 5-7 trillion-dollar economy. So when we get to let's say US $5 trillion economy and the ratio of GDP to market cap remains as much as it is right now, we are going to go from US $3 trillion of market capitalisation to US $5 trillion of market capitalisation. That means over the next few years (if historical correlations hold then) we are going to add US $2 trillion of wealth to our listed securities. That is a tremendous amount of wealth creation on a base which is already very sizeable of US $3 trillion. Our economy, demographics, entrepreneurship, innovation are so strong that as we progress to an US $5 trillion economy, we are likely to create US $2 trillion of wealth as well. So, this is going to be one of the great wealth creation opportunities around the world and there will be very few others that can match the scale of what is possible in India.

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Ukraine: Russia's Quest for Status Quo Triggers Avalanche

Sandhya Jain*

As tanks rolled into Ukraine on February 24, 2022, the discourse from the West depicted President Vladimir Putin as a prowling hegemon bent on reviving the Russian-Soviet Empire, and President Xi Jinping as a statesman anxious about international stability. In reality, Putin is a status quoist who sought the fulfilment of promises made after the fall of the Soviet Union, and Xi (following Deng Xiaoping et al) is dedicated to overturning the US-led post-1945 world order. That the Russian action may actually trigger fundamental changes is incidental; Beijing began the disruption with its smooth march through nations and waters across the globe.

Shortly after the Russian attack on February 24, 2022, Dima Adamsky (Reichman University, Herzliya) observed that Ukraine symbolises Putin's angst with the post-Cold War order. "It was a unipolar world with one hegemonic power, the United States, whose victory…spawned an attempt to dictate America's principles and way of life to the rest of the world."[1]

Tim Marshall (Prisoners of Geography: Ten Maps That Tell You Everything You Need To Know About Global Politics, 2016) explains that the strategic interests of nations are dictated by geography. Russia needs warm water ports for trade and commerce: Ukraine's Black Sea coast connects with the Mediterranean; Sevastopol in Crimea hosts a Russian fleet.

Legal scholar Francis Boyle endorses Moscow's claim that the 1990 agreement between Secretary-General Mikhail Gorbachev and US Secretary of State James A. Baker III and other European leaders promised that if USSR agreed to the reunification of Germany, NATO would not expand "one inch farther to the east." Though not put into writing, all commitments made by high-level government officials are binding under international law.[2] American statesman Henry Kissinger and political scientist John Mearsheimer have strongly disapproved of America intruding on Russia's natural sphere of influence.

Sergei A. Karaganov (Council on Foreign and Defense Policy, Moscow) blames Moscow for "being weak and trusting our Western partners" and asserts that Russia needs a "return to the status quo ante of 1997 when the Russia-NATO Act was signed."[3] He points out NATO's aggression against Yugoslavia, Iraq and Libya.

Putin's Perception

Putin first revealed his mind at the Munich Security Conference (2007) where he questioned NATO's eastward movement. Between 1991 and 2007, it admitted the Czech Republic, Poland, Hungary, Slovakia, Slovenia, Romania, Bulgaria and the former Soviet Baltic states (Lithuania, Latvia and Estonia). Putin lambasted the US's stationing anti-missile systems in Europe, and withdrawing from the Anti-Ballistic Missile Treaty in 2002. In 2008, NATO put Ukraine and Georgia on its wait-

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list; Russia moved against Georgia (Abkhazia, South Ossetia, 2008) and Ukraine (Crimea, 2014) to retain a buffer against the West. As late as December 2021, Moscow gave Washington its "security proposals," which included an end to further eastward expansion of NATO; and withdrawal of NATO troops in Eastern Europe.[4]

Russia waited patiently for seven years for implementation of UN Security Council Resolution 2202 of February 17, 2015, which consolidated the Minsk Package of Measures of February 12, 2015, to settle the situation in Donbass. The current military action aims to restore Moscow's status as an equal partner at the (new) Concert of Europe.

Addressing the Russian people on February 21, 2022[5], Putin asserted that Ukraine is a creation of Bolshevik Russia. After the 1917 revolution, Lenin severed historically Russian land, and after World War II (Great Patriotic War), Stalin gave Ukraine some lands that belonged to Poland, Romania and Hungary; he compensated Poland with some traditionally German land. Then, in 1954, Khrushchev gifted the Crimea to Ukraine. Lenin also gave the new soviet republics (administrative and territorial entities) the right to secession.[6]

Under this flawed Bolshevik Constitution, Ukraine and other republics claimed independence when the USSR collapsed. Russia accepted the new situation stoically and helped the new republics, even paying USD 100 billion Soviet debt alone. In return, most of them gave Russia part of their Soviet foreign assets. But Kiev refused and demanded a share of the Diamond Treasury, gold reserves, and former USSR property and other assets abroad. Putin alleged that Kiev frequently blackmailed on energy transits and literally stole gas.

In a hard-hitting speech, Putin declared that foreign-backed NGOs promoted Russophobia and neo-Nazism in Ukraine. The country is ruled by oligarchic clans with billions of dollars in Western banks. He alleged that the Maidan protest and coup d'état in 2014 was funded by foreign states. The violence included the tragedy in Odessa, where peaceful protesters were brutally murdered and burned alive in the House of Trade Unions. The criminals behind that atrocity were never punished, "But we know their names and we will do everything to punish them, find them and bring them to justice."

When Crimea opted to return to Russia, Kiev activated extremist cells, including radical Islamist groups, sent subversives to attack critical infrastructure facilities, and kidnapped Russian citizens. Ukraine's March 2021 new Military Strategy focused on confrontation with Russia, including creating a terrorist underground movement in Russia's Crimea and Donbass "with foreign military support in the geopolitical confrontation with the Russian Federation."

International law, Putin asserted, stipulates the principle of equal and indivisible security, which means that a nation must not strengthen its own security at the expense of the security of other states. This was stated in the OSCE Charter for European Security (Istanbul, 1999) and the OSCE Astana Declaration (2010). Ukraine joining NATO is a direct threat to Russia's security, he emphasised.

The Attack

The attack on Ukraine exposed NATO's reluctance to face war. US President Donald Trump

had berated European nations for using the American umbrella to curtail defence expenditures and build their own economies. However, the American arsenal also lags behind the Russian, and given the post-Covid impact on economies, upgrading defence capabilities may put undue strain on Europe.

Within hours of the Russian deployment, Ukraine President Volodymyr Zelenskyy told his nation that he had reached out to 27 European leaders, but was offered only lip sympathy.[7] Moscow meanwhile offered to negotiate if Kiev agreed to discuss neutrality. Putin had declared his aim to "demilitarise and de-nazify" Ukraine, an allusion to Stephan Banderas and the Maidan coup of 2014. Zelensky expressed willingness to discuss a "potential neutral status," but insisted on third party guarantees.

This article does not presume to predict the course of this military action, or the fate of negotiations between Russia and Ukraine. However, a few points are in order. Under public pressure, NATO countries are preparing to send arms to Kiev. The situation appears grim; citizens are fleeing to neighbouring countries in droves.

Fallout

Putin's objective is clearly to cement Russia's influence in Ukraine, as in Belarus and Kazakhstan. The era of NATO enlargement is de facto over, unless Europe wants a serious war. The initial abandonment of Ukraine has ended Washington's primacy in Europe. Henceforth, the European Union / NATO will have to focus on the security of core members (Germany, France), leaving the rest to fend for themselves, barring Finland and Sweden. Worse, the victory of Donald Trump (or a Trumpian candidate) in the 2024 US presidential election could shatter the transatlantic relationship.

Moreover, the US-Europe cannot sustain a prolonged economic war with Russia. Eventually, sanctions will be tempered as Russia commands huge energy resources that Europe needs. Besides gas, Moscow controls several critical resources such as palladium, titanium etc.

India and China refused to join the chorus of condemnation of Moscow at the UN Security Council. In early February, Xi Jinping and Putin issued a statement wherein Beijing backed Moscow's opposition to NATO expansion and its other security concerns in Europe. Once the invasion began, China called for restraint and a negotiated solution. The Chinese government blamed the United States for the crisis, by "hyping up tensions". India has used its good offices with Russia and Ukraine to rescue its stranded students in that country, the only country in the world that is airlifting its nationals from a crisis-torn region.

Biolabs

The U.S. Department of Defense's Biological Threat Reduction Program has a huge presence in Ukraine, where several laboratories work on a number of "the world's most dangerous infectious diseases."/The stated priorities are "to consolidate and secure pathogens and toxins of security concern and to continue to ensure Ukraine can detect and report outbreaks caused by dangerous pathogens before they pose security or stability threats."[8]

Ukrainian and American scientists work

together on Avian EDPs, potentially carried by migratory birds over Ukraine, Crimean Congo hemorrhagic fever virus and hantaviruses in Ukraine, African Swine Fever Virus (ASFV) in Domestic Pigs and Wild Boars in Ukraine, and ASF Bio-surveillance and Regional Risk Assessment. Russia disapproves of the presence of such sensitive laboratories on its doorstep.

