From fighters to rulers

India must use its voice on the international stage to make Taliban respect freedoms, rights

After postponing the announcement twice, Taliban spokesmen have said that they expect to have a new government in Afghanistan this week. There has been some speculation over the delay, more than three weeks after Taliban gunmen walked into Kabul and President Ashraf Ghani fled. While some have said the Taliban were waiting to take control of the last hold-out province of Panjshir, and others even suggested there was some symbolism attached to timing it with the 20th anniversary of 9/11, the real reason appears to be differences within various Taliban factions over the government's structure and composition. In particular, the differences between the Taliban leadership in Helmand, Kandahar, and the political office in Doha, seen as the more "moderate" face, as well as between the "original" Afghan Taliban leadership and the Pakistan-based Haqqani network, a designated terror entity. The jockeying is reportedly over cabinet portfolios, the appointment of governors in the 34 provinces, control of the cities and the possibility of including non-Taliban Afghan leaders. Reports of the differences have escalated and the appearance in Kabul of the Pakistan ISI chief, Lt. Gen. Faiz Hameed, is believed to have been an attempt to smooth over the cracks in government formation. At the base of the differences is the tussle between the Taliban's push to consolidate their takeover of Afghanistan and implement an Islamist agenda, and the desire to receive recognition from the international community and its continued financial support.

The outcome holds the key not only to the future of Afghanistan but also to New Delhi's engagement with the new regime. Any government that gives the Haqqani group key positions will make it difficult for India to have a role in either diplomacy or development projects in Afghanistan, given previous terror attacks. Any overt role for Pakistan, as well as China, will also raise red flags for New Delhi. The Modi government has announced that it is now engaging the Taliban, with the first publicly acknowledged meeting in Doha last week; the MEA says it conveyed concerns on the safety of Indians in Afghanistan and ensuring Afghan soil is not used for attacks in India. Any engagement with the Taliban beyond this is contingent on the composition of the new power structure and how much the new government in Afghanistan is amenable to international expectations of it, in terms of representation, rights, and in allowing UN agencies to monitor development. To this end, India must use its voice on the international stage forcefully. This includes blocking any move at the UNGA and UNSC to recognise the new regime, and stopping the delisting or exemptions to Taliban leaders at the 1988 sanctions committee, which India chairs, until the Taliban regime shows a willingness to comply.

Transition incomplete

Libya's militias need to stop their factionalism and join hands to rebuild the country

The release of al-Saadi Qadhafi, son of former Libyan dictator Muammar Qadhafi, from prison comes at a time when the unity government in Tripoli is trying to disarm militias, mobilise state institutions and organise elections to end the ongoing conflict. Mr. Saadi's brother, Seif al-Islam, seen as the heir apparent of Qadhafi before his regime was toppled in 2011 by a NATO invasion, had indicated in July that he would contest in the scheduled December elections for President. Mr. Saadi had been accused of crimes committed against protesters in 2011, and the authorities decided to free him reportedly after talks with tribal elders who were backing the Qadhafi family. "We cannot move forward without achieving reconciliation," Prime Minister-designate Abdul Hamid Dbeibah wrote on Twitter. The oil-rich North African country has seen little peace since Qadhafi's demise. NATO had helped different militia groups with air power to defeat his forces back then. But once the regime fell, they began fighting one another. Libya had established a transition government, but it failed to mobilise authority across the country. Soon there were two governments – in Tripoli, the capital, and Tobruk in the east. The Tripoli government, in which the Libyan arm of the Muslim Brotherhood was a part, was backed by Qatar and Turkey, while the Tobruk government, projecting itself as a counterweight to Islamist militancy in the country, was supported by the UAE and Egypt. Libya slid into chaos.

In 2019, Khalifa Haftar, the renegade General propping up the Tobruk government with his militia, started a military campaign to take over Tripoli. He promised to take the whole country under his leadership and establish a stable government. But the Tripoli government, with assistance from Turkey, fought off his forces, which led both factions to accept a UN-mediated ceasefire last year. In March this year, they agreed to install a unity government in Tripoli, which would hold elections and ensure the country's transition from the civil war. Six months later, there are no healthy signs of such a peaceful transition. All parties had initially agreed to hold elections in December, but have not reached an agreement yet on the constitutional frameworks to do so. A more pressing problem is the frequent fighting between the militias despite the ceasefire. The government has not been able to integrate the militias into the national army. In the east, Mr. Haftar's troops remain a parallel institution. Libyan authorities do not have any other option but to bring together all factions, including the rump of the old regime, to build a stable state free of civil strife. But any attempt to ensure a peaceful transition would depend on the readiness of the country's new elite to set aside their factionalism and join hands to rebuild the nation.

The long and the short of the NMP

It is surprising the Government has avoided mentioning the consequences of asset monetisation on ordinary citizens

BISWAJIT DHAR

In the Budget for 2021-22, the Finance Minister, Nirmala Sitharaman, had announced the Government's decision to monetise operating public infrastructure assets, declaring this as an important financing option for constructing new infrastructure. She announced that a "National Monetization Pipeline" (NMP) would be launched to achieve this objective (https://bit.ly/38KdR7s). Just months later, the NMP was unveiled, which shows that the Government intends to raise ₹6-lakh crore over the next four years by monetising several "core assets". The term asset monetisation is not new in this government's lexicon. It has been used during the proposed disinvestment of Air India and other public sector enterprises. Thus, asset monetisation is de facto "privatisation" of government-owned assets by another name.

Trying to make a distinction

One possible reason for the change in the terminology is the strong political undertones associated with the term "privatisation". A two-volume NITI Aayog report (https://bit.ly/3h7gFQt), which serves as the "asset monetisation guidebook", explains that the NMP will help in "evolving a common framework for monetisation of core assets" and this will help draw a distinction from privatisation. But is there a functional distinction between asset monetisation and privatisation?

The NITI Aayog report describes asset monetisation as "transfer of performing assets ... to unlock 'idle' capital and reinvesting it in other assets or projects that deliver improved or additional benefits". In our view, asset monetisation raises three sets of questions. First, are the assets identified for monetisation "idle" or "performing"? Surely, they cannot be both. Second, can the country's ordinary citizens expect to receive the purported "additional benefits"? And, finally, could the Government have looked for other avenues for mobilising resources, rather than selling tax-payers' assets?

The Government has identified "performing assets" to transfer to private entities and these are both strategic and significant. These include over 26,700 kilometres of highways, 400 railway stations, 90 passenger trains, 4 hill railways, including the Darjeeling Himalayan Railway. Moreover, existing public sector infrastructure in telecoms, power transmission and distribution and petroleum, petroleum products and natural gas pipelines are included in the NMP. If such assets were not offered, would the private sector be interested in acquiring rights over them?

Some data

Under the NMP, the Government intends to lease or divest its rights over these assets via long-term leases against a consideration that can be upfront and/or periodic payments. Thus, expected financial flows from leasing or divesting the Government's share in these entities would be a major benefit for the central government, which is in the throes of a fiscal crisis. At the end of 2020-21, the central government's debt to GDP ratio had exceeded 60%, increasing from 48.6% a year before. Current expectations are that in 2021-22, this figure will be close to 62%. Given this situation, the NMP is being projected as the ability of the Government to raise resources and to work its way out of the fiscal logjam.

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Significant impact

The most surprising aspect of the Finance Minister's announcement regarding the NMP is that the Government has avoided mentioning the consequences of asset monetisation on the ordinary citizens of the country. To understand this issue, two obvious dimensions need to be considered. First, the assets that are being offered for leasing or divestment have all been created through substantial contribution by the tax-paying public, who have stakes in their operation and management. Second, these assets have, until now, been managed by the Government and its agencies, which operate in public interest and are not driven by the profit-making considerations.

Therefore, charges borne by the public for using these assets have remained reasonable. With private companies getting the sole responsibility of running all these assets, from highways and railways to all the major utilities such as power, telecom and gas, the citizens of this country would be double-taxed. First, they paid taxes to create the assets, and would now pay higher user charges.

The reason for this is simple. Unlike the public sector entities, private companies are mandated, and quite justifiably so, to maximise their profits and to increase the returns enjoyed by the shareholders. In other words, it is not social benefit, but higher private returns that drives the corporates. Therefore, as the Government prepares to transfer "performing assets" to the private companies, it has the responsibility to ensure that user charges do not price the consumers out of the market. This critical dimension has not clearly been spelt out even in the NITI report. It is evident that consumers' interest can be protected only if the Government can curb profit-maximising tendencies of the companies through regulators.

In the past episodes of privatisation of utilities, instead of effective regulation, there have been instances of regulatory capture instead, resulting in the exploitation of consumers. Take for example the privatisation of the power distribution system in the country's capital. The then Congress government privatised power distribution, and this resulted in a steep increase in power charges that not only threatened to price out the poorer sections but adversely affected the middle class as well. Providing cheaper power was one of the main election promises of the Aam Aadmi Party, which was fulfilled by providing subsidised power to the consumer. But little does the capital's electorate realise that the Government is providing subsidies from the taxes it collects. This implies that the city's taxpayers are either paying higher taxes and/or foregoing public services for "benefiting" from "cheaper" power charges, while the companies are continuing to earn their promised profits.

