



Horror in Manchester

The attack highlights the daunting challenge of reversing Islamic State-driven radicalisation

For the Islamic State, which claimed responsibility for Monday night's suicide attack in Manchester that left at least 22 people dead and 59 injured, all those who were present at the city's main indoor arena to attend Ariana Grande's concert were infidels. All of them were just innocent teenagers and the blast hit them when they were leaving after the concert. It is a familiar story. Over the past three years, terrorists have repeatedly struck Western cities, massacring unarmed civilians, including children. Be it the Bataclan theatre in Paris, the Brussels airport or the Manchester Arena, terror has aimed to unleash maximum panic and thereby create divisions in societies, challenge the public's faith in their institutions and trigger ethnic, racial or religious tensions. So when in a statement issued on the Internet the IS boasts of killing and injuring "100 crusaders" in Manchester, it is actually trying to hard-sell its world view of a "holy war" between the two largest faiths. Investigators are yet to confirm the IS link. But the exact affiliation of the perpetrator may be immaterial to groups such as the IS and al-Qaeda, which have contracted out their violent, polarising ideology to extremist cells and individuals across the world. The British government has, wisely, refused to play ball so far. In a strong message delivered from Downing Street, Prime Minister Theresa May has hailed the spirit of Britain, which "through years of conflict and terrorism has never been broken and will never be broken".

The attack, the first major terror strike in 12 years in the country, raises daunting challenges for the U.K. Over the past 18 months alone, British intelligence agencies, deemed to be among the best in terms of resources and efficiency, have reportedly thwarted at least 12 terrorist plots. Still, the 22-year-old Salman Abedi, a British national of Libyan origin, slipped off their radar, entered the Arena complex and detonated an improvised bomb at its foyer. While more details about Abedi are yet to emerge, there are already questions about how he got his hands on an improvised bomb small enough to conceal in a belt or behind a vest. For Britain, this is going to be a long fight with no quick fixes on the cards. Hundreds of British nationals had travelled to Syria, a country that is being bombed by the U.K., the U.S. and several other countries, to join the IS over the past three years. Many of them came back, and with the IS under growing pressure in Syria and Iraq many more battle-hardened men could return, aggravating the situation. While Britain has raised its threat level to critical in the aftermath of the attack, a longer-term challenge for the political and community leadership is to find a way to address the challenge of radicalism.

The commendation

The Army commending a soldier still under probe for use of a human shield is unfortunate

There are two issues that are pertinent about the commendation awarded to Major Leetul Gogoi of the Army's 53 Rashtriya Rifles. The first relates to the timing – it was conferred on him by Army chief General Bipin Rawat before a Court of Inquiry has concluded its probe into his role in the use of a human shield during the Srinagar Lok Sabha election on April 9. Without casting any doubt whatsoever about Major Gogoi's "sustained efforts in counter-insurgency operations", it is impossible but to conclude that the timing of the award sends a truly unfortunate message, one that risks a loss of public confidence in the Court of Inquiry, ordered by the Army itself. Since the Major was being probed for a possible transgression in an area plagued by insurgency, wouldn't the commendation be regarded as a tacit approval of his action? The second issue relates to the circumstances in which Major Gogoi resorted to the use of a human shield, something that he admitted to doing a day after news of the commendation broke. Many of the specifics relating to this are irrelevant insofar as they do not constitute a justification for tying someone to the bonnet of a jeep and driving him through the street as a deterrent to stone-pelting. For instance, the discussion on whether Farooq Ahmad Dar was instigating a group to throw stones (as Major Gogoi states) or whether he was merely a bystander who was out to exercise his franchise (as Mr. Dar says) cannot cloud the larger issue – the impropriety of the Indian Army using someone as a human shield.