Revolutionary China

A few words on China are in order. British geographer Halford J. Mackinder argued that, 'who controls Eurasia, controls the world', even though European colonialism was rooted in naval power. Currently, 90 per cent of global trade moves on the high seas. This was why US strategist Alfred Thayer Mahan mooted, "Control of the sea by maritime commerce and naval supremacy means predominant influence in the world; because, however great the wealth product of the land, nothing facilitates the necessary exchanges as does the sea".[9]

China in the 21st century married both these concepts and emerged as the first non-Western power to project power in Eurasia and the Asia-Pacific. Sensing Washington's decline, Beijing began challenging the US-dominated post-1945 Euro-Atlantic order by positioning itself on the oceans and land routes across Asia and between Asia and Europe, relying on diplomacy and economic strength.[10]

In barely a decade since their official unveiling, the New Silk Roads (September 2013) and 21st Century Maritime Silk Road (October 2013) are spreading across different geographical regions, embracing over 70 nations. Unlike the US Marshall Plan that rehabilitated Western European nations with common religious, cultural and political (democracy) affinity, the Belt and Road Initiative (B&RI) offers to build infrastructure across nations of Africa and Asia, regardless of political or cultural affinity.

It is not widely known that post-World War II Western hegemony rests on the power to underwrite ocean-bound trade as the US and its Western allies control the marine service industry that supports the Sea Lanes of Communication (SLOCs), which earns them huge revenues. They control the insurance and reinsurance of goods and ships that ply on SLOCs, and the freight rates. The institutions that declare parts of the sea dangerous or hostile are located in Western capitals, and Washington has the power to impose sanctions and stop ships from moving in or out of a particular harbour. This, as former naval officer Atul Bhardwaj notes, is contrary to the principal of multi-polarity in world affairs, and this is what Beijing is seeking to overturn.[11]

If the B&RI succeeds, it would make China the world's leading power by 2049, the centenary of communist rule. All ports along the Maritime Silk Road are strategic: Melaka Gateway and Kuantan (Malaysia); Kyaukpyu (Myanmar); Jakarta and Batam Island (Indonesia); Colombo and Hambantota (Sri Lanka); Gwadar (Pakistan); Djibouti; Mombasa (Kenya); and Piraeus (Greece). China also has a major stake in a dry port in Khorgos in landlocked Kazakhstan, for a transport hub.[12] European nations that have joined the B&RI include Greece, Portugal, Italy and Switzerland, and Eastern European countries including Hungary and Poland.

Previously, as part of their Eurasian integration plans, Moscow and Beijing began augmenting their gold reserves to undermine the hegemony of the US dollar and evade US sanctions. In 2012, China Foreign Exchange Trade System (CFETS) set up a yuan-ruble payment system. In October 2015, Beijing created the China International Payments System (CIPS), which has an agreement with SWIFT, to help countries sanctioned by Washington.[13] It remains to be seen how effective these systems are in helping Moscow overcome the growing sanctions imposed on it for its action against Ukraine.

Orthodox Church

The Russian Orthodox Church is a powerful and often overlooked element in Putin's political psychology. The Clinton administration's unilateral assault on and break-up of Yugoslavia was also an attack on the Slavic Church. Putin moved to rescue President Bashar al-Assad because the Russian Orthodox Church has its roots in Damascus. This changed the politics of West Asia.

Addressing the Russian people on February 21, 2022, Putin asserted that even before the 17th century, people living in the south-west of what has historically been Russian land called themselves Russians and Orthodox Christians.[14] He berated Kiev for acting against the Orthodox Church under Western patronage: "Kiev continues to prepare the destruction of the Ukrainian Orthodox Church of the Moscow Patriarchate." Putin charged that new draft laws are directed against the clergy, and millions of parishioners of the Ukrainian Orthodox Church of the Moscow Patriarchate have been registered in the Verkhovna Rada (unicameral parliament of Ukraine).

At the time of writing (February 27, 2022), a Russian delegation headed by Vladimir Medinsky had arrived in Gomel, Belarus, for talks with Ukraine. Diplomat Dmitry Peskov claimed that the Ukrainian side had chosen Belarus as the venue for the talks, but Zelensky later changed his mind, citing "military action from Belarusian side." Instead, he welcomed offers from Turkey and Azerbaijan to broker talks with Moscow. However, after Belarus President, Alexander Lukashenko, spoke with Zelensky, he agreed to send a delegation.

There can be no doubt that eventually Putin will insist on regime change in Ukraine. Russia had raced to seize the Chernobyl plant from the Belarus side partly to reach Kiev sooner, but mainly to squash possible attempts by Ukraine to rebuild a nuclear stockpile.

However, the lasting impact of the current crisis will be in the Asia-Pacific where China is expected to become more assertive. Former Japanese Prime Minister Shinzo Abe has urged Washington to "ditch strategic ambiguity and make clear it will defend Taiwan". Australia will also expect stronger guarantees for its security vis-à-vis Beijing. Europe, especially Germany, has understood the need to enhance its security. The US-led world order has been sundered; the new order has yet to take shape.

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Spirituality and Law: From *Svaraj* to *Suraaj*[1]

Makarand R. Paranjape*

Abstract

Spirituality too has its laws just as laws have a spiritual dimension. We pay considerable attention to manmade laws but not enough to natural or higher laws. A spiritualised, rather than litigious, society is more conducive to human welfare and well-being. This requires the voluntary adherence to Dharma which, in the present context, is righteous conduct and responsible citizenship. A responsible and virtuous populace will uphold true Svaraj, which means not just political independence, but robust self-government. In such a society, an enlightened and empowered public does not need external agencies to control or monitor it. Most citizens will not only be law-abiding, but they will also show concern and compassion for their fellow-human beings, for the nation, and also for the environment. But this cannot be attained only from the outside, by legislation, judicial systems, courts of law, the police and paramilitary, the bureaucracy, all lead by politicians or elected representatives. Change can come from within, by seeing oneself relationally as a part of others and of society, by regarding the world as one family (vasudhaivakutumbakam). That is how spirituality in practice can reduce our dependence on state control and the enforcement of laws. It would lead to a state of co-existentialism and cooperation. That is the true meaning of suraaj or a well-governed republic.

Introduction

Is there a connection between law and spirituality? It can be asserted without doubt and ascertained from past experience that a spiritualised (Dharmic) society, has far lower incidents of crime and lawlessness. Consequently, the need for a complicated system of justice and jurisprudence also reduces, because most people will not really want to break laws or harm one another. Throughout society, a fundamental understanding of the nature and of life on earth will prevail. This, then, can be our starting point for an understanding of the relationship between law and spirituality.

If we learn, from early on, to be responsible for the welfare of one another and for society at large, would not our lives improve dramatically? Not just that, our attitude to planet earth will itself change. Instead of fighting with each other and destroying the very habitat that shelters and nurtures us, we will celebrate the gift of life on earth as the greatest opportunity for service and satisfaction.

A beautiful hymn embodying the spirit of the United Nations composed in Sanskrit by the senior pontiff of the Kanchi Math, the late, great sage, Jagadguru Chandrasekharendra Saraswati, affectionately and reverentially known as the Paramacharya or Periyaswami exemplifies the same. It was sung at the United Nations on Oct. 23, 1966 to celebrate UN day by M. S. Subbulakshmi

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and Dr. Radha Viswanathan in raga Kaapi set to Adi Taala:

मैत्री भजत अखिलह्रज्जेत्रीम
आत्मवदेव परानपि पश्यत ।
युद्धं त्यजत स्पर्धां त्यजत
त्यजत परेषु अक्रममाक्रमणम् ॥
जननी पृथिवी कामदुघाऽऽस्ते
जनको देवः सकलदयालुः ।
दाम्यत दत्त दयध्वं जनताः
श्रेयो भूयात् सकलजनानाम् ॥

Here is a rendering into English alongside the line-by-line transliteration:

maitrī bhajata akhilahjjetrīm - Cultivate friendship, which will conquer all hearts

ātmavadeva parānapi paśyata - Look upon others as your own self.

yuddha tyajata - Renounce war

spardhā tyajata - Forsake competition

tyajata pareu akramam ākramaam - Renounce unrighteous aggression to acquire others' possessions

jananī pthivī kāmadughā(ā)ste - Mother Earth is like the veritable Kamadhenu (wishfulfilling cow of plenty)

janako deva sakaladayālu - God, our father, is most compassionate

dāmyata - practice restraint

datta - give

dayadhva - be kind

janatā - O people

śreyo bhūyāt sakalajanānām - May all people flourish and attain the highest goodness.[2]

To me this composition is the very essence of spirituality in action. A society following such principles would certainly not be excessively litigious.

Spirituality and Law

The word Spirituality comes from the Latin word *'spiritus'* meaning 'breath.' The deeper meaning of this word is quite akin to what we call *'prana'* from the ancient times. This Sanskrit word is now part of the vocabulary of most modern Indian languages. It refers, simply speaking, to the non-corporeal aspect of who we are. The underlying idea is that we are not merely the body. There is an aspect of our existence, call it *cit, chetana* or consciousness, which cannot be reduced to the body.

If we were to understand this in terms of Advaita Vedanta, then we would say that I (as *Ātman*) am not just merely the body; of course, the body is mine, but I am consciousness (*Brahaman*) and consciousness is infinite.[3] Consciousness has no beginning and no end. Hence, the *'prana'* that lives within each one us is infinite. Hence, spirituality is the realisation of a sense of vastness and oneness in our daily lives. This may sound a bit farfetched, but when we look at the stars in the clear night sky, trillions upon trillions of them, too many to conceptualise, let alone count, we are filled with a sense of awe and wonder.

Similarly, when we consider or contemplate our own bodies, usually no more than six feet tall, we are astounded that they contain trillions of tiny cells, each with their well-defined and separate functions. What is more, our own bodies consist of the same particles, atoms, molecules, and above all, space or emptiness, that the rest of the universe is made of. There is literally no way to determine where we end and the rest of the universe begins. Our individuality, thus, is much more of a mental construct than a physical fact. The whole of reality is one interconnected and complex network or

system. We thus begin to see ourselves as being beyond just our tiny bodies or limited minds.

Now, let us consider the word 'law.' It too is derived from the Latin and etymologically related to words such as *lex, ius, jus, iurisdictio, jurisdictio.* All of these point to something that is normative and binding, ultimately something that is written down and codified. But in India, we were rarely governed in our past by elaborate legal systems or written down codes. There was a common understanding of what was right and wrong derived from the practice of *Dharma.* People's conduct in everyday life was guided by this common, albeit, unwritten "constitution" of the land. In most cases, problems were solved, disputes settled, and satisfactory results achieved without resorting to elaborate and costly litigation.

Our judicial system, in the modern sense, can be traced back to the colonial period. The Indian Penal Code, which is still in force, was notified in 1862. But it was drafted even earlier, after the setting up, under the East India Company's Charter Act of 1834, of the first law commission of India. Its chairman was none other than Lord Thomas Babington Macaulay. This system was imposed upon us by our erstwhile foreign rulers to take control of our territories, seize our natural resources, and put our people to work for them? Our laws and their enforcement mechanisms, our justice delivery system, and, indeed, the whole system is thus a legacy of legal imperialism?[4]

Speaking from an Indian perspective, Lord Macaulay was the same person who penned the notorious "Minute" on Indian education in 1835. While amplifying "white man's burden,"[5] he made the sweeping and derogatory statement, "A single shelf of a European library was worth the entire literature of India and Arabia".[6] With the intention to shape the Indian legal and education frameworks to rule India, Macaulay and the "brown sahibs" he created in service of our colonial masters, were trained to understand and administer law, legal theories, legal institutions and legislations imported from the European continent.

Not just Mahatma Gandhi, but many other notable freedom fighters were lawyers and barristers—Jawahar Lal Nehru, Mohammad Ali Jinnah, Dr Bhim Rao Ambedkar, Sardar Vallabhai Patel, Mohammadali Carim Chagla, and Vinayak Damodar Savarkar, to name a few, although the last did not become a barrister because he was already a marked man as an enemy of the British Empire. The irony is that all these men were legal luminaries of their time but most of them were actually jailed for breaking despotic British laws. They knew that the imported legal system that was imposed on us by the British did not sit well with our cultural orientation. This whole state of affairs can further be elucidated by this short excerpt from William Dalrymple's book, The Anarchy:[7]

...existing methods of revenue collection were maintained, run out of Murshidabad offices that were entirely staffed with Mughal officials. But frock-coated and periwigged British officials were now everywhere at the apex of the administrative pyramid, making all the decisions and taking all the revenues...colonial proprietor and corporate state, legally free, for the first time, to do all the things that governments do: control the law, administer justice, assess taxes, mint coins, provide protection, impose punishments, make peace and wage war.

It was a system of outright loot under the flimsy cover of law. So, you can see why our judicial system may be mismatched to our civilisational practice, which is based on the sanctity of the spoken word, not on written documents. That is why we say in India, *"Raghukula reet sada chali ayi, praan jayi par vachan na jayi."* Vachan refers to giving one's word, which one must maintain under all circumstances. One's word is one's bond. That is the essence of Dharma. But these days, only a written agreement is considered valid or legally enforceable. This means that society does not hold people accountable for what they say, that lying is not just common but considered acceptable. But a society that does not respect truth, whether in thought, word, or deed, cannot be a Dharmic society. When the amount of salt added to food exceeds the pinch that adds flavour to it, the whole meal is spoiled. Similarly, the whole society in which untruth exceeds the tiny quantum that is necessary for the smooth functioning of day-to-day routine, the whole society is destroyed.

For a society which follows spiritual principles, there is no need or temptation to take what is not ours, let alone torture others in order to do so. If we are not separate from other people, then where is the compulsion to hurt others or be unkind to them? If we take a moment to look around ourselves, we feel surrounded by the frenzy of violence and injustice, not only towards human beings but also the planet. There are heinous crimes of manslaughter, rape, robbery, battery, assault, and so on, being carried out on a daily basis. We cause grievous hurt to one another as well as trifling wrongs of broken promises, civil injuries, cheating, fraud, and so on. Should we begin to see all beings as parts of ourselves, suffering the same pain and pleasure, heat and cold, hunger and thirst—then much of these wrongs would cease.

To put it in a nutshell: "Being spiritually enlightened or awakened would change our fundamental attitudes to ourselves, to other lives and to other human beings." When we go deeper into this issue, we will realise that a fully awakened (not woke!) populace will obviate the need for the kind of legal system which we have today, and which most of us will agree, doesn't really work well. But this is an ideal state. More practically, we need to reform our present legal system even as we try to spiritualise ourselves and our nation.

Justice Delayed Is Justice Denied: What Ails Our Legal Framework?

At present in India, there are 3.9 crore cases pending in the district and subordinate courts. There are another 58.5 lakh cases pending in various High Courts and more than 69,000 cases pending in the Supreme Court. So, the cumulative figure comes close to 4.5 crore or 45 million pending cases in the Indian judiciary.[8]

This is an immense and unconscionable figure by any standards, as our own Hon. Supreme Court justices have observed. Our daily experience is that what passes for justice, ends up in litigation, which results in endless harassment. This incessant torture in getting through a legal suit is well explained in the memoir, *Anita Gets Bail,*[9] by former union minister, distinguished writer, and former editor of the *Indian Express,* Dr. Arun Shourie. He narrates how one fine day there's a knock at his door—it's not the dreaded midnight

knock that we associate with communist regimes, but rather a mid-afternoon knock. A posse of police people arrive at his residence and say, "Sir, is there somebody called Mrs. Anita Shourie here? We have a warrant for her." The author replies to that shocking piece of information with a polite counter-question, "Can I know what the charge is?"

To cut the long story short, we discover that Mrs Shourie is being charged with building a farmhouse on protected forest land in the Aravallis on a property that she does not even own. After endless visits to the court, far away in Faridabad, the mess is sorted out. But for Mrs Shourie, who suffers from Parkinson's Disease, as for the entire family, it has been nothing short of a nightmare to deal with India's civil and criminal justice system. Let me also highlight another key concern of the author. The incomprehensible language of the judgements of our learned judges, how it is practically impossible for an ordinary citizen to make head or tail of what is going on in any case that he or she may have the misfortune of being entangled in. What the memoir tells us is that even a man of the stature and qualifications of Dr Shourie is unable to grapple with our legal system. What then of millions of less fortunate citizens who are tied to this unintelligible and inefficient law and law enforcement mechanism?

Along those lines, it is difficult not to mention a very famous novel, *The Trial,* by Franz Kafka,[10] which illustrates legal and metaphysical dystopia even more dramatically. The protagonist in the novel is being tried for a charge he doesn't know of, a crime that he hasn't committed, and in the end is sentenced to death, after very bizarre and illogical legal proceedings. Red tape and the complications of the law are satirised in this novel but it is an utmost existential crisis that is being portrayed in it.

In another essay from 19th century, *Civil Disobedience,*[11] the author, Henry David Thoreau, narrates how he spent a night in jail for refusing to pay taxes. The punishment imposed on him prompted him to write this celebrated essay, which subsequently influenced Mahatma Gandhi. The main theme of *Civil Disobedience* is that there is a law that is higher (natural law) than man-made law. Man-made law is not perfect because man is not perfect. This very idea went on to become the inspiration for Gandhi to lay the cornerstone for his own Civil Disobedience campaign.

The above examples drawn from literature highlight the common, underlying idea that human laws are not immutable, but subject to time, space, customs, and prevailing beliefs. They need constant scrutiny and modification if they are to serve their purpose and if, more importantly, justice is to be served.

Gandhian Methods: Spiritual Means to Attain Legal Ends

As we know from our freedom struggle, Gandhi was a constitutionalist, but he became the most celebrated law-breaker in history. How did this happen? If human laws are found totally unjust and oppressive when measured against higher laws, Gandhi believe that one must disobey them. This is precisely what he did, gladly bearing the punishment. He became a prisoner of conscience, spending a total of over eleven years in colonial prisons. He was arrested frequently, on one occasion thrice in four days! But it was the British Empire which was on trial, not he. As a truthful, moral, and upright person, he was telling

the world that in an unjust society, the best place for an honest man was the jail. In a discourse of Law and Spirituality, the work of Gandhi to raise voice and gather mass support against the despotic British law is too distinguished and memorable to be forgotten.

Gandhi is most popularly known for how he shook the very foundations of the British Empire that ruled more than 1/4th of the entire land mass in the world by his simple but powerful grassroots method of *Satyagraha*. The word *'Satyagraha'* is a compound of two Sanskrit nouns, 'Satya' meaning 'Truth' and *'Agraha'* meaning 'insistence.' To insist on truth was the Gandhian way. If it necessitated the breaking of unjust laws, he did not hesitate to do so.[12] Unfortunately, today, we have trivialised *Satyagraha.* We have become a culture of protesters, demanding even unfair and unjust things – *andolanjeevis,* professional protesters as one of our national leaders put it. But for Gandhi, *'Satyagraha'* meant 'Truth-Force,' which he also called "love-force or soul-force". In his autobiography, *My Experiments With Truth,* Gandhi confessed that he derived moral and spiritual guidance from Bhagavad-Gita.[13]

The Mahabharata, of which the Gita is a part, famously says, "Ahimsaparamodharmah" – non-injury is the supreme Dharma. But our ultimate duty is to safeguard the *dharma* itself. Only then will *dharma* also protect us: धर्मो रक्षति रक्षितः, as the Manava Dharmashastra (8.15) puts it: "Those who protect Dharma are protected by the Dharma." Gandhi was able to use non-violent resistance to morally compel the colonial government not only to change its laws, but eventually to leave India. Today, his methods are used in many parts of the world by those who wish to exert pressure on their own governments to change.

Gandhi believed that ruling and governance not be limited to the elites of the society. Self-rule or *svaraj* meant that the entire community had to be uplifted and enlightened. For these very reasons, Gandhi, along with Mrs. Kasturba Gandhi, conducted many experiments and rural development projects all over India.[14] In his seminal work, *Hind Swaraj* (1909), he spoke at length of his idea of an ideal society, based on truth and non-violence. Gandhi also criticised lawyers, although he was himself a barrister, for fleecing their clients and doing little to resolve disputes. The fact that Gandhi's call for Satyagraha was well received by the Indian people is enough to prove that Indian society is *dharmic,* rather than legal in its orientation. What is noteworthy here is that the Indian populace could accept and act on a path shown by Gandhi because it felt organically and intrinsically a part of Indian culture and society.

Gandhi's ideal was to make India a self-governing and *dharmic* society. The living example of this is how, even today, we are one of the least policed, criminalised, or legalised society per capita. Dozens of villages may have just one police station, with only 2-3 law enforcement officers keeping the peace with just sticks and bicycles. How is this possible? It is because the populace is quite capable of regulating and governing their internal matters at the local level itself. That is also the reason why legal recourse is not only frowned upon but is looked down upon as something artificial, foreign, incomprehensible, not to mention enormously expensive and ruinous.

When you are truthful and follow *dharma,* you hardly need the law. In today's times, the state of affairs in India is such that a law-abiding citizen

in India becomes anxiety-stricken when approached by a policeman. What is he going to get me for, is the first question that pops up. Doesn't that tell us something? Law enforcement and the legal system have got a bad name. The reason? Right back to Mughal times, the office of the Kotwal was known for its corruption and extortion. Some of those bad practices continue which leads to lack of trust between the citizens and the legal system that is governing them. On the other hand, the intrinsic *dharmic* nature of India does not need an expansive and expensive apparatus of law to decide what is right and what is wrong for citizens. In a *dharmic* society, it becomes the first nature of citizens to act in alignment with righteousness. In other words, the connection between Spirituality and Law is that in a highly evolved and *dharmic* society, the latter is far less important. Instead, of increasing the number of courts, judges, and laws, we need to re-emphasise Dharma, which does not require an artificial and imposing judicial system.

What Can We Do?

We have already seen that we need to link law and spirituality because human laws can be deeply flawed. But there is also the urgent need to decolonise legal systems. Not only our own, but legal systems around the world are a legacy of the British or other European colonial powers. These systems carry their euro-centric features which are often inconsistent with the deep-seated value system and historical progression of our societies.

Therefore, there has been a longstanding demand to overhaul or amend our inherited laws and justice mechanisms. In addition to the civilisational mismatch, many laws inconsistent with the ground realities and practicalities of India have also come under scrutiny. For instance, in contemporary times, LGBTQ rights and scrapping of provisions of the sedition law have been at the forefront of these debates. Homosexuality was criminalised in Section 377 of the IPC during British rule. This decision to criminalise homosexuality was made to conform to Christian religious values although the practice was secretly rampant in the Church for centuries. There was an additional reason: to protect young, colonial males from predatory sexual marauders. The latter may still be found, as in Afghanistan, where "bachabazi," the practice of abusing pre-puberty boys still persists. Ancient Indian culture was far more sexually permissive. Same-sex love was not taboo, though it was not the norm.[15]

As to the sedition law, the Indian judiciary unites to question this tyrannical British law. Addressing Attorney General K.K. Venugopal and Solicitor General Tushar Mehta appearing for the Centre, Chief Justice of India, N. V. Ramana noted, "Sedition is a colonial law. It suppresses freedoms. It was used against Mahatma Gandhi, Tilak... Is this law necessary after 75 years of Independence?"

The reality is that despite the visible dissatisfaction with the colonial remnants in the Indian legal system, we are still following them although some of them are antiquated and unjust measures. India has inherited the laws that our own freedom fighters struggled against, often defied, broke and went to jail for. It is utterly poignant that some of those laws still persist in India. Under these "Rowlatt Act"[16] type of regulations the state can imprison and hold us for almost any length of time without having to justify

its position on such detention. Our colonial masters used these laws to stifle and subdue us. Unfortunately, the independent state of India is using these very laws, and more like them such as UAPA, MCOCA, AFSPA, and NSA, against its own citizens. Worse, every major political party, when in power, has taken recourse to them.

Even under the normal provisions of the law, a person may be arrested and detained, just for making a statement considered inflammatory. To offer a very recent example, Union Minister and Rajya Sabha MP and former CM of Maharashtra, Narayan Rane, was detained for his allegedly offensive remark against Maharashtra Chief Minister Uddhav Thackeray. He was charged with Section 153 (wantonly giving provocation with intent to cause riot, if rioting be committed, if not committed) and 505 (statements conducing to public mischief) of the IPC. This event brings to light the opacity and unintelligibility in the legacy of the British legal system as can also be seen from the fact that not once in the history did the collegium of the Supreme Court elevate a single professor of law or a notable jurist to the rank of a judge, despite having the powers to do so.[17]

Dharma, Law, and Contemporary Challenges

Law emanates from morality or Dharma, not the other way round. You can have Dharma without law, but never law without Dharma. Moreover, as we know only too well, Dharma and morality are never static.[18] They change with time, space, and circumstances. Take for example today's debate over imposition of Sharia Law in Afghanistan. The Sharia was codified many centuries ago. Most would consider it not suitable for current times. Arguably, both Judaic and Islamic laws go all the way back to Hammurabi's Code,[19] with its principle of "lex talionis" or retaliatory justice, commonly known as "an eye for an eye and a tooth for a tooth."

Gandhi famously said that such a law would render most of the world blind. However, harsh punishments such as cutting off limbs for stealing or stoning to death for adultery are still in vogue in some societies. Long ago, even Jesus Christ discouraged such harsh and inhuman punishments. In the Bible[20] there is a famous passage when Jesus intervenes to stop a group of people from stoning a woman for adultery. Jesus says, "He that is without sin among you, let him first cast a stone at her" (John 8:7 KJV). Clearly, the counter-argument against these primitive laws is that they violate human rights. Moreover, penal action cannot justify excessive violence or cruelty. To consider manmade law as immutable or permanent is, therefore, undesirable and retrogressive. It puts human law in conflict with the higher law, which we may term natural or divine law.

