



Risks and rewards

The asset monetisation push needs careful calibration to evade future hazards.

Highlights:

1. Following through on the Budget's plan to monetise public assets in order to fund fresh capital expenditure on infrastructure, the Government has released an exhaustive list of projects and facilities to be offered to private investors over the next four years. What distinguishes it from the new public sector disinvestment policy is that a change of ownership is not envisaged.
2. The Government estimates these assets — airports, coal mines, highway stretches, even urban tracts, stadia and hotels — to fetch around ₹5.96-lakh crore through structured leasing and securitisation transactions. This, in turn, could help fund the National Infrastructure Pipeline with new projects worth ₹100-lakh crore, although the Government has said fiscal constraints are not the trigger for this plan.
3. As Finance Minister has emphasised, these assets or the land therein will not be sold but private players will be asked to pay for operation and management rights and expected to modernise assets that are either languishing or are simply under-utilised.
4. An infrastructure investment trust (InvIT) structure has already been used this year by the PowerGrid Corporation to raise funds against its transmission lines network and could be used for highways, gas pipelines and railway tracks, including the Dedicated Freight Corridor.
5. For ports, mining, railway stations, concession agreements laying out the contours for a PPP are proposed.

The National Monetisation Pipeline (NMP) Challenges

1. About ₹88,000 crores are expected from the National Monetisation Pipeline (NMP) in this year itself, in addition to the ₹1.75-lakh crore already estimated in the Budget from the sale of public firms such as Air India and BPCL.
2. While this Government is yet to complete a single PSU sale, the risks of adverse audit paras about valuations and processes hangover monetisation deals too.



3. However, post-transaction troubles in outright sales can be of a limited nature. With proposed concession periods running up to 60 years for some assets, NMP deals, by contrast, could pose a long-term headache if they are not structured with end-user interests in mind, balancing the profit and utility motives.
4. The sharing of risk and rewards between the public and private partners needs to be weighed carefully for each sector. Checks and balances are needed for actual infrastructure usage versus projections at the time of bidding.
5. If the Government had implemented its 2014 Budget promise to set up an apex body to devise new PPP models, learning from past mistakes, India's institutional capacity for the NMP would have been more mature by now.
6. Just like disinvestment deals during a downturn could crowd out new investments and risk the tag of 'fire sales', revenue projections for PPP assets could be deflated now leading to lower bids followed by super-normal gains for the operator in the future. Getting the nitty-gritty right is critical for this grand plan.

Has the first-past-the-post system polarised Indian politics?

Politicising social divides and failings of the parliamentary system have led to this situation.

The first-past-the-post system (FPTP)

1. In terms of numbers, a dominant party gets a disproportionately larger share in seats in legislatures compared to its vote share. It has the ability to remain dominant by fragmenting the Opposition and so we see the recent discussions on Opposition unity
2. The BJP's dominance in both 2014 and 2019 was based on a plurality of votes (31% and 37%) converting into a majority of seats and is similar to the Congress's dominance from 1952 to 1984 which was also based on vote share pluralities converting to seat majorities (sometimes two-thirds to the three-fourths majority).
3. The FPTP system tends to magnify the seat share of the party with the largest vote share, while parties receiving a lower vote share tend to get a much lower seat share.



The proportional representation (PR) option: Polarization

1. At the national level, 2014 marked the end of a 25-year period of a coalition/minority government. And post-2014, there was the emergence of a second dominant party system.
2. FPTP does not necessarily produce polarisation. If you look at the proportional representation (PR) system in Europe and elsewhere, where seats are allocated roughly in accordance with the vote share, that also produces distinct polarisations.
3. Look at the 1978 Sri Lankan Constitution which instituted the PR system. Since then, there has been ethnic polarisation despite the small parties getting seat shares higher than what they would have received in a FPTP system.
4. Similarly in Israel, which also enjoys a thoroughgoing PR system, there is severe polarisation in ethnic, religious and political terms.
5. The FPTP system can't be blamed for polarisation. Polarisation is linked to the politicisation of certain social cleavages. These cleavages are sometimes dormant in society and can become active or can be activated through mobilisations. When certain social cleavages are activated, that is when they get magnified by the electoral system.
6. The confrontational situation in Parliament and other legislatures has heightened in the last couple of years. This is due to the sharpening of the ideological level in politics, which reflects the cleavages in the society, and to the suspicion that the fundamentals of the system are being sought to be changed.