The Indian Army prides itself on a long and honourable tradition in guarding the Republic; indeed, it operates in places such as Kashmir in extremely trying circumstances that risk life and limb. But surely it must accept that the rules of conduct for men in uniform must be adhered to, despite the difficulties in doing so in the conduct of what is clearly an asymmetric engagement. If the use of human shields has been declared a war crime by the Geneva Conventions and opposed for the same reason in both "international and non-international conflicts" by organisations such as the International Committee of the Red Cross, it is because such acts put people at risk and constitute a gross human rights violation. It is no accident that the use of such shields has been perfected by terrorist organisations, ranging from the Liberation Tigers of Tamil Eelam to the Islamic State. It could be argued that in the fog of operations, some improvisation in standard operating procedures is inevitable. But the use of a human shield, in this instance of a civilian, can hardly be justified on this ground, because it militates against the basic principles that govern the rules of conduct in war and warlike situations. It would have been proper if this incident was met with stern disapproval rather than being exploited, as it has been in some hyper-nationalistic quarters, to reinforce an us-versus-them binary and pit the security forces against the Kashmiri street.

Lessons from the new French Revolution

The marked preference for individuals over parties has not proved too felicitous for democracy



NEERA CHANDHOKE

"Europe and the world," declared a victorious Emmanuel Macron addressing cheering crowds gathered outside the glass pyramid in front of the Louvre, "expect us to defend the spirit of the Enlightenment that is threatened in so many places." Truly the result of the presidential election has reinscribed France's reputation as the birthplace of a modern democratic sensibility, and as the site of a major democratic revolution in 1789. This is borne out by the fact that French voters decisively rejected Marine Le Pen's socially conservative campaign that attacked Islam, immigrants, and the European Union. In a Europe that has rapidly turned to racism, xenophobia and intolerance, yet another rejection of an extreme right-wing party is cause for celebration.

More significantly, French citizens by voting for an outsider who established his own party only recently sent out another message, the rejection of political parties. The election results have practically rendered the party system irrelevant. The left is in ruins. The working class living in the by-now defunct industrial areas of the north-east of France voted for Ms. Le Pen's agenda constructed around the two 'terrors' of globalisation and immigration. The Socialist Party of Francois Hollande witnessed a mass exit. And the traditional Left/Right divide, which stood for discrete constituencies and specific agendas, seems to have dissolved.

An old spectre

This is, of course, not the first time that political parties are in trouble. In the 1960s and 1970s, political scientists observed that parties in



DEEPAK HARICHANDAN

the U.S. and in Europe had begun to resemble each other. Electoral competition simply did not offer meaningful choices to the voter. In India in the late 1960s, and particularly after the 1975-1977 Emergency, voters lost hope in the ability of the Congress to deliver. By the 1990s, across the world scholars spoke of a 'crisis of representation', and preferred to rest their hope in a democratic, loosely organised, non-institutional, civil society. Civil society organisations, it was assumed, would raise issues that political parties had failed to focus on.

In the same decade, the onset of globalisation heralded a new world order. Scholars told us that the dissolution of economic borders through the free movement of capital and goods would lead to the dissolution of territorial borders, and replace the nation state with a global community, and global modes of governance. But the march of history took another direction. Economic globalisation bred worrying consequences: unemployment, poverty and deep inequality. Since national economies had been integrated into the world economy, political parties had neither the capacity nor the power to deal with the consequences of unfettered globalisation. They fell into further dis favour.

In Europe, unemployment led to a serious backlash, racism, hate speech and violence against immigrants. Some parties tried to

tackle this, others rode on the wave of xenophobia. On balance, political parties were perceived as incapable of resolving issues of ill-being, unemployment and racial tensions, all of which created anxiety and fear. Resultantly, voters opted to vote for individuals, many of whom were outsiders to politics, rather than established parties. Electorates gravitated to populist leaders who poured scorn on established modes of politics as incompetent and corrupt, and who presented themselves as authentic representatives of the people, embodying as they did popular sovereignty.