Taking such examples from scriptures, religious codes, and history, we can draw the inference that man-made laws are not perfect because man is not perfect. Our laws have to be measured against higher laws to come to a more reasonable interpretation and application of law that actually serves human beings. A purely legalistic and normatively overdetermined system, with an endless array of mandates and caveats, does not align with the inherent ethics and moral inclinations of a given society. An overly positivist approach to law is not only unnatural but also defeats the purpose of having law and legal

framework itself. In that light, it was observed by Justice P. N. Bhagwati in the Hussainara Khatoon case,[21]

Today, unfortunately, in our country the poor are priced out of the judicial system with the result that they are losing faith in the capacity of our legal system to bring about changes in their life conditions and to deliver justice to them... The law is regarded by them as something mysterious and forbidding– always taking something away from them and not as a positive and constructive social device for changing the social economic order and improving their life conditions by conferring rights and benefits on them. The result is that the legal system has lost its credibility for the weaker sections of the community.

If we read this excerpt in the light of what I have stated earlier, we will find that the emphasis on self-regulation and Dharma will save us from endless and incomprehensible legal procedures, extortionate litigation, and delayed justice. Instead, a responsible citizenry, vigilant about each other's rights and welfare, will result in overall good governance and peaceful society.

Attempts have been made to incorporate traditional methods in judicial remedies and mechanism, and such attempts have had favourable results. Lok Adalat[22] is an example. Similarly, if we resort to mediation before and arbitration after litigation, we will reduce the endless pile of pendency in our courts. Such mechanisms will provide citizens with expedient, inexpensive, and less tedious means of legal redressal. But, even more importantly, if we weave the social and legal fabric with the unbreakable threads of *dharma,* we would not even need to reach the pretrial stage. That is because no one would wrong another and thus no one would have to suffer needlessly. Of course, this is the ideal state and does not obtain anywhere in the world at present. But it is substantially evident that wherever people are more Dharmic, crime, lawlessness, and violence are mitigated. That is what the idea of Ram Rajya signified originally and whose connotations were revived by Mahatma Gandhi during the freedom struggle.

Delimitation: Breaking or Building the Wall?

To avoid misunderstanding, let me clarify that this paper is not advocating a case for the abolition of law. Law cannot and should not cease to be in our times. There are institutions of modern-day society which require laws and robust enforcement mechanism. International business will not invest, let alone flourish, in India without well-defined statutes and enforceable contracts. The case of the reversal of the palpably unjust and unsustainable retrospective taxation clause is a good example Though the Indian government stands to lose over a billion dollars, we have saved our face and reputation as a country where laws are not changed retroactively and arbitrarily. We suffered enough by driving out Coke and IBM in 1977; such pseudo-socialistic measures need not be repeated under the guise of *Swadeshi* or *Atmanirbhar* Bharat. Rather, our resilience and reliability can be built only on a culture of excellence and ability to compete globally.

Similarly, the entire legal framework of Company Law, Intellectual Property Law, Taxation Law, Information & Technology Law, Media Law, and so on are absolutely required today as are civil and criminal law. What is

attempted to being conveyed is that human wellbeing and welfare cannot be ensured only from outside. Instead, an inside-out transformation is the Indian way. This is where Dharma and spirituality come into the picture. When we become better human beings, we will also become less conflicted and contentious. Direct and speedy resolutions of disputes in such a society will be a matter of daily practice rather than protracted and, oftentimes, fruitless litigation.

In a *dharmic* society that India is, there is oneness in how one sees our fellow human beings. In such a view, the odds to inflict any type of harm and distress to others reduces dramatically. If 95 percent of the people follow Dharma, then the law can deal with the 5% who don't. Religions were invented by humans as codes to regulate human conduct. As the noted Jewish historian, Yuval Noah Harari in his much-celebrated book, *Sapiens*[23] puts it:

In order to survive, the inhabitants of a particular valley needed to understand the superhuman order that regulated their valley, and to adjust their behaviour accordingly. It was pointless to try to convince the inhabitants of some distant valley to follow the same rules. The people of Indus did not bother to send missionaries to the Ganges to convince locals there…Being communicated with one another directly and negotiated the rules governing their shared habitat.

Even before the advent of Islamic or European invaders, Indians were capable of regulating their internal matters and community affairs from time immemorial as can be seen from India being the hallmark of civilisations, cultures and traditions. Assimilation of European legal modules, theories and institutions have neither fully derailed things nor destroyed the traditional Dharmic framework of our civilisation. The challenge is only to realign ourselves and our legal framework to our age-old Dharma. This is exactly what Gandhi advocated in Hind Swaraj.

Conclusion: From Dharma to Moksha

We have delved into spirituality mostly in terms of Dharma, but before we close, we can go even deeper, towards Moksha, or liberation. The purpose of human life is maximum freedom. Freedom from wants, cares, suffering—even freedom from bodily limitations and death. India is a country of seekers, not of believers. What this means is that we ask innumerable questions and find innumerable answers to them. We look for better and better ways to be human as also to exceed and transcend our humanity.

Towards that end, let us briefly examine the paradox that the topic "Law and Spirituality" presents. One view is that they belong to two entirely different realms, as the Biblical injunction found in the synoptic gospels, "Render unto Caesar the things that are Caesar's, and unto God the things that are God's" (Ἀπόδοτε οὐν τά Καίσαρος Καίσαρι καί τά Θεύ τώ Θεώ) [Matthew 22:21, KJV]. Law belongs to the practical aspect of life and spirituality belongs to what is beyond whatever our senses can grasp. In this regard, there is a hard position, as suggested above, that separates these two and an equally hard contrary position in which both belong to the same world, without separation, as we find in some schools of Islamic jurisprudence. Believing that Law and Spirituality are interconnected but not identical, I

take the intermediate position. I say this because you need practical wisdom to succeed in the world. For a *grihasta* or householder, *aparigraha,*[24] would be disastrous. But, by the same token, success in the world does not guarantee true happiness either. If it did, why would the rich be miserable, to the extent even of committing suicide?

My experience tells me that those who do not have what it takes to succeed in the world rarely do well on the spiritual path either. Why is this the case? That is because to achieve *siddhi* or victory on the latter path is even harder, requiring more energy, expertise, application, dedication, and persistence than attaining worldly success. And why not? When the rewards are reportedly and reputedly greater?

That is why in India we evolved the idea of the four *purusharthas* or the cardinal aims of human existence, namely, *dharma* (righteousness and virtuous conduct), *artha* (money and power), *kama* (pleasure and satisfaction), moksha (liberation and freedom from suffering).[25] The nature of dharma and moksha bears on the theme beyond the physical realm, while *artha* and *kama* are the vehicle of finding our way through that physical realm. In order to combine Law and Spirituality, let us take *dharma* and *moksha* on one side, and *kama* and *artha* on the other side. You will see that we need both in order to develop our full potential and to find happiness in the here and now, as well as achieve freedom from fear, whether of suffering or death. As long as we are afraid to suffer, we can never be free. Therefore, upon conjoining the two, we can pave our way to more holistic human flourishing.

That is why I say, instead of litigation, go towards arbitration; instead of arbitration, go towards mediation; instead of mediation, go towards discussion; instead of discussion go towards spirituality. Then we can reach to the higher truths, doing away with our inter-personal as well as intra-personal conflicts. We learn to accept others as they are rather than insisting on making them the way we want them to be. We also learn to accept the world as it is, without giving up our duty to make it a better place.

So rich and effective is spirituality in awakening our higher senses and intelligence that India invented and curated myriad yogic and other practices to align the physical, vital, mental, psychic and spiritual dimensions of our being. This fivefold integral yoga by Sri Aurobindo[26] is one such well known works of spiritual and yogic practice. I highlight this because I believe that each one of us has a *'shakti punj'* (source of energy) within us. And by channelizing this energy in the right direction and with good intentions, we can unlock a higher realm of existence where everyone means well for fellow human beings and the need for positive, rule-based law will be in perfect harmony but not supersede natural law and divine law.

If society is spiritualised, law will also not be untouched from such a reform. Because, as stated earlier, law adjusts itself according to the needs and priorities of the society. This would reduce crime, violence and overall lawlessness, which, in turn, would reduce the need for litigation. Hence, spiritualising the society to address our interrelations with each other is the most feasible and attractive way to secure equity and fraternity, not to mention reducing the burden on our already over-loaded and unwieldy justice system.

