

# THE ONL<sup>👁️</sup>,<sup>👁️</sup>KER

**Oct '18/Issue I**

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# THE FINANCIAL CRISIS- 10 YEARS ON



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# President's note

*Embarking on an early day, