



Stalemate at WTO

U.S. obstructionism has worsened the developed-developing countries divide

The 11th biennial ministerial conference of the World Trade Organisation ended in a stalemate, with countries divided along industrial and developing lines. India is seeing the outcome as a partial success; none of its "offensive" interests were achieved, but its "defensive" interests remain protected. While India's push to ensure a consensus around a 'permanent solution' to the public stockpiling of food for food security purposes was thwarted by the U.S., the "peace clause", under which countries would not lodge complaints against developing country subsidies to meet their food security needs, remained in place. The failure of industrial countries to fast-track e-commerce talks, and commitments that reductions in fishing subsidies would not be discussed at least until the next ministerial in 2019, are being seen by India as points in its favour. The rift between advanced economies and the rest was apparent. Industrial countries have been keen on moving the agenda forward from development, which was the stated focus of the Doha Round that began in 2001. Developing countries want Doha Round commitments to be fulfilled before topics of interest to the West – such as e-commerce and market access for small enterprises – are discussed. The U.S. has said it wants to clarify its understanding of "development", and contended that members were using it to gain exemptions from rules, and that some of the richest countries (presumably in absolute and not per capita GDP terms) were claiming this status. It also issued a joint statement with the European Union and Japan, aimed primarily at China, on trade-distorting practices such as over-capacity and mandatory technology transfer policies, while India and China submitted a proposal to end the trade-distorting farm subsidies of Western nations.

President Donald Trump's disdain for multilateral forums and agreements, which he sees as opportunities for countries to take advantage of America, was reflected in Buenos Aires. U.S. Trade Representative Robert Lighthizer left before the conference concluded, leaving a leadership vacuum that his EU counterpart, Cecilia Malmström, unsuccessfully tried to fill. In fact, since Mr. Trump assumed office, the administration has blocked the reappointment of judges to the appellate body of the WTO, despite the U.S. being a frequent user of the dispute resolution mechanism. India rightly argued that while its GDP may be growing, the country has hundreds of millions living in poverty and without food security. While India can, and must, develop a multi-pronged approach to end hunger, it is correct to seek clarifications that its sovereign right to provide subsidies for food security is not compromised by the WTO. What has become clear in Buenos Aires is that India cannot rely on the Trump administration for support on crucial trade issues at multilateral forums.

Feed the cure

Giving TB patients money for an enhanced diet is a good step – but oversight is crucial

The Central TB Division has said the government would hand over a sum of ₹500 a month to each of India's 35 lakh diagnosed TB patients in order to strengthen the fight against the disease. The funds are intended to offset the loss of wages due to TB, and to help with travel and nutrition. Yet, much more needs to be done to protect TB patients from the effects of malnutrition, which has a complicated relationship with TB. An early study from a prisoner-of-war camp in Germany in the 1940s showed that Soviet inmates, who didn't receive extra rations from the Red Cross as their British counterparts did, were around 16 times more likely to develop the disease. Since then, evidence linking low body mass index and nutritional deficiencies with higher rates of disease has piled up. It is a vicious cycle, because TB itself triggers malnutrition by hurting the patient's appetite. One calculation suggests that half of all adult Indian TB patients get the disease due to malnutrition. Sadly, despite the evidence on the TB-diet link, it is still not clear how best to fix the problem, given the lack of research into interventions that can speed up recovery. A few small-scale studies have looked at cure rates among those patients consuming cereal-lentil powders or micronutrients such as Vitamin A and zinc, with mixed results.

But lack of data isn't a justification for inaction. In a guidance document this March, the Central TB Division proposed extensive interventions to tackle the problem. One recommendation was to double the rations under the public distribution system to families of TB patients, so that they are less likely to contract the disease. Because TB patients also need a high protein intake, the document recommends a second set of supplements, such as oilseeds and dried milk powder, which they wouldn't have to share with the family. Given these recommendations and the scale of India's malnutrition problem, the proposed assistance of ₹500 may not make any dent, especially if patients are not counselled on their ideal diet. India needs to fine-tune these interventions with further evidence so that policy can be more precisely targeted. Do pre-packaged protein powders work better than rations of cereals and pulses? Do TB patients need more of certain vitamins and minerals than healthy people do? These are difficult questions to answer. A recently announced 2000-subject study by the Indian Council of Medical Research in Jharkhand may go some way in plugging this knowledge gap, but more research is required. A better diet is a no-brainer for an illness like this, historically called "Consumption" because of how it ate away at patients. But understanding what constitutes such a diet, and making sure that patients get it, isn't as straightforward.

A closer look at the lines

China's remarks on bilateral ties and the border issue lay the initiative for corrective measures at India's door



V. SUDARSHAN

Last week, ahead of the 20th round of the now moribund talks between the Special Representatives of India and China entrusted with finding an early settlement of the border question, the Chinese Foreign Minister, Wang Yi, after meeting External Affairs Minister Sushma Swaraj and the National Security Adviser, Ajit Doval, set out parameters that he implied needed to be bilaterally addressed with urgency. In sum, the remarks constitute quite a lecture. They lay the initiative for corrective measures comprehensively at New Delhi's door and make it difficult to gloss over their implications. Whereas, the statements made by New Delhi appear, in contrast, to be conciliatory and more hopeful.

The set of remarks, therefore, broadly underpin the direction of ties with China in the near term. A course correction is being sought, months after the Doklam crisis has been perceived to have been set at rest.

The import

While it is not clear if it is a negotiating tactic, here is the listing, in no particular order of priority, so the import of the Wang Yi stipulations is not lost in translation: that India-China relations were at a crucial moment at present; he used the phrase "critical period" after he met Ms. Swaraj. That both countries needed to make the "correct choice regarding the future direction of bilateral relations". That the results of the efforts made for "overall development momentum were unsatisfactory". The most important thing to do was (emphasis added) "genuine cultivation of mutual trust". So long as mutual trust



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continued to be absent, "some individual issues will keep fermenting and spilling over, thus eroding the overall situation of bilateral relations". That the "Dong Lang incident caused by the Indian border troops' illegal crossing of the China-India boundary into the Chinese territory was a severe test for bilateral relations... lessons should be learned to prevent similar incidents from happening again". That the two countries "should properly control and handle problems left over from history and some specific issues in bilateral relations by putting them in the right place of China-India relations, without politicizing and complicating them to hamper the overall development of China-India relations".

Mr. Wang also set out some tasks that needed to be undertaken: both sides should enhance strategic communications at all levels, restore established dialogue mechanisms (emphasis added), deepen practical co-operation in various fields "and meanwhile, well manage existing differences and well safeguard peace and tranquillity in border areas". He also specifically alluded to the benefits that await India were it to come aboard the Belt and Road Initiative, which New Delhi has shown some reluctance towards. Thus some of the Chinese goals and the problems have been clearly set out in public.

This is the clearest confirmation yet that the "dialogue mechanism" – where the two Special Represen-

tatives (SR) meet, and set up with so much fanfare in 2003 – may have over the last decade-and-half or so, been more or less transformed into an exercise in general fatuity. Just like the Joint Working Group that looked at clarifying the border areas before the SRs came along. In the meanwhile, four Special Representatives have changed – Brajesh Mishra, J.N. Dixit, M.K. Narayanan, as well as Shivshankar Menon. Will Ajit Doval, or the one who follows him eventually, or the one afterwards, be able to make a difference?

A slide

It is also significant that Mr. Wang's candid remarks should come days after the tenth round of the Working Mechanism for Consultation and Co-ordination on India China Border Affairs, (WMCC) which concluded with a positive spin having been imparted to them as having been "constructive and forward looking", but without firm dates for the next meeting.

What a slide it has been. The SR dialogue was set up after lengthy diplomatic negotiations had yielded the "Political Parameters and Guiding Principles for the Settlement of the Boundary Question". The hard-fought principles set out that the eventually delineated boundary would "be along well defined and easily identifiable natural geographical features" and that the due interest of the settled populations in the border areas would be taken care of. It was expected that the exploration for the

framework for the boundary settlement would commence thereafter.

Clarity on the border

In the meanwhile, some of the expectations had rewritten themselves. The Joint Working Group – that had been clarifying the border areas with a view to leading up to exchange of maps on a mutually agreed scale on where the Line of Actual Control (LAC) lay in each others' perception – had run itself into the ground. This was after sample maps were exchanged in the Middle Sector without having been able to progress to the Western and Eastern Sectors. There was a time when as many as four lines ran across the border areas: one where we perceived the LAC to be, one where the Chinese perceived the LAC to be, one where we perceived the Chinese perceived the line to be and one where the Chinese perceived where we thought our line lay. The last two lines were somewhat guess-worked from the military graffiti, tell-tale traces that our armies leave behind when they foray into the border areas asserting perceptual rights through patrols, the same way as animals mark territory. It is not even clear whether we have spoken of each other's perception of the LAC for the last decade.

