

Be not ashamed of thy virtues, honor's a good brooch to wear in a man's hat at all times
Ben Jonson

Pakistan bent on promoting terrorism

First it was the ex-army general and ex-Pakistan president Pervez Musharraf who said he was willing to forge an alliance with the Lashkar-e-Toiba and the Jamaa-ud-Dawa chief Hafiz Saeed for the "safety and security" of Pakistan. Now the Pakistan army, too, has taken a lenient attitude toward him. Washington is annoyed and angry that Saeed, who carries a ten million dollar reward on his head for terrorist activities is going to be allowed to contest elections and, given the political situation in Pakistan, may well become part of the Government. Saeed has already formed a political party naming it Milli Muslim League and is trying to get it registered with the Pakistan Election Commission. There would be no bar to that because a Lahore Court has already released him from detention because no charges justifying his detention could be proved against him by the Pakistan Government.

The USA and other Powers have to think of ways to prevent Pakistan from sponsoring terrorism as a State policy. Steps like 'dismantling' terror camps in Pakistan are easier said than done because Pakistan is a nuclear State. The only way Pakistan can be brought to its knees is through economic sanctions like restricting the export of certain type of commodities to Pakistan and cutting back on aid, both military and financial. The US under Trump has done both but not to much effect. As long as China strongly supports Pakistan, going to the extent of preventing the UNSC from declaring Saeed as a global terrorist, Pakistan will not listen to anyone until it feels the economic pinch.

In their recently held meeting, the Foreign Ministers of India, Russia and China came out strongly and unequivocally on the question of terrorism, going to the extent of emphasizing the need for "a comprehensive approach on combating terrorism" and said "those committing, organizing, inciting or supporting terrorist acts must be held accountable and brought to justice." India can now request Moscow to talk to Beijing and persuade it to support India's move to have Hafiz Saeed declared as a global terrorist. If China does not agree, it will only expose its double faced stand on terrorism. Pakistan will see reason only when the cost for terrorism becomes unbearable for it. If China takes a strong stand on terrorism, Pakistan can ignore it only at the risk of alienating Beijing - its only dependable ally today. And it is here that Moscow can play a role in convincing China that its support to Pakistan even when it exports terrorism will in the long run be against her own interest.

Rahul Gandhi's tasks on hand

REFLEX ACTION

Kalyani Shankar

On Saturday the Congress Party had a regime change with 47-year-old Rahul Gandhi taking over the reins of the party amidst speculations that his mother and predecessor Sonia Gandhi might retire. Sonia also has been expressing publicly that her role now was to retire. But will Sonia Gandhi really retire even though she has yielded her place as the Congress chief to her son?

She may not, if she is going to continue as the Congress Parliamentary Party chair and also the UPA chair person, as her party asserts. Generally, when politicians quit public life, they quit all positions but Sonia is not destined to be one of them. She might have only given up the party presidency. Why so much confusion about her retirement? The Gandhi family (read as Sonia, Rahul and Priyanka) is a very close-knit unit and has taken all decisions pertaining to the family members taking all along. It was the family, which persuaded Sonia not to become the Prime Minister in 2004. It was the family which decided when Rahul should be elevated. It was the family, which decided when Sonia should take a back seat when her health deteriorated two years ago. It was the family, which thought it was time for Rahul to take over now. Therefore, the family must have created a new role for Sonia Gandhi even after her so-called retirement.

So why will Sonia find it hard to retire? Ill or well, the Congress will cling to Sonia as she had brought the party to power not once but twice (2004 and 2009). It was not a small achievement. Rahul Gandhi has not proved to be a winning vote catcher though he has been drawing crowds in the recent Gujarat polls. The party would like to cling to tried and tested leaders like Sonia

rather than put all its eggs in the basket of Rahul Gandhi, though it is not averse to giving him a chance. Secondly, the old guard in the party is quite apprehensive of Rahul's leadership. In fact, within the party it was often said that it was the old guard, which was blocking Rahul's elevation for some years although Sonia would have liked to put her son as the party chief much earlier. Rahul Gandhi's supporters had been complaining that he was not having a free hand because of the old guard. Senior leaders feel quite comfortable with Sonia Gandhi and would rather work with her than her son. Also they were apprehensive of their future in the Rahul regime, as Rahul has been favouring younger men in his team.

Thirdly, the party needs a senior leader like Sonia to head the Congress Parliamentary Party. In the upper house the Congress-led Opposition is quite belligerent and can block government bills. The BJP has to wait for some more time to get a majority in Rajya Sabha although it has got one more seat than the Congress and has become the single largest party in the upper house. So far the old guard like Ghulam Nabi Azad, Anand Sharma and others, who have been running the show, are all close to Sonia Gandhi. If Rahul brings a young team who do not know much of the parliamentary practices, it may not serve the purpose.

As for dealing with the other leaders of the Opposition, who better than Sonia to lead the Opposition? Despite taking a back seat in the past few months, it was her leadership, which brought 18 political parties together to choose the opposition candidates in the recent presidential and vice-presidential elections.

Fourthly and more importantly, the Congress is looking to do better in the 2018 Assembly polls and the 2019 Lok Sabha polls. The party knows that it is the arithmetic which works in elections. Sonia has proved that she can keep the UPA together although it is shrinking a little. The UPA needs more allies nearer the Lok Sabha polls. Senior opposition leaders like Sharad Pawar, Mamata Banerjee, Lalu Prasad Yadav and others may not like to work under Rahul Gandhi's leadership while they had no hesitation in working with Sonia. The CPI-M leader Sitaram Yechury has said in a recent TV interview that Sonia was the glue that kept the UPA intact and without her the UPA will break. Therefore, the Congress would like Sonia to continue at least until the 2019 polls.