In the U.S. President Donald Trump's ability to remain central in the public eye dominated the Republican party. He charted out his own priorities and ideologies. In 2015, citizens of Delhi voted enthusiastically for an outsider, Arvind Kejriwal. In 2014, Indian citizens voted not so much for the Bharatiya Janata Party as for the overwhelming personality of Narendra Modi, who also drew up his own agenda. And the same story can be told of populist leaders such as Recep Tayyip Erdogan in Turkey, Rodrigo Duterte in the Philippines, Abdel Fattah el-Sisi in Egypt, and Vladimir Putin in Russia. The victory of a newcomer to French politics such as Mr. Macron completes the circle.

It is unlikely that President Macron will follow the route of populism. He emphasises the need to

cultivate an open attitude to the world, to strengthen the European Union, to promote a positive attitude to immigration, to encourage free trade and to secure the rights of the LGBTQ community. But immigration is still a serious issue in France, unemployment runs at 10%, and Ms. Le Pen's party has polled higher votes than in previous elections.

We hope France does not take this road, because the marked preference for individuals over parties has not proved too felicitous for democracy. In weak democracies, populist leaders have practically demolished legislatures, the rule of law, civil liberties, civil society, and the judiciary. We see with disquiet excessive concentration of power in one pair of hands, a development that is just not conducive to the consolidation of democracy in any country. At the same time, we cannot describe these leaders as undemocratic. Popular opinion expressed through elections and referendums have given them power, and support for the exercise of power.

A paradox

It is precisely at this point that we come across a major paradox of democracy. After the collapse of existing socialist societies in 1989, western liberals embarked on a new project, that of democratising the rest of the world. At the top of the laundry list of preconditions of democracy were free and fair elections. Elections are regularly held in most parts of the world, and as regularly the electorate votes for individuals who have delegitimised, if not demolished, democratic institutions, defied the principle of the separation of power, and appropriated unbridled power.

The preference for individuals over political parties can be understood given the inability of parties to represent the needs of their constituencies, and to do something about pressing issues. But we also need to understand that the sub-

version of the basic principle of democracy, separation of powers and checks and balances over the exercise of power diminishes democracy. Concentration of power in one person brings back disquieting memories of Europe in the inter-war period, when popularly elected leaders took their countries down the road of fascism.

Time to course correct

The current crop of populist leaders who deploy the language of political aggression, mock their opponents, and show impatience with the time-consuming procedures of institutionalised democracy, cannot be typed as anti-democratic. But they have, as contemporary history shows us, revealed scant respect for the rights of minorities, for civil liberties, and for civil society. Democracy has been reduced in country after country to a system of transfer of power. The political party system is once again in crisis, and this time the alternative to the 'crisis of representation' is not a democratic civil society, but populist leaders. It is time that political parties suspend their preoccupation with winning elections and work towards building up a powerful support base for democracy. Reliance on a single leader truncates imaginations, cultivates dependence, and devalues solidarity. It is only when parties begin to instil, particularly in young people, the importance of participation, respect for civil liberties and rights of minorities, democratisation of social relationships, and the development of shared meaning through debate and dialogue, that the democratic spirit can be re-ignited and political parties rehabilitated in the public eye. At stake here is not only the continuation of the party system, but democracy itself.

Neera Chandhoke is a former Professor of Political Science, Delhi University

A flawed rescue act

The banking regulation ordinance puts its seal of approval on corporate subsidy at the cost of public banks



MEERA NANGIA

The buck stops with the Reserve Bank of India (RBI)! This is the crux of the Banking Regulation (Amendment) Ordinance of May 4, 2017, which empowers the RBI to take decisions on the settlement of non-performing assets (NPAs) and a consequent cleaning up of bank balance sheets.