This after China had till the middle of the 1980s seemed open to a process that would let India keep the areas in the East while they held on to those in the West. The fond hope was of an "LAC plus" solution. That changed as well. As did the pious intention to earnestly look for an early solution. Utterances of visiting Chinese premiers introduced new nuances into the diplomatic liturgy, emphasising the complexity of the issue, underlining the difficulty of its resolution, and, thereby, leaving it to future generations to grapple with. Instead of enlarging commonalities, what is being expanded instead are the divergences: whether it is China's opposition to India's

entry into the Nuclear Suppliers Group, or its steadfast support to Pakistan's mollycoddling of terrorist groups that are inimical to India, or its pointed message to encourage Bhutan to settle its boundary dispute with China in a way that would make the Indian Army's presence in Doklam eventually redundant. Just look at the Chinese penetration of the area we consider to be our backyard: whether it is Sri Lanka, Nepal, and now the Maldives. Can Bhutan be far behind?

To this day, even though a military hotline between the two army headquarters had been agreed upon years ago, it has not materialised. This is something that would be logical, even imperative, given that both countries have improved their border infrastructure in terms of roads and accessibility in such a way that increases the possibilities of troops chancing upon each other. Therefore, transgressions will increase in terms of frequency, duration, depth, and intensity. The aim should be to evolve a stronger mechanism to manage the border areas more effectively to ensure equilibrium. This must include a more robust code of military conduct, even though neither side has sought to alter border reality through use of force.

It is time New Delhi put more effort into strengthening India's presence in those areas where we are present, where we consider to be them as our border, and live with it rather than to wait for Beijing to alter reality again. It is easier to make provisions to better live with it than to squander energies resolving it. If we don't let the boundary question detain us, we will be in a better position to enlarge the areas where we can more fruitfully, in the Asian Century, engage the Chinese in line with the bilateral intentions that envisaged the simultaneous rise of both China and India.

sudarshan.v@thehindu.co.in

Changed priorities

The government's move will shift attention away from recovery of bad loans to selling assets of defaulting corporates



MEERA NANGIA

It is ironic that while the 2017 Forbes India List says that the combined net worth of India's 100 wealthiest stood at a whopping \$479 billion, top corporate borrower groups in India are unable to repay loans and make timely interest payments.

Tackling NPAs

The government has taken the high moral ground to deal with the menace of non-performing assets or NPAs that have brought many public sector banks on the verge of bankruptcy. It sounded the bugle for errant promoters with its ordinance of November 23 amending the Insolvency and Bankruptcy Code (IBC) 2016. Many are of the view that if the errant promoter is disqualified from the bidding process it will lead to further losses for banks.

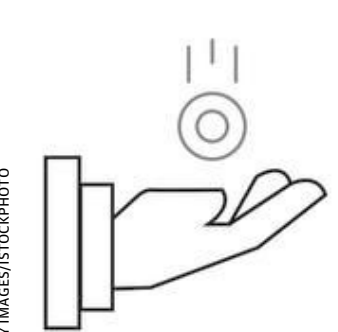
However, the ordinance is not likely to either eliminate errant promoters or hugely escalate bank losses apart from the deep haircuts already suffered. It merely signals the government's intent to shift attention away from recovery

of bad loans to selling the assets of defaulting corporates.

The May 2017 ordinance directed banks to accept deep haircuts on their non-performing loans. However, there was no explicit direction from the government as the majority owner of public sector banks to recall the outstanding loans and recover as much as possible against the personal guarantees of promoters.

Paeans are being sung in praise of corporate defaulters for their stellar role in the development of the infrastructure sector. The Mumbai and Delhi airports are being cited as examples of the success of the public-private partnership (PPP) model. The fact that defaulting corporates such as GMR Infrastructure, GVK Power and Infrastructure, and Jaiprakash Associates borrowed more money than they could repay is being overlooked and their inability to repay is sought to be justified by "circumstances beyond their control".

These corporates have not been downgraded on their creditworthiness parameter although the Reserve Bank of India (RBI) has been monitoring all large loans through the Central Repository of Information on Large Credits (CRILC) since 2014. Would the government show the same leniency to the 32,000 odd home buyers of Jaypee Infratech and waive off



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their home loans since they may not get possession of their flats due to "circumstances beyond their control"?

Corporates-bank nexus

The fact that lending banks in case of large borrowers were operating as a consortium of a score or more of banks obviates the need for any investigation into the corporates-bank nexus that caused this loss of lakh-crores of depositors' money. In all fairness, this hit being taken by banks for the sake of development should be treated as a government bailout of the corporate sector. Alternatively, it could be seen as the RBI making credit available to defaulting corporates at negative rates of interest.

The recent ordinance makes the resolution professional all powerful. It is now up to the resolution professional to decide who will be eligible to bid for the de-

faultier companies or their assets.

The ordinance conveys the urgency of impeccable antecedents of bidders so as to exclude wilful defaulters as well as companies whose interest and charges are outstanding for a period of one year or more. An existing promoter is eligible to bid for majority control only if all dues are paid. A defaulting promoter is not even allowed to bid indirectly through or along with other parties since "connected persons" are excluded from eligibility. A strict interpretation of the ordinance would mean that the loan accounts of each one of the 400-odd defaulter corporate borrowers are technically classified as NPAs. Otherwise they would not have reached this stage of resolution.