Pushing against the constitutional consensus

1. There is a perception that the ruling party is pushing against the constitutional consensus, which is fairly strong in our system. There are about three and a half layers of protection to the basic structure of our Constitution.
2. The government needs a two-thirds majority in both Houses subject to the presence of at least 50% of the House in attendance. The government has a clear but not a two-thirds majority in the Lok Sabha. It doesn't have a majority in the Rajya Sabha. In order to make constitutional amendments, it must get the support of smaller parties, which it has been able to get so far.



3. Then, it has to go through judicial review — the courts have so far not pronounced on some of the controversial issues that have come up in the last few years.
4. Finally, for some articles on Centre-State relations, it has to pass them through half the State Assemblies.

Flashpoints:

1. In principle, the flashpoint in the next five years or so could be the federal relations between the Centre and the States on fiscal or other administrative and political matters.
2. The various State parties are still not sufficiently aware of this possibility and therefore they are busy buying peace with the ruling party at the Centre, rather than confronting it.
3. Also, the ability of the Central government in the last three decades to directly transfer resources to local bodies in the States bypassing the State government besides controlling the administrations of the States has weakened the State parties' ability to take on the Central government.
4. Objectively, they are not in a position to do so and subjectively, they are not sure how to pitch the fight. Therefore, we have a fascinating period where there is all the making of a federal flashpoint, but at the same time, the actual flashpoints may be somewhere else in reality.

The clean-up crew we need

Vultures are very important scavengers in our ecosystem, yet India lost more than 95% of its vulture population through the 1990s and by the mid-2000s. Today, the country requires urgent conservation efforts to save vultures from becoming extinct.

Myths and facts

1. Vultures are often misunderstood as a source of diseases. Although they feast on carrion almost exclusively, they are sometimes capable of preying on extremely sick, wounded, or infirm creatures if there is no food around. As a result, they are demonised.

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2. Some consider vultures ugly, unlovable and even a bad omen. Given the lack of understanding and knowledge about them, let's first understand what vultures do and why they are important.
3. Vultures belong to the Accipitridae family whose members include eagles, hawks and kites. They are relatively social birds with an average lifespan of 10-30 years in the wild. Being bulky, they nest on tall trees or rocky cliffs.
4. Vultures are slow breeders and so the survival of every individual is very crucial. With their excellent eyesight and strong sense of smell, vultures can detect the presence of dead animals from great distances. Vultures don't have a voice box and so they cannot sing. They communicate via grunts and hisses.
5. Generally, vultures rely on other carnivores to open carcasses. Their powerful bills and long slender necks are designed to help them tear off the meat chunks from inside the carcass.
6. Unlike other raptors, vultures have weak legs and claws (talons). They do not carry food; instead, they regurgitate food and feed their young ones. Vultures have a highly acidic stomach that helps them digest rotting carcass and kill disease-causing bacteria.

Vultures in India:

1. India has nine species of vultures. Many are critically endangered. The main reason for the decline in the vulture population is the use of the drug, diclofenac.
2. Diclofenac, which relieves cattle of pain, is toxic to vultures even in small doses and causes kidney failure and death. Myths about the medicinal healing powers of vultures' body parts has led to the hunting of vultures.
3. Quarrying and blasting of stones where vultures nest have also caused their decline. Interestingly, studies show that while the vulture population has declined, the feral dog population has increased. The health hazards associated with feral dogs are well known.
4. Removing vultures from the ecosystem leads to inefficient clearing of carcasses and contaminates water systems. If dead animals are left to rot for long durations, it may give rise to disease-causing pathogens.

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5. The animals that consume such flesh become further carriers of disease. Very few animals/birds can ingest rotting carcasses. Thanks to their acidic stomach, vultures can. Thus, they play a crucial role in maintaining the health of the ecosystem.

Steps to increase numbers

1. To tackle this problem, India banned diclofenac for veterinary use in 2006. Five States are to get vulture breeding centres under the Action Plan for Vulture Conservation for 2020-2025, approved in October 2020.
2. There are no rescue centres for treating vultures as of now, so this too has been mooted under the Plan. Vulture 'restaurants', which exist in some countries, are also a way of preserving the population.
3. In these 'restaurants', diclofenac-free carcasses of cattle are dumped in designated areas where vultures gather to feed. These measures have slowly started making a positive impact, but there is still a long way to go.
4. Awareness and action must go hand in hand. With International Vulture Awareness Day coming up on September 4, it is important for us to spread awareness about the importance of vultures in our ecosystem.