So, it is not surprising that Sonia may continue to be the CPP leader and the UPA chairperson though she shed the post of the party president on Saturday. Rahul as the new party chief will concentrate on the organisational affairs. The party is sinking slowly and it needs full-time attention of the Gandhis. Once Rahul has established himself as a vote-catcher, things will improve for him. Rahul has already emerged as a credible Opposition leader in the recent Gujarat poll campaign. All that he has to do is to build the organisation and prepare foot soldiers before the 2019 polls. (IPA)



Physically challenged students selling self-made New Year greeting cards, in Patna on Tuesday

Conventional Crossword

1	2	3	4	5	6	7
8						
9				10		
11						
12	13	14		15	16	17
18		19	20		21	
22						
23						
24				25	26	27
28						
29				30		

- | | |
|-----------------------|-----------------------|
| ACROSS | DOWN |
| 1 Separated | 1 Tallisman |
| 5 Expensive | 2 Curt |
| 8 Destroyed utterly | 3 Govern |
| 9 Family member | 4 Layer |
| 10 Quote | 5 Interior decoration |
| 11 Disease of rye | 6 Newspaper |
| 12 Finish | 7 Cereal |
| 15 Turn over and over | 13 Denial |
| 18 Pleasure trips | 14 Constraint |
| 21 Fish eggs | 15 Behold! |
| 22 Building cover | 16 Behold! |
| 24 Insects | 17 Acquires knowledge |
| 25 Added clause | 19 Flowers |
| 28 Harsh | 20 As stated |
| 29 Throw | 23 Worry |
| 30 Looks after | 24 Wager |
| | 25 Akeer |
| | 27 Lair |

SUDOKU: 2067

6	4		7		8	1
	7				2	9
			3	8		4
4		6	7	3		6
	6		9	2		
4	6	8				
9	2				7	
6	8	2		1	5	

Yesterday's Solution 2066

2	5	4	1	7	9	6	3	8
7	6	9	5	8	3	2	1	4
1	3	8	4	2	6	9	5	7
4	7	5	9	1	8	3	6	2
3	2	6	7	5	4	1	8	9
8	9	1	6	3	2	4	7	5
6	8	2	3	4	7	5	9	1
9	1	7	2	6	5	8	4	3
5	4	3	8	9	1	7	2	6

Yesterday's Cross Word Solution 075

P	O	O	L	P	A	W	N	S
O	M	I	N	U	T	E	L	
I	T	E	M	N	O	B	L	E
A	L	P	S	M	E			
A	L	E	I	N	S	T	E	P
R	E	T	I	N	A	R	A	Y
O	D	P	O	E	T			
M	E	A	L	S	W	A	S	P
A	P	E	L	L	E	T	O	
S	E	E	D	Y	D	Y	E	D

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Risk in midcaps and large-caps now

FOCUS

Vetri Subramanian

There are more pockets of opportunities in large-caps compared to midcaps where the valuations have really been picked up: Vetri Subramanian, UTI AMC
The growth story of India over the last two-three years has been extremely supportive in all macro fiscal parameters and the market has seen significant flows coming from the domestic investors. There has been a series of policy initiatives by the government to enable the economy to achieve the potential rates of growth which are certainly much higher than what is being currently achieved. The country has not yet seen all of this coming together in terms of achieving that higher growth rate. The market always keeps everybody in a bit of suspense about future course of direction, which

remains a challenge. The macro backdrop is conducive and if one is willing to look out over an extended period of time, Indian investors do need to raise their allocations to equity and that is something that will underpin the market.
Market dynamics - both internals as well as global:
Talking about equities is always difficult since they are variable return products. It is significantly affected not just by fundamentals but also by investor behavior. Equities are not like fixed deposits whereby on an annual basis one can clock in steady level of returns. The Indian market and most global equity markets have actually enjoyed a period of suppressed volatility and this is rather unusual for the asset class. Over the last five or six years, there has been a dramatic compression of volatility. At

some point, there could be a little bit of spike up in volatility and hopefully investors will be well prepared for that.
Return expectations from midcap funds:
The three-year return of the Nifty is rather subdued, which is just 7% CAGR and in fact even bonds have outperformed the Nifty over this period. But then one sudden shift changes the perspective and one can find that the three-year return on the midcaps is running north of 20-24%. So it has been a dramatic outperformance by midcaps of large caps equities. If one looks at valuations, they can find this to be true for some time that

midcaps have actually traded up to a premium to the large-caps. They have not just sustained the premium but have also expanded the premium.
The overweight positioning in NBFCs and financials:
One look at the institutional portfolios of Indian and foreign institutions can help in finding financial sector dominance. The reason is that financials are almost 32-33% of the benchmark and therefore naturally ends attracting a disproportionate part of the flows because most investors either have a clear articulated

benchmark relative positioning or they are benchmark aware. So, there is an extent to which an investor will position himself differently.
A secular trend that one can see in financials in India is the rise of credit provisions to the individuals and retail. The share of retail credit as a percentage of total bank credit in India is quite low. But the experience of countries in other parts of the world, the share of credit in the hands of retail actually tends to become larger along with bank credit or nonbank credit. Also, a lot of the corporate borrowing gets disintermediated into the bond market. This one trend has been very powerful for a lot of Indian institutions, whether they are banks or NBFCs, and have really benefited from the growth of retail lending. (Author is the Group President, UTI AMC)