THE EDITORIAL PAGE

MOURNING OR PROTESTS?

After the death of Iran's Supreme leader Ali Khamenei in an attack by the US and Israel, in many places across India Muslims, particularly Shias have taken to streets. Impromptu pouring of grief over for a religious leader is understandable but why they need to extend it further. In the UT of J&K, we saw protest marches in many spots in Kashmir and also Jammu. Kargil town was awash with a sea of mourners soon after the news of Iranian leaders' death poured in. While religious emotions are sans logic and must be taken in that spirit one wonders why people are trying to take to streets, damage properties and create chaos the next day. Mourning is a sober action and must not be turned into a tamasha or a reason to defy law and order. Many leaders including an MP are trying to provoke people into taking to streets and questioning why Indian government is not condemning the attack on Iran. Their intention is evil and their purpose is to create a law and order disruption particularly in the Valley where peace has returned after decades. People of all faiths are free to mourn the death of a religious-political leader. They can do so in their homes or at the local mosques. Kashmir peace has come at a cost and it must not be violated at any cost. If people feeling for a foreign leader have the right to mourn his death so do the normal people have the right to live peacefully.

The government of the day has a duty to protect peace and not allow hooligans and agents of the enemy to misuse the faith of the people to create bad blood and restart the stone throwing, marching, raising sectarian slogans. If the Shia people and others are true followers of the Iranian leader they must respect his memory and not make it a reason to vitiate the environment.

The new grammar of fiscal federalism

Pravin Kumar Singh

India's Finance Commissions are often viewed as technical exercises in tax sharing. Yet they are far more than accounting mechanisms. Every Commission reflects a deeper constitutional conversation about equity, efficiency, and the evolving balance between the Union and the states. The 16th Finance Commission (FC), whose recommendations cover the period 2026-31, is no exception. While the headline number, retaining states' share in central taxes at 41 per cent, suggests continuity, the report signals a subtle but important recalibration in India's fiscal federalism.

The real significance of the 16th FC lies not in dramatic structural changes but in the quiet rewriting of incentives. The Commission appears to move India away from a purely redistribution-centric model toward a framework that simultaneously rewards economic contribution, fiscal discipline, and governance performance. This shift, if interpreted correctly, may define the next phase of cooperative federalism.

Stability masking structural change

At first glance, the Commission appears cautious. The continuation of the 41 per cent share for states in the divisible pool of taxes maintains predictability and avoids reopening contentious debates between the Centre and states. Yet fiscal federalism is shaped less by aggregate shares than by the criteria through which those shares are distributed. Here, the 16th FC introduces notable changes. The weight assigned to income distance, the principal equalisation parameter, has been reduced, while a new weight has been given to states' contribution to national GDP. This seemingly technical adjustment marks a conceptual shift. Historically, Finance Commissions emphasised horizontal equity, ensuring that poorer states received greater support to provide comparable public services. By introducing a GDP contribution parameter, the new formula incorporates an efficiency-oriented logic: states that drive economic growth are also recognised in the distribution mechanism. In effect, India's fiscal framework is gradually evolving from pure equalisation toward incentive-compatible federalism.

Equity versus efficiency

The tension between redistribution and growth incentives has always defined fiscal federalism. Too much emphasis on equity risks weakening incentives for revenue mobilisation and economic expansion; too much emphasis on efficiency can widen regional disparities. The 16th FC attempts to walk this tightrope. Income distance remains the largest criterion, ensuring continued support for lower-income states. At the same time, recognising GDP contribution acknowledges that high-growth states sustain national revenue capacity.

This dual approach reflects a maturing federal economy. India today is no longer a uniformly low-income federation. States differ sharply in demographic profiles, industrialisation levels, and governance capacity. A transfer formula designed for a more homogeneous economy may no longer serve emerging realities.

The Commission's recalibration implicitly recognises this structural transformation.However, the shift also raises important political economy questions. Will richer states view this as long-awaited recognition, or merely a modest correction? Will poorer states perceive it as a dilution of redistributive justice? The durability of the new formula will depend less on its mathematics and more on the political trust underpinning federal negotiations.