The "Golden Rule," "Do unto others as you would have them do unto you," uttered in this form by Jesus in "The Sermon on the Mount," is found in some form or the other in all traditions.[27] As a negative injunction, attributed to Confucius, it is equally effective: "Do not do to others what you do not want them to do to you." Although absolute non-violence is not possible because life feeds on life, but we can certainly forswear the intention to hurt others. If out of 7.9 billion people on the planet, even if one billion internalise and practice spirituality, the world would be a completely different place.

Finally, in a spiritualised world, there is more meaning to life because now nobody is living solely for themselves. Spirituality is capable of bringing communities together and unifying them in mutually satisfying and enhancing partnership.

India won its *svaraj* from British rule, at least in terms of political independence, nearly 75 years ago. But has it also attained *suraaj* – good governance, leading to a society in which the well-being of all is ensured? When it comes to our legal system, how many common citizens feel protected and safe under it? Are cases resolves speedily, justice dispensed in a timely and fair manner? How much trust is there between the rulers and the ruled, although the former are supposed to serve the latter? Such questions do not have simple answers. We are a nation in the making, a society still being re-formed after centuries of oppression and destruction. We cannot be too harsh in our self-criticism, but rather demonstrate patience and faith in the destiny of India. But if the Dharmic foundations of our society are strengthened and if our society is spiritualised, attaining suraaj in addition to svaraj, will not remain a dream. It will become a reality.

Let me end with the famous assurance that occurs no less than eleven times in the Mahabharat: यतो धर्मस्ततो जयः (Yato Dharmas tato Jayah). It means, "Where there is Dharma, there will be Victory." This is also the motto of the Supreme Court of India.

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1 *This paper is an edited and reworked transcript of a keynote address that I delivered in a virtual conference organised by the Delhi University Law Faculty at their Campus Law Centre. It was transcribed by Ms. Vanshika Sulaniya. She also inserted references where she felt them necessary. My thanks to her for her diligent inputs and hard work. I am grateful to Dr Seema Singh for both inviting me to give the talk and pushing for its revision and publication.*

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Ancient Indian Knowledge Systems and their Relevance Today – With an Emphasis on Arthaśāstra

A P Singh*

"We owe a lot to the ancient Indians, teaching us how to count. Without which most modern scientific discoveries would have been impossible" ~ Albert Einstein

Indian civilisation has accorded immense importance to knowledge — its amazingly vast body of intellectual texts, the world's largest collection of manuscripts, its attested tradition of texts, thinkers, and schools in so many domains of knowledge. In Srimad Bhagavad Gita, 4.33,37-38, Lord Krishna tells Arjuna that knowledge is the great purifier and liberator of the self. India's knowledge tradition is ancient and uninterrupted like the flow of the river Ganga, from the Vedas (Upanishads) to Sri Aurobindo, knowledge has been at the centre of all inquiry.

The entire body of organised knowledge is divided into two sets in the Mundakopanisad — *pars* vidya and *apara* vidya (Mundakopanisad, 1.1.4), knowledge of the ultimate principle, *paramatma* or *Brahman* i.e., the metaphysical domain, and knowledge that is secondary to how one grasps *aksara-Brahman* i.e., worldly knowledge. Accordingly, a distinction is made between *jnana* and *vijnana,* the knowledge of facts of the perceptible world. Over time, knowledge of different domains has been institutionalised into disciplines, or vidya and crafts, or kala. Indian disciplinary formations include fields as diverse as philosophy, architecture, grammar, mathematics, astronomy, metrics, sociology *(dharmasastra),* economy and polity *(arthaśāstra),* ethics *(nitishastra),* geography, logic, military science, weaponry, agriculture, mining, trade and commerce, metallurgy, mining, shipbuilding, medicine, poetics, biology, and veterinary science. In each of these, a continuous and cumulative series of texts continues to be available despite the widespread loss and historically recorded destruction.

Tradition mentions 18 major *vidyas,* or theoretical disciplines; and 64 kalas, applied or vocational disciplines, crafts. The 18 vidyas are: the four Vedas, the four subsidiary Vedas (*Ayurveda* – medicine, *Dhanurveda* – weaponry, *Gandharvaveda* – music and *Silpa* – architecture), Purana, Nyaya, Mimamsa, Dharmasastra and Vedanga, the six auxiliary sciences, phonetics, grammar, metre, astronomy, ritual, and philology — these formed the basis of the 18 sciences in ancient India. As far as the applied sciences are concerned, there are competing enumerations of 64.[1]

The first thing to note is the constructivist dimension of Indian thought. At one time in its intellectual history, from 1000 BCE to almost CE

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600, the Indian mind, it appears, was deeply immersed in empire-building, both of the *terra firma* and the *terra cognita*. Few cultures can show such wide-ranging, structured systems of ideas in almost all spheres of human life as witnessed in India during this phase. This led to the generation of a vast stock of ideas, which imprinted itself on the Indian mind making it naturally reflective and ideational.

The ancient Indian masters of politics – Kautilya, Bhīma, or Vidura – always followed the path of realpolitik over political ideologies. However, there were definite principles and theories upon which the foundation of the Classical Indian polity was based. The specific vidya or branch of Indian knowledge systems dedicated to the discussions of those principles, theories, and experience-based prescriptions was called *dandaniti,* the other three *vidyas* being *ānvīkikī, trayī, and vārtā*. This four-fold division is mentioned in Kautilya's Arthaśāstra 1.2.1 (Kangle 1960). Each of the *vidyas* has one or more lineage of masters who have created multiple schools of thought, thus preserving, expanding, and proliferating the Indian knowledge systems. For *dandaniti,* the traditionally celebrated masters or *acaryas* are Bhaspati, Śukra, Uśanas, Bhīṣma, Kauilya, Kāmandaka, to name a few.

Among these masters, Bhisma's teachings throughout the Shanti Parva and the *Anushasana Parva* of Vyasa's Mahābhārata stand out as an exhaustive commentary on this unique paradigm of assimilating and practicing power, polity, politics, and administration. In the extent of its treatment of *dandaniti,* it is paralleled only by the Arthaśāstra.[2]

It is now accepted that western criteria are not the sole benchmark by which other knowledge systems should be evaluated. While the term 'traditional' often implies 'primitive' or 'outdated', many of the traditional sciences and technologies were quite advanced[3] even by present-day standards and better adapted to unique local conditions and needs than their 'modern' alternatives.

The United Nations defines 'Traditional Knowledge Systems' as:

"Traditional knowledge or local knowledge is a record of human achievement in comprehending the complexities of life and survival in often unfriendly environments. Traditional knowledge, which may be technical, social, organisational, or cultural was obtained as part of the great human experiment of survival and development."[4]

Laura Nader describes the purpose of studying Traditional Knowledge Systems (TKS): *"The point is to open up people's minds to other ways of looking and questioning, to change knowledge attitudes, to reframe the organisation of science — to formulate a way of thinking globally about traditions."*

Modern science perhaps dates to Newton's times. But Traditional Knowledge Systems (TKS) date since more than 2 million years, when Homo *habilis* started making his tools and interacting with nature.[5] Since the dawn of history, different peoples have contributed to different branches of science and technology, often in a manner involving interactive contacts across cultures separated by large distances. This interactive influence is becoming clearer as the vast extent of global trade and cultural migration across vast distances is being recognised by researchers.

Not only in the field of *dandaniti* and *rajadharma,* the Indian civilisation also had a strong tradition of science and technology. Ancient India was a land of sages and seers as well as a land of scholars and scientists.[6] Research has shown that from making the best steel in the world to teaching the world to count, India actively contributed to the field of science and technology centuries before modern laboratories were established. Many theories and techniques discovered by the ancient Indians have created and strengthened the fundamentals of modern science and technology. However, the vast and significant contributions made by the Indian sub-continent have been ignored. The British colonisers could never accept the fact that Indians were highly civilised even in the third millennium BCE when the British were still in a barbarian stage. Such acknowledgement would destroy the civilising mission of Europe that provided the intellectual justification for colonisation.