These accounts are likely to have been through various rounds of unsuccessful restructuring in the past. Having failed to repay even the reduced amounts of loan and interest to the banks, their past credit history should raise serious questions on their antecedents. Hence, the promoters of these companies should not qualify as eligible bidders. So far, none of the first 12 corporates referred to the IBC has been debarred from bidding back their companies after driving them aground. Thus, the ordinance creates the scope for disqualifying an existing promoter or including a rank outsider

into the bidding process.

The Insolvency and Bankruptcy Board of India (IBBI) is the regulator set up on October 1, 2016 under the Insolvency and Bankruptcy Code. The resolution professionals entrusted with the responsibility of sorting out the insolvent companies or individuals can be registered with any one of the three insolvency professional agencies. The IBBI is assisted by the disciplinary, advisory and technical committees. A quick glance at the IBBI website reveals that the advisory committees on corporate insolvency and liquidation are chaired by several top corporates.

While there is nothing unusual about government consultation with corporate India, the appointment of corporates as heads of important corporate insolvency advisory committees under IBBI does not inspire confidence in the credibility of the resolution process. The recent ordinance may end up being used selectively to defeat the very objective of penalising the errant promoter. The banks will only lose if resolution is sidetracked by the ensuing power struggle among corporate India to purchase distressed assets at rock-bottom prices.

Meera Nangia is Associate Professor in Commerce, University of Delhi

LETTERS TO THE EDITOR

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Now, the exit polls

Despite its high decibel electoral noises, the Indian National Congress appears to be heading towards another defeat ("Exit polls predict saffron sweep across Gujarat, H.P.", December 15). The mood and sentiment is in favour of a Modi-led government to stay the course. The crowning of Rahul Gandhi as party president is of no consequence other than it being the will of the Congress president passing on the baton to her son, and trying to keep the rank and file united.

T.M. RANGANATHAN,
Srirangam, Tamil Nadu

■ If the projections are right, it means that the BJP's

campaign led by Prime Minister Narendra Modi has triumphed over the Congress yet again. Mr. Modi's connect with the people seems to have won the day for the BJP. Sober and serious observers are still at a loss to explain the Prime Minister's excessive preoccupation and involvement with the campaigning in Gujarat. Apart from the implications for the Prime Minister's prestige, the campaign assumed its own importance for Congress leader Rahul Gandhi. Whatever be the outcome, this electoral round seems to have administered a much-needed dose of reality into the Congress's calculus.

J. AKSHAY,
Bengaluru

■ The prospects of the Congress running the BJP close in Gujarat appear to have vanished with the Mani Shankar Aiyar foot in the mouth moment. The Prime Minister's subsequent appeal to uphold Gujarati asmita has obviously gone a long way in upsetting the calculations of the Congress. However, his unwarranted and unsubstantiated reference to a diplomatic gathering in Delhi marked a new low as far as political discourse is concerned. In the same manner, Congress president-elect Rahul Gandhi's new-found love for religion does not appear to have cut any ice with the electorate. With Himachal Pradesh too expected to be in the BJP's

bag, the Congress may find itself back to square one.

C.V. ARAVIND,
Bengaluru

■ It is not clear why one should devote so much attention and importance to exit polls when everything is just guesswork without scientific proof or a base. When many such versions in the past have been shown to be way off the mark, it is unfortunate that *The Hindu* has wasted valuable print space on the subject.

J. EDEN ALEXANDER,
Thanjavur, Tamil Nadu

May and post-Brexit

There is no doubt that the British Prime Minister is facing a tough position especially after the outcome

of the snap general elections upset her calculations. At the same time, the comfort level of the Labour Party too is no better. The fallout after Brexit has cast a shadow on the government as it is clueless about working on an honourable exit deal with the EU. The break-up formula, as envisaged by the EU, leaves little room for the U.K. to draw any comfort (Editorial - "House rules", December 15).

SIVAMANI VASUDEVAN,
Chennai

After the verdict

The tragedy at Udumalpet, that involved an inter-caste married couple and the subsequent verdict by the judiciary which pronounced the death sentence to some

of those involved, once again raises issues such as legal recognition, acceptance of inter-caste marriages and protection to couples to lead a peaceful life. Unless the government thinks of a social safety law for inter-caste married couples, tragedies such as the "honour killing" at Udumalpet are bound to be repeated to the grief of the kin and shame of a free society. Independence for India does not mean political independence alone. It also means independence for citizens to choose and lead the life they want within the parameters of the law and acceptable norms of society.

BHAVANI RAMAN IYER,
Coimbatore

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