Demography and the politics of population

One of the most sensitive areas of previous Finance Commissions has been the use of population as a criterion. The 16th FC revises the demographic performance parameter, moving from fertility-rate based measurement to population growth between 1971 and 2011. This change is more than methodological. It represents an attempt to balance competing narratives: states that successfully controlled population growth seek recognition for responsible policy choices, while states experiencing higher growth argue that fiscal needs follow demographic reality.

By shifting the metric, the Commission tries to depoliticise the debate. Yet demography remains deeply embedded in India's federal politics. The question of whether fiscal transfers should reward past policy success or respond to present expenditure needs is unlikely to disappear. The new formula postpones rather than resolves this tension.

The end of fiscal cushioning

Perhaps the most under-discussed aspect of the report is what it removes. The Commission discontinues revenue deficit grants, sector-specific grants, and state-specific grants that were part of the previous framework. This signals a philosophical shift. Earlier Commissions often acted as fiscal shock absorbers, cushioning states with persistent deficits. The new approach appears to favour harder budget constraints, nudging states toward fiscal self-reliance rather than continued dependence on compensatory transfers. In public finance theory, this reflects a movement away from "soft budget constraints," where subnational governments expect rescue, toward a system where fiscal responsibility becomes a structural expectation. For states, this implies greater pressure to expand their own revenue base, rationalise expenditure, and improve efficiency.

Decentralisation with conditions

The Commission's recommendations for local bodies further illustrate its governance-oriented approach. Significant grants are allocated to rural and urban local governments, but access is conditional upon institutional reforms such as timely accounts publication and functioning State Finance Commissions. Performance-linked grants and targeted components, such as urban infrastructure and wastewater management, suggest that devolution is increasingly tied to outcomes rather than entitlement. This is a notable evolution from earlier phases where transfers were primarily formula-driven and less conditional. In essence, the Commission recognises that fiscal decentralisation without administrative capacity risks inefficiency. The emphasis is now on accountable decentralisation.

Fiscal discipline as constitutional signalling

Beyond transfers, the 16th FC offers a clear fiscal roadmap. It recommends bringing the Centre's fiscal deficit down to 3.5 per cent of GDP by 2030-31, maintaining a 3 per cent deficit limit for states, and crucially ending the practice of off-budget borrowings by bringing them onto formal balance sheets.

This may prove to be one of the most consequential recommendations. Off-budget liabilities have increasingly blurred the true fiscal position of governments. By advocating uniform accounting and transparency, the Commission seeks to restore credibility to fiscal metrics. Seen in historical perspective, this could represent India's second-generation fiscal reform after the FRBM framework, an attempt to institutionalise transparency alongside discipline.

The emerging federal compact

Taken together, the report reflects a broader transformation in India's federal compact. The message is clear: redistribution will continue, but it will coexist with incentives for growth, transparency, and fiscal prudence. States are expected not merely to receive transfers but to demonstrate governance capacity and economic contribution. This shift mirrors global trends in intergovernmental fiscal design, where transfers increasingly reward performance rather than merely compensate for structural disadvantages. Yet India's diversity makes such transitions politically delicate.

JAMSETJI TATA AND THE POWER OF PURPOSE

RAJESH SETH

On March 3, as India marks the birth anniversary of Jamsetji Nusserwanji Tata, it is worth reflecting on a question that remains strikingly relevant more than 150 years after he laid the foundations of the Tata enterprise: Why do some companies endure for generations, while others fade despite early success?

Jamsetji Tata did not build businesses merely to manufacture goods or generate profit. He believed enterprise was a means to strengthen the nation, advance science and education, and improve the lives of people. That belief - a deeply held sense of purpose - continues to shape the Tata Group more than a century later. It also offers a powerful lens through which to understand corporate longevity.

Purpose is often spoken of today, but rarely with clarity. In his book Deep Purpose, Harvard Business School professor Ranjay Gulati argues that purpose, when genuinely embedded, becomes an organization's operating system - guiding decisions, shaping culture, and sustaining performance over time. Larry Fink, co-founder, Chairman and CEO of BlackRock, reinforces this idea, noting that purpose must act as both a strategic compass and a guide for everyday behaviour, not a symbolic slogan.