British Indologists did not study TKS, except to quietly document them as systems competing with their own and to facilitate the transfer of technology into Britain's industrial revolution.[7] What was found valuable was quickly appropriated, and its Indian manufacturers were forced out of business, and this was in many instances justified as civilising them. Meanwhile, a new history of India was fabricated to ensure that present and future generations of mentally colonised people would believe in the inferiority of their ancient knowledge and the superiority of the western 'modern' knowledge. This has been called 'Macaulayism', named after Lord Macaulay, who successfully championed this colonial strategy from the 1830s.[3]

Arthaśāstra

Kautilya (also known as Chanakya or Vishnugupta) was the Chief Minister and the brain behind King Chandra Gupta Maurya (317-293 BCE), which led to consolidation of the Mauryan empire and ushered in the Golden Age of India. It also put an end to the threat by the successors of King Alexander. The strategy helped in uniting the whole Indian sub-continent and sowed the seeds for the concept of the Indian nation. The Mauryan Empire not only spread across the sub-continent but extended in the west till the Persian border and to Myanmar (erstwhile Burma) in the east. The strategy propounded by Kautilya was the treatise Arthaśāstra, a comprehensive compendium of the art of ruling a kingdom and defeating one's enemies. Verse 1.1.19 states that "this work easy to learn and understand, precise in doctrine, sense and wordiness, has been composed by Kautilya" lays to rest doubts about the authorship of this treatise. Moreover, Kautilya states right at the beginning that Arthaśāstra is a compendium of similar treatises written by earlier teachers. Subsequent works like Kamandaka's Nitisara, Dandin's Dashakumaracharita, Vishakhadatta's Mudrarakshasha, and Banabhatta's Kadambari give credence to the traditional Arthaśāstra's dating and authorship.[8]

The Arthaśāstra was very influential in ancient India up to the 12th century CE, after which it faded away. The text, however, was rediscovered in 1904 by Dr R Shama Shastri and was published in English in 1915.

Dr RP Kangle (Kangle 1960) in his study, "The Kautilya Arthaśāstra", points out on the relevance of Kautilya in the modern era, "We still have the same distrust of one nation by another,

the same pursuit of its interest by every nation tempered only by the considerations of expediency, the same effort to secure alliances with the same disregard of them in self-interest". It is difficult to see how rivalry and the struggle for supremacy between nations can be avoided or how the teachings of Arthaśāstra based on these basic facts can ever become superfluous. Historically, neither the formation of the League of Nations nor later the United Nations Organization has transformed the world as envisaged. Hence, the Arthaśāstra and its basic tenets would continue to remain relevant in the foreseeable future.[9]

The Arthaśāstra is a vast compendium comprising 15 books, which are divided into 150 chapters, 180 sections and 6000 shlokas. The Sanskrit meaning of *Arth* is wealth, but Kautilya's meaning encompasses a much wider canvas. The wealth of a nation has two major pillars – its territory and its subjects. The treatise is essentially a treatise on the art of governance and covers all aspects required for a society to function internally, and as a nation-state in its relations externally. Thus, at the macro level, the topics covered a span from statecraft, war to diplomacy. At the other end of the spectrum, micromanagement of the state is also covered in detail, e.g., revenue sources and taxation, commodity prices and their taxes, standardisation of weights and measures, the organisation of the army, descriptions of forts and defences. Interestingly, there exists a very prominent mention of the Navy as it has mentioned the 'superintendent of ships' in Book II. Kautilya may have foreseen the importance of a seaborne force and a Navy.

Kautilya's treatise in many ways reflects the complexity of the present world. The problems of his times continue to exist, though in a more magnified manner. Heinrich Zimmer describes it aptly, "One feels inclined to bestow new and deep respect on the genius who at that early period recognised and elucidated the basic forces and situations that were to remain perennial in the human political field. The same style of Indian thought that invented the game of chess grasped with profound insight the rules of this larger game of power. And these are rules that cannot be disregarded by anyone seriously preparing to enter the field of political action, whether for motives of rugged individualism or in order to take the world in his hands."[10] Kautilya wasn't just a strategist, he was a guru, a researcher, and an inspiring thought leader. He is among the foremost expert on leadership and good governance the world has known.

On military strategy, the principles enunciated by Kautilya are as relevant today as they were when they were written. He considered statecraft and military strategy to be inseparable and that warfare was an integral part of it. Military strategy has been dealt with extensively, covering various aspects of deceit, training, planning, to the conduct of actual warfare. The king is advised to assess the interests of the state before embarking on a campaign by considering eight crucial factors, which would ensure that the gains outweigh the losses. In addition to quantifiable parameters, these factors cautioned against the likelihood of revolts and rebellion in the rear, and on dangers like treachery during the campaign. Great importance was given to internal security and Kautilya emphasised that threats to national

security must be eliminated at any cost. He reasoned that internal stability was essential for the economic well-being of the state.

To ensure internal and external security, Kautilya wanted a network of spies operating within the state, and in enemy states. He was among the initial proponents of intrigue, covert operations, and using diplomatic offensives as instruments of state policy. Detailed descriptions of espionage and counter-espionage activities set this work apart from any other political treatise. All these ideas are relevant and practiced even today.

Arthaśāstra laid down the prime responsibilities of a king – protection of the state from external aggression and expansion of its territory by conquest. To achieve these aims, he specified four types of warfare:

- Mantrayuddha or war by counsel through the exercise of diplomacy. This option was to be exercised when the king was in a weaker position compared to his opponent.
- Prakasayuddha or conventional warfare. This was to be used when the king is in an advantageous position.
- Kutayuddha or concealed warfare, also known as guerrilla warfare. This warfare includes psychological warfare and activating agents in the enemy camp.
- Gudayuddha or clandestine war. As the name suggests, the aim is achieved through covert means. The state does not publicly display any signs of aggression but spreads propaganda and disinformation behind enemy lines through covert means. Roger Boesche has said in his book on Arthaśāstra that *"silent war is a kind of fighting that no other thinker I know of has discussed"*.

For ensuring a successful military strategy, Kautilya has covered in detail the organisation and management of the army. Crucial to the success of the army, he emphasises the traits required by its leadership. Interestingly, he called for the army to function under civil supremacy and made the organisation function efficiently through smooth coordination between its components. Kautilya even went into such details as specifying 34 types of adversities that an army could face. These remain largely relevant even today, as does the basic organisation he proposed, with modifications for incorporating modern-day challenges and technology.

Kautilya was a proponent of the Realist school of thought, which advised maximising power through political rather than military means. He believed in realpolitik and that ends justified the means, including the use of ruse, deceit, cunning and subterfuge. He justifies going to war by the natural enemy concept which states that if the enemy is not eliminated, the enemy will eliminate the state/king at some point in time.

Modern warfare is not restricted to the actual conflict alone. Rather, it encompasses the military, political, economic and diplomatic aspects. War or conflict has two distinct characteristics. One represents progress and change, and the other represents constancy and permanency. On one hand, the dynamics of progress and change depend much upon a commander's imagination, innovativeness, grasp of technology and complexity. While on the other, the Arthaśāstra is testimony to the constant and unchanging nature of war. Studies of military

history show that certain features constantly recur; that certain relations between the type of action and success often produce similar results; that certain circumstances have time and again proved decisive. Past is the prologue of the future, underscores the relevance and significance of studies of military history such as propagated by the Arthaśāstra or other ancient texts.[11]

Military strategy comprises statecraft, diplomacy, and warfare. Warfare comprises of two characteristics – one remains permanent over time, while the other keeps changing and evolving with progress and technology. The changing component also depends on the quality of leadership at any given time. The permanent characteristics of warfare are those which are studied through military history, which provides lessons for future warfare/situations. This brings out the relevance of ancient texts like Arthaśāstra in the current context.

Status of Incorporation of Ancient Texts in the Armed Forces

The Indian Army has been at the forefront in this regard and has been studying the relevance of ancient scriptures to modern warfare. The Army War College, Mhow brought out a paper in 2016 titled, "Interpreting Ancient India's Strategic Military Culture", which took examples from different texts to correlate aspects of statecraft and warfare in ancient and present times. The study noted that "Indigenous strategic thoughts and art of war found in the Arthaśāstra, Mahabharata and other literature are not only organic to Indian psyche but are also relevant even in today's context". 7 The paper also listed other scriptures for study, like Dhanurveda – which talks about military strategy, tactics, organization, and training of defence personnel, military arrays, divisions of fighting, equipment, weapons etc. The paper also studied the evolution of military strategy in India and emphasized the information warfare strategy by Kautilya, the Indian art of war and foreign policy.

Another text mentioned in the paper was the Manusmriti, where Chapter 7 dealt with statecraft, organisation and function of the army, description of forts, and firearms in the *Shukraniti,* authored by sage Shukracharya; and the Puranas like Agni Purana, Brahma Purana and Brahmanda Purana which deal with diplomacy and warfare.[12]

There has been a push towards "Indianisation" of the Indian military and at the Combined Commanders Conference held in Kevadia, Gujarat, in March 2021, Prime Minister Narendra Modi had stressed greater indigenisation in the national security apparatus, including in the doctrines and customs of the Armed Forces.[13]

Consequently, Headquarters Integrated Defence Staff sponsored a study, "Attributes of Ancient Indian Culture and Warfare Techniques and its incorporation in present-day strategic thinking and training" at the College of Defence Management (CDM), Hyderabad. The study focused on ancient Indian texts Arthaśāstra, Bhagavad Gita and Thirukkural, and it termed Kautilya's Arthaśāstra a "treasure trove" for the Armed Forces. The study brought out that these texts were relevant in the present-day context concerning leadership, warfare, and strategic thinking. The study, published in 2021, recommended incorporating relevant teachings from ancient Indian texts such as Kautilya's Arthaśāstra and Bhagavad Gita into the current

military training curriculum. The study has also suggested establishing an 'Indian Culture Study Forum' on the lines of those existing in Pakistan and China, for carrying out further research.