Tapping the tax route

Finally, since the proposed asset monetisation has resulted from the resource crunch faced by the Government, a pertinent question is whether there were other avenues that it could have been tapped for plugging the resource gap. One possibility was to increase the tax revenue, for at 17.4% in 2019-20, India's tax to GDP ratio was relatively low, as compared to most advanced nations. Improvements in tax compliance and plugging loopholes have long been emphasised as the surest way to improve tax revenue, but little has been done, as the following example shows. Since 2005-06, the Government has been providing data on the profits declared and taxes paid by companies that file their returns electronically. This data reveals that in 2005-06, 40% of these companies had declared that they were not earning any profits, and this figure had increased to over 51% in 2018-19. Further, the share of the reporting companies earning profits of ₹1 crore or less was 55% in 2005-06; this figure had declined to 43% in 2018-19. These numbers lend themselves to only one conclusion. India's large companies have been exploiting the loopholes for reporting lower profits and to escape the tax net. But why have successive governments been so indulgent?

On public sector efficiency

According to NITI Aayog, the "strategic objective of the Asset Monetisation programme is to unlock the value of investments in public sector assets by tapping private sector capital and efficiencies". The NITI Aayog objective assumes that public sector enterprises are inefficient, which is contrary to the reality. In 2018-19, while 28% of these enterprises were loss-making (https://bit.ly/3jLPHQ7), the corresponding figure for large companies was 51%. Is it realistic to assume that the asset monetisation programme would deliver efficiencies?

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A Taliban-led Afghanistan and the Chinese conundrum

The U.S. move of vacating Afghanistan — a nation vital for the Belt and Road Initiative — may prove costly for Beijing

NILANJAN BANIK & GUIDO COZZI

Recent weeks have been unsettling for the people in Afghanistan. A devastating bomb blast, on August 26, outside Kabul airport, killed many people, soldiers and civilians. Not the first of its kind, the region has seen umpteen number of bomb blasts, including the one at the Gwadar, just a few days earlier, targeting Chinese nationals. For an economy driven by the opium trade and ruled by tribal leaders, the new normal is bound to be governed by instability, fighting groups, and thereafter, boom, gloom, and doom.

After the long war, the spoils

In fact, the United States did the smart thing by leaving Afghanistan. The Afghan occupation was costing it more than what it was getting in return. An estimate by Brown University, U.S. (https://bit.ly/3n5cPLJ), suggests that since 2001, the U.S. has spent $2.26 trillion, out of which $1.53 trillion was spent on defence. The Afghan economy did not flourish, with 90% of its population still living below poverty line, with less than $2 a day. The only thing that the economy can still brag about is its ability to produce opium and mercenaries.

But then Afghanistan has a few other things that are valuable – rare-earth metals and huge deposits of copper. The Chinese in particular will be happy about it as they have the technology to excavate them. In fact, the return of the Taliban is seen as a victory of Chinese diplomacy and a debacle for the United States; comparable to the U.S.'s symbolic evacuation of Saigon, in 1975, at the end of the Vietnam war. Indeed, China (also, Russia) have kept their embassies running in Kabul while the western embassies have disappeared. Moreover, China is engaging with the Taliban, with an eye to complete the new Belt and Road Initiative (BRI) investment. And a Chinese presence in Afghanistan with an all-weather ally Pakistan may sound ominous for India.

Crucial link in the BRI

Afghanistan is indeed vital for the BRI. Without counting on Afghanistan, the bulk of Chinese investment in the China-Pakistan corridor will be at risk. Considering the heavy infrastructure investment sunk in the BRI, only many years of successful operation could repay it. In such a project, spending is easy, but getting back the money is extremely hard. The amount of trade that should flow through the new Silk Road should be massive and long term. Otherwise, it will cost money and effort.

In fact, the Chinese successfully implemented this investment strategy, and it worked well in the context of Southeast Asia and Africa. First, the cost of production being lower in Southeast Asia meant Chinese firms could gain by shifting their production bases outside China. Second, investing in these regions meant access to bigger markets for Chinese firms and more uniform regional development. For instance, the relatively underdeveloped Kunming region in Yunnan province became a commercial hub. Third, Chinese firms could evade protectionist measures targeted at their exports when they began exporting from Southeast Asian countries instead. Fourth, investing in Africa and Asia has also reduced some of China's energy requirements, enabling Beijing to access cheaper foreign energy (oil and power) and minerals. Chinese firms have also constructed hydropower plants and a thermal power station in Myanmar. China has also invested in power transmission and copper processing activities in Vietnam. The Chinese want to mimic the same strategies in the case of Afghanistan and Pakistan.

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Success in these two countries would imply that China will be able to bring together a large part of the Indian Ocean littoral and Eurasia through high speed rail lines, pipelines, and maritime linkages. The idea of connecting to the rest of the world stems from China's aspiration to get out of manufacturing, go up the global value chains, and start focusing on product designing and innovation. According to the government of China, the development of the BRI would impact 4.4 billion people and generate trade worth $2.5 trillion within a decade.