With this direct intervention in the decision-making domain of banks, the RBI is now rewriting the script for the Indian banking system. Surprisingly, despite the severity of the NPAs crises, the business of banking is very much in demand. The RBI recently granted bank licences to 23 applicants which included Aditya Birla Nuvo, Reliance Industries, Tech Mahindra and Vodafone M-pesa and Airtel. These corporates need to invest ₹100 crore each to gain entry into the banking sector. Ironically, the RBI has assigned public sector banks the role of lambs awaiting sacrifice at the altar of development and financial sector reform.

Banks in India are in possession of ₹6,11,607 crore worth of NPAs as

of March 31, 2016. According to a recent Credit Suisse estimate, there could be a default on 16-17% of total bank loans by March 31, 2018. The current food and non-food credit stands at approximately ₹75,00,000 crore. This would translate to about ₹12 lakh crore of NPAs. This is equivalent to approximately 75% of the demonetised (₹500 and ₹1,000 notes) currency in the entire Indian economy during November-December 2016. The ordinance correctly acknowledges the unacceptably high level of stressed assets in the banking system. Indeed, banks are sitting on a huge pile of scrap.

Corporate borrowers

Most of these bad loans are the result of largesse by public sector banks to large corporate groups, given without any consideration to the principles of sound lending. Hence, the resultant inability of the banks to recover either interest or the principal sum lent.

In India, corporates rely on banks as the main source for funds. The February 2017 International Monetary Fund (IMF) report states that 65.7% of Indian corporate debt as of March 31, 2016 is funded by banks. The December 2016 Financial Stability Report states that large borrowers account for 56% of bank debt and 88% of their NPAs. A recent Credit Suisse report highlights the inability of top Indian corporates to make timely interest



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payments by stating that about 40% of debt lies with companies with an interest coverage ratio of less than 1. The 2017 IMF report also states that about half of the over all debt is owed by firms who are already highly indebted (debt-equity ratio more than 150%). These borrowers are simply not earning enough to meet their interest commitments.

The Reserve Bank cannot feign ignorance of or express surprise at the crises facing the banks. As stated in the August 2016 Financial Sector Assessment Program (FSAP) report: "The Reserve Bank is aware that group borrower limit in India is higher than international norms. However, it also needs to be recognized that some of the major corporate groups are key drivers of growth of the Indian economy. As the corporate bond market is not yet matured in India, bank financing is crucial for such

corporate groups". Thus, granting loans to corporates that lacked capital as well as expertise (in sectors that were once the sole preserve of the government) was obviously a decision made at the behest of the RBI and the government with little regard to the best interest of the bank. Being a corporate entity itself, the bank should have aimed at maximising the wealth of its equity shareholders and customer-depositors whose money the bank lends.

Corporate borrowers are a privileged lot whose loans are not backed by sufficient value of security. A glance at the share prices of borrower companies is a useful exercise.

How much less?

A resolution implies settling for less but the dilemma for the banker is 'how much less'. "Haircut" is the seemingly benign term for a waiver of a part of the loan without inviting criticism of poor financial discipline! Herein lies the reason for the difficulty of closure on resolution. The ordinance puts its seal of approval on corporate subsidy at the cost of survival of public sector banks.

If the writing off of ₹36,359 crore worth of agricultural loans in Uttar Pradesh was bad economics, then the resolution of corporate NPAs is much worse. The former can still find justification as a welfare measure that benefits 21 million small

farmers but there can be no justification for rewarding the top 30 corporate groups for their poor business acumen.

The 2017 Economic Survey rightly referred to NPAs as the festering twin balance sheet problem. It is eerie that while banks are being coerced into resolution and imminent insolvency, bailouts from State governments and public sector undertakings are being considered to fix corporate balance sheets. It appears to be designed to send public sector banks into autoimmunity, self-destruct mode.

It was for the sake of development that the RBI encouraged banks to lend to corporates. Now, for the same reason, resolution is being thrust on banks. Ostensibly, the RBI is ensuring financial stability in the banking sector. But who are these beneficiaries of financial stability? Is it the majority equity shareholder, the government (using taxpayer money) whose worth is going to be wiped out? Is it the customer whose money is lent by the bank? Is it the elite corporate borrower who passes his losses to the banking system? Or is it the new bank waiting for the collapse, ready to acquire a ready-made set of customers and good assets? Will the ghost of Lady Macbeth come to haunt the RBI and the government?