It helps to distinguish between three layers of purpose, a distinction that is often blurred but critically important. At the most basic level is functional purpose. This is operational in nature and answers the question: How do we run the business efficiently? It focuses on processes, productivity, and execution. Every organization needs this layer, but on its own it rarely inspires loyalty or longevity.

The second layer is strategic purpose, which supports competitive advantage and medium-term goals. It aligns teams, strengthens brands, and builds customer trust. Strategic purpose asks: How do we create and sustain advantage? Many successful companies operate effectively at this level, yet it remains largely instrumental.

The deepest layer is core purpose - the organization's raison d'être. It is enduring, values-driven, and largely stable over time. Core purpose answers the fundamental question: Why should we exist at all? For Jamsetji Tata, that answer lay in using enterprise to advance national self-reliance, scientific capability, and social progress-not merely commercial success. It shapes culture, ethics, leadership behaviour, and an organization's responsibility to society. Crucially, it guides decision-making in moments of crisis and transition.

This layered view helps explain why some business groups endure for decades - sometimes over a century - while others struggle to survive leadership transitions or environmental shocks. Functional and strategic purposes can deliver performance; only core purpose delivers permanence.

This idea of purpose-driven endurance is not confined to an earlier era or to Indian enterprises alone. Contemporary examples from global business echo the same logic. The American outdoor apparel company Patagonia, for instance, has explicitly placed environmental stewardship at the heart of its existence, declaring that "Earth is now our only shareholder." Founder Yvon Chouinard embedded this belief not merely in brand messaging but in ownership structure and governance, ensuring that the company's profits are channelled toward environmental causes. Patagonia's success demonstrates that when purpose is treated as a governing principle rather than a marketing slogan, it can guide strategy, shape culture, and sustain relevance even in intensely competitive markets.

Jamsetji Tata's life offers a compelling illustration. He did not establish textile mills in Nagpur merely to manufacture cloth. Beyond demonstrating Indian industrial capability and promoting self-reliance, he pioneered organised worker welfare - introducing provident fund-like schemes, along with measures such as gratuity and accident compensation, long before these became the norm. Business success and social responsibility were inseparable in his worldview.

His commitment to nation-building extended well beyond industry. Believing education to be the foundation of progress, he established the J N Tata Endowment in 1892 to support "the best and the most gifted" Indian students for higher studies overseas. Since then, the Endowment has supported more than 5,700 scholars, including former President K.R. Narayanan and renowned astrophysicist Jayant V. Narlikar.

Lessons from India's Maritime Footprint

Raghvendra Singh

India and the Indian Ocean have been inseparably connected by geography and history. This region has been a cradle of civilisations. Major religions and faiths of the world are all represented in the littoral and island nations of the Indian Ocean.

We know how geography exerts great influence on politics and security, particularly in matters 'maritime'. It is in this context that the Indian Ocean acquires importance. On its waters are carried half of the world's container shipments, one-third of bulk cargo traffic and two-thirds of oil. About one-third of the world's population inhabits the littoral straits and islands of the Indian Ocean. Four of these countries have populations in excess of one hundred and forty million people, namely, India, Pakistan, Indonesia and Bangladesh.

Millennia before Columbus sailed the Atlantic and Magellan crossed the Pacific, the Indian Ocean was an active thoroughfare of cultural and commercial traffic. It was around 45 AD that the discovery was made of how to use the monsoon winds too directly cross the Arabian Sea instead of hugging the coast. The Indian navigators, though, had already sailed and discovered Sacotra long before the first century AD. They had navigated the Red Sea using the magnetic needle, the Matsya Yantra, for determining direction. The existence of prosperous Hindu colonies in Malaya, Sumatra, Java, Cambodia and modern-day Vietnam clearly indicates that the Bay of Bengal had been mastered long before the First Century AD. That peninsular India was maritime in its tradition is borne out by the writings of Fa Hien, a Chinese visitor to India between AD 400 and 410. He was transported by sea from Sri Lanka to Sri Vijaya along with 200 merchants. There are numerous references to the Mauryas and the Andhras about the Eastern Seas. The Chinese had an extensive sea trade along the Malabar Coast. Hieun Tsang, who visited India in the 7th Century AD describes the vast overseas trade during the Gupta period. There are numerous mentions of the Chola emperors and their powerful sea-faring capacity.