The shadow of terror

But here is the flip side. Afghanistan and Pakistan are not comparable to the Association of Southeast Asian Nations (ASEAN). The recent suicide attacks in Kabul and Gwadar are a pointer and may even indicate the resurgence of terrorist groups such as al Qaeda, Daesh, and the Islamic State. No businesses can flourish in the presence of terrorism, especially when the Taliban are known to have a soft corner for the East Turkestan Islamic Movement – a militant group active in the Uighur province of China. No matter how much the Chinese leadership has a desire for inclusive and peaceful development in Afghanistan, in reality, things stand out in stark contrast.

Even considering Pakistan, a country relatively better off than Afghanistan, the Chinese are facing problems. Pakistan is unable to repay a China-funded energy project, built under the BRI. The economy of Pakistan faltered because of dynastic politics and corruption. To top it off, there is an excessive dependence of the political class on the military. Business decisions are not economically driven but are motivated by vested interests with the army calling the shots.

There are good reasons to believe that the return of the Taliban in Kabul will spell gloom and doom for the Chinese. The Taliban ruling groups are far from united, making it impossible to make any reliable domestic and international policy predictions. The dependence on opium export makes Afghanistan vulnerable to world mafias and corruption. All this implies that its undemocratic rulers are not comparable to China-like autocracies, with an inherent stable character. Embargoes, rebellions, factional wars, will be the likely events in Taliban-controlled Afghanistan. These issues will spread to Kazakhstan, Turkmenistan, Turkey, and other essential rings in the BRI chain.

Sanctions as disruptor

Additionally, the Taliban are among the world's least acceptable ruling elite for the western countries. The enormous markets controlled by the western powers are the most lucrative for China. Hence, the next decade will likely show a sequence of BRI trade flow stop-and-go following likely European and American decisions to block or sanction trade from Afghanistan. Given the unfriendly relations between the U.S. and China, any excuse will basically be picked up and used by the White House to stop trade along the BRI. Hence, the cash flow into the BRI will constantly face a risk of interruption. The financial market will incorporate this expectation and make the funding of the remaining parts of the BRI more expensive and restricted. In a game of chess, the U.S. move of vacating Afghanistan may in fact prove costly for China.

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LETTERS TO THE EDITOR

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Security concerns

With the fall of Afghanistan to the Taliban, the resurgence of trained terrorists and militants along the Indian border was only expected (Page 1, September 6). There is no doubt that the Taliban's presence will give extremist groups the much-needed fillip they need to revive and accelerate their activities. Though the Taliban may profess and promise a democratic setup in Afghanistan, India's task is cut out. Terrorism and militancy will be staggeringly formidable as outfits of all ideologies may join hands to convert Kashmir into another Afghanistan. It is surprising that the Narendra Modi government is non-committal on this issue. A foothold in Kashmir will make it easier for ultras to make inroads into India's hinterlands.

V. LAKSHMANAN,
Tirupur, Tamil Nadu

■ The warnings about the presence of foreign militants – which the report says has been taking place over time – is a big worry. Unless the elements are neutralised at the earliest there is a distinct possibility of a terror attack anywhere across the nation. The claims of the Government that no terror attacks have taken place since it assumed power is going to be severely tested.

ANTHONY HENRIQUES,
Mumbai

■ Unlike the United States and the rest of the West, India does not have the luxury of physical distance with Afghanistan. The "meeting" with the Taliban is an affirmative sign. However, India ought to be poised with a backup plan. If the Taliban abide by international rules and regulations, well and good. In case the scene changes, India needs to prepared with plan B.

AANYA SINGHAL,
Noida, Uttar Pradesh

■ The report only highlights the widespread global fear of the return to the dark days of terror. In Africa for instance, West African States caught up in their struggles to overcome Islamist insurgencies, are now fearful of Taliban-style takeovers. In East and West Africa, the Sahel and even parts of southern Africa, Islamist militant groups exist with some kind of connection with the al Qaeda, now said to share links with the Taliban. India cannot be caught off-guard and should not hesitate to flag the issue at all key global fora. With crucial Assembly elections coming up in India, there should be no temptation to give the issue a political slant and polarise communities. Terror needs to be fought with determination and with all political parties on the same page.

NAVDEEP SINGH DHILLON,
Hyderabad

Disease spread

According to World Health Organization reports – also backed by the Centers for Disease Control and Prevention , National Center for Emerging and Zoonotic Infectious Diseases – 60% of emerging infectious diseases have a zoonotic origin, posing a grave threat to human health across the world. This will continue as long as the human race does not discard its apathy towards nature. Deforestation, leading to imbalances in our natural ecosystem, is driving animals out of their habitats, which could be resulting in the spillover of diseases.

DR. BIJU C. MATHEW,
Thiruvananthapuram