Meera Nangia is Associate Professor, University of Delhi

LETTERS TO THE EDITOR

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Terror's long shadow

The fact that the Manchester blast follows a series of attacks on the European continent – in Westminster, Paris, Berlin and Nice – is a disquieting reminder of the potency of lone suicide-bombing ("22 die in Manchester attack, IS claims responsibility", May 24). It also points to the fact that despite super-sophisticated security measures that are being adopted by these developed nations, their security is far from being foolproof. Evidently the countries being targeted are up against the odds as Islamic radicals, who, ironically, otherwise claim to shun modernity, are increasingly using social media to lure glibble youngsters into carrying out these attacks. Unless this trend is effectively curbed, the world will continue to

remain insecure. A terrible fallout of these attacks is that it is wont to perpetuate more of the ongoing hate crimes in the western world and damage the social fabric. Nonetheless, what has been especially touching is the city's five gurdwaras magnanimously lending a helping hand to the injured and the needy ("World" page – "Gurdwaras step in with help", May 24).

NALINI VIJAYARAGHAVAN, Thiruvananthapuram

The terror strike shows that the Islamic State is clearly losing the plot and is resorting to frantic ways to continue to cause carnage and terror. With its numbers dwindling and no takers for its extreme type of propaganda, it is apparent that time is fast running out for the IS. The international community would do well

to be on eternal vigil and step up the war on terror.

N.J. RAVI CHANDER, Bengaluru

Hitting back

The second round of strikes by the Indian Army on militant camps across the Line of Control should send out a clear signal to Pakistan that India really means business and that it should expect to be paid back in the same coin at least in future ("India hits back, destroys Pakistani posts on LoC", May 24). By airing footage of the attacks, India has also nailed Pakistan's lies about the non-existence of such camps and proved to the world at large that India is capable of hitting back.

C.V. ARAVIND, Bengaluru

Human shield

Those who criticise the

incident of tying a civilian to an Army jeep should remember that the person was a stone pelt ("It saved lives, says Major Gogoi", May 24). Also those who term the incident as "inhuman" should explain how pelting stones and burning Army vehicles and police stations isn't. Aren't Army personnel human beings? In this incident, no one was tortured nor injured. There was no bloodshed.

KSHIRASAGARA BALAJI RAO, Hyderabad

Mired in loss

What is surprising is that even with a fall in oil prices, a major component in operating costs, Air India is still posting a net loss (Editorial, "Maharajah of debt", May 24). It has also to do with operational inefficiencies and a bloated workforce. What is even

more baffling is that when other airlines are bidding for international slots, Air India is still unable to turn things round. It needs to be run by industry professionals and run as a network of profit-making units rather than as a government department.

H.N. RAMAKRISHNA, Novi, Michigan, U.S.

The elegant Bond

The news of the passing of James Bond star Sir Roger Moore is saddening

("Former James Bond actor Roger Moore no more", May 24). His film, "Octopussy", shot in India, is the most memorable for his fans in India. One cannot also forget his "Live and Let Die", "The Man with the Golden Gun", "Moonraker" and "For your Eyes only". His work as a UNICEF Goodwill Ambassador will also be remembered.

MAHESH KAPASI, New Delhi

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CORRECTIONS & CLARIFICATIONS:

A sentence in "FTA will be high on Modi-Merkel agenda" (May 24, 2017) read: "Mr. Modi will travel to Germany for the fourth round of the annual Inter-Governmental Commission on May 29-30, and is expected to announce a number of agreements after his meeting with Ms. Merkel." Actually, it is fourth round of the bi-annual Inter-Governmental consultations.

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturji Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com