A vibrant trade route through sea linked the east with the west, from the West Coast of Japan, through islands of Indonesia, India and to the land of the Middle East; and from there across the Mediterranean to Europe. The links were formed by traders through buying and selling from port to port. They traded mainly in spices. The use of monsoon winds in the Indian Ocean was a boon to sailing ships. It helped them in their travels to and from India.

Artefacts of the Saraswati-Sindhu Civilisation have been found in middle-east and Egypt dating back 5000 years. Large colonies of Romans lived in the port cities of India, especially on the eastern coast in Tamil Nadu, in the first millennium. Some of the earliest seafaring ships plied between the coast of Kerala and the Middle East. The second-oldest mosque in the world was constructed in Kodungalur in Kerala in 629 AD. Buddhism spread to all corners of Asia through sea and land routes. Centres like Sukhothai, Ayodhya, Angkorvat in the East, or Swat, Bamiyan or Dun Hwang, are manifestations of vibrant cultural links of India with the regions around the Indian Ocean. Ramayan was the most popular story told in this region. The Hindu and Buddhist traditions provide some of the finest paintings, sculptures and reliefs across Asia.

Despite having footprints all across, India has failed to build a historical narrative around it. Sacotra hardly finds any mention, as do several other coastal world heritage sites across the Western Indian Ocean that show evidence of Indian maritime activity. In the Ajanta caves, the narrative of Simhala, a sea-faring merchant is prominently depicted. Simhala was an incarnation of Siddhartha Gautama.

He, along with 500 merchants, had landed in Tamradweep (Sri Lanka). This is an interesting story that finds a connection with Sri Lanka. A great scope for collaboration exists amongst maritime museums. A collaboration with the maritime museum, currently being set up at Lothal in Gujarat, India, would prove very useful.

India has yet to highlight its historical connection across Africa, the Middle East and Southern Europe. While inaugurating the Kochi metro in June 2017, Prime Minister Modi had called Kochi, the queen of the Arabian Sea, an important spice trading centre. Our goal should also be to revive the historical trade routes in a large geopolitical and geo-economic context.

How can India launch a project to sustain its cross-national connectivity with East Africa, the Arabian Peninsula, and the Indian subcontinent, Sri Lanka, and the South East Asian archipelagos? More than three dozen countries can be identified as partners if an Outreach Project gets mooted. India is a signatory to various UNESCO conventions. An outreach like this will provide a platform across the Indian Ocean world through a cross-cultural transnational narrative. It can seek a trans-national nomination under World Heritage by highlighting the links of the Indian Ocean Maritime route.

This will provide visibility to connectivity, encourage research, tourism, and develop heritage. The project could navigate through coastal architecture, maritime heritage, artefacts, maritime museums, underwater cultural heritage, industrial heritage, ship building, intangible cultural heritage, trade routes, cultural products, pilgrimage, religious travel, oral traditions and literary traditions.

A possible way forward would be to begin collecting data on historical exchanges in the field of both tangible and intangible maritime cultural heritage. This may include knowledge pathways related to art, philosophy, mathematics, geography and sciences. No project of this kind exists at the moment. This research could feed into proposing a World Heritage nomination to UNESCO. This will truly place the maritime cultural heritage of the Indian Ocean on a firm and independent footing.

The Maritime Silk Route (MSR) initiative is already impacting the strategic balance in the Indian Ocean region. It is common knowledge that MSR strives for an influence in the Indian Ocean. The new geopolitics of the Indian Ocean region is defined by America's declining influence. The old geo-politics of the Indian Ocean Region (IOR), characterised by US hegemony as a leading force from the Middle East to the Pacific, is giving way to a new dynamic as America's focus shifts gradually from the Indian Ocean to the West Pacific region. Though India's economy is the biggest in the IOR, China is the biggest user of its sea lanes. The MSR initiative is an indication of increasing realisation of the growing salience of the Indian Ocean.