The study also recommended further study of ancient texts such as Manusmriti, Nitisara and Mahabharata, and to conduct periodic workshops and annual seminars on lessons from ancient Indian culture and texts for the Armed Forces. It proposed making CDM a Centre for Excellence in Indian Cultural Studies and to incorporate this knowledge as part of the formal training curriculum in military institutions.

More recently, the Chief of Army Staff (COAS) General MM Naravane, on 27 January 2022, while delivering the keynote address at the annual seminar on National Security at the College of Defence Management (CDM), emphasised using the vast repository of ancient knowledge available, which could enhance current strategic thinking. He stressed on the application of this knowledge in conjunction with an understanding of contemporary situations and battle-space architecture. This would aid in formulating more efficient solutions for resolving present-day challenges. He further pointed out that India must look for meeting its security concerns through realpolitik in the current geo-strategic environment. In this context, ancient Indian knowledge on statecraft and military strategy propounded millennia ago remains relevant even today. The General stressed about the need for indigenisation and *atmanirbharta* and said that this is equally relevant in our thought process, as it is for weapons and equipment. The requirement, therefore, is to develop Indian perspectives to meet our challenges, based on our ancient texts, moderated by current concepts. He further mentioned that the armed forces had taken up an exploratory project to examine the relevance of these texts to meet contemporary security challenges.[14]

Conclusion

China's contributions to the global knowledge pool are widely acknowledged. Arab scholars have ensured that the important role played by Islamic countries in the transmission of ideas and inventions to Europe is common knowledge. However, in the latter case, many discoveries made in ancient India are often depicted as being of Arab origin, though the Arabs only re-transmitted to Europe what they had learnt in India. Even post-Independence, such distortion of facts continues to prevail, negatively impacting appreciation of ancient Indian knowledge. To a large extent, India's intellectual elite continues to promote pre-colonial India as being feudalistic, superstitious, irrational and lacking scientific temper. This notion has led to an entrenched prejudice against our indigenous knowledge systems in contemporary society. A major reason for this prevalent notion is India's flawed education system, which has subverted the projection of ancient Indian knowledge and scientific achievements in its curricula. Thus, even when facts are presented, few in the west or amongst the elitist Indians, are willing to believe them, as stereotypes about India are deeply entrenched.[3]

The study of warfare in ancient Indian texts examines the permanent qualities of human nature, in the dynamic technological dimensions of military conflict. The question thus arises about

Kautilya's relevance in the present. 7 He remains an exception in the ancient, as well as in the modern world, as being the sole strategist who was able to translate his tenets into practice, leading to the creation of a huge empire. The Arthaśāstra covers every topic required for running a country, most of them continuing to be relevant even today. Shiv Shankar Menon, former National Security Advisor, during a seminar by IDSA in 2013, had summed up the relevance of Arthaśāstra by stating, "The concepts and ways of thinking that the Arthaśāstra reveals is useful, because, in many ways, the world which we face today is similar to that in which Kautilya operated in when he built the Mauryan Empire to greatness."[15]

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BOOK REVIEW

RESURGENT BHARAT AND OTHER ISSUES: AN ANTHOLOGY OF ESSAYS

Author: Jay Bhattacharjee

Publisher: Garuda Prakasan

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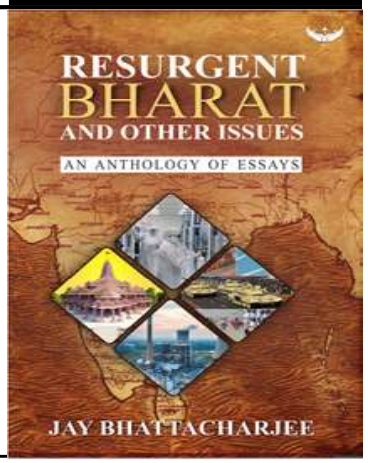
Price: Rs 549, *paperback*

Book Review by Dhruv C Katoch*



There is an inherent strength and resilience in the people of Bharat. Despite being subjected to repeated foreign invasions since the eighth century, vandalised and colonised in part, this ancient civilisation could never be subdued nor vanquished. Like a phoenix, it rose, time and time again, and while all other civilisations crumbled and disappeared with the ravages of time, Bharat today, is the only ancient civilisation which remains. This, by itself, bespeaks of the inherent civilisational and cultural strength of this ancient land.

What the conquerers attempted to do was to erase both the knowledge base as well as the cultural heritage of the people of Bharat and replace the same with alien concepts. This was power play at its worst, which led to the destruction of India's centres of learning and places of worship. The British rule over India, which started with the arrival of the East India Company, was focussed on wiping out all traces of Indian civilisation and in looting and plundering the land. But the narrative they spun was one of carrying out a noble and civilising mission. Earlier, the invasions from the Arabs and others, which began in the eighth century, were equally ruthless and focussed on destruction, loot and plunder. While Bharat's cultural and spiritual edifice survived due to its inherent resilience, the psyche of the people was somewhat dented. Post-independence, the process of rejuvenation and rediscovery began, but it found resistance from vested interests within the country.

The book, "Resurgent Bharat and Other Issues" by Jay Bhattacharjee represents the narrative of a resurgent Bharat, and the challenges which Bharat—an old civilisation but a young nation state— faces from within as well as from external inimical forces. Essentially, it is a battle of narratives, which encompasses the very idea of what India was, is, and what she seeks to be. Since independence, the narrative which was spun out for the masses was written by historians who had a leftist and Islamist bent of mind. The narrative was a continuation of what the Islamic invaders and later the British had instituted into the public discourse. Events were viewed from the perspective of the invaders and not from the viewpoint of the indigenous people. This was a deliberate attempt by the ruling clique, who perhaps

*Maj. Gen. Dhruv C. Katoch is Editor, India Foundation Journal and Director, India Foundation.

themselves had been psychologically debilitated and could see little good in their own culture and civilisation. Consequently, any attempt to view events through the Indian perspective was not only derided but deliberately stifled and those espousing such views were denied a voice in the corridors of power and in our educational institutions. India's left leaning elite was determined to wipe out all vestiges of India's cultural past and the demand of electoral politics aligned the ruling party with such forces.

But despite the fact that attempts were made to stifle the voice of those propagating a nationalist narrative, such voices continued to grow. Today, many decades post-independence, the voice of Bharat has finally emerged, strong and clear. Much of the credit for this turnaround goes to authors like Jay Bhattacharjee, who has done yeoman service to the country by speaking out for Bharat's spiritual and cultural ethos, despite facing severe opposition to his views, especially from the Lutyen's coterie. This coterie is not confined to the municipal limits of the Lutyens Zone, nor can all the inhabitants of this geographical space be so described. Rather, it refers to people exhibiting a particular mindset, who have honed their skills in deriding their own culture and civilisation, an attribute that was mastered from the time of the Islamic invasions and later during British rule.

In this collection of essays by Jay Bhattacharjee, written over the last quarter of a century, the author has delved into multiple issues which are of concern to India. Understandably, Indic culture and civilisation along with the twists and turns of Indian politics, occupy a quarter of the space, for this is the edifice on which a vibrant Bharat has to be built. Ultimately, the issues which impact India are not just about development, jobs and good governance, but also about how we look at ourselves and at our history. Should India be held hostage to ideologies that seek to demean our culture, our heritage and our very way of life? Or should we reclaim with pride the ethos and spirit of a proud people, whose land was pillaged for a thousand years but whose spirit could not be subjugated? Here, Jay does yeoman service in awakening the mind through his very caustic essays, tinged with humour and at times a bit of acerbity. More importantly, by challenging those who continue to espouse the legacy of Macaulay, he forces the reader to think and question long held beliefs and opinions.

The collection of essays also includes the authors thoughts on religious issues which continue to inflame India, the state of the Indian economy, military and strategic issues and also on India's justice delivery—or rather the lack thereof. Some of the essays are tongue in cheek, hitting hard at the pompous and the servile who occupy high positions in the corridors of power and in society. But each essay makes the reader think and ponder, which is why this is a book that must be read and treasured. You may agree with the author or you may disagree with him. But it is not possible to ignore him. And that is the strength of this book.

For all those who have a strong desire and a penchant to see India as a great power, occupying its rightful place in history, this book will act as a strong motivator. Bharat is moving on…and so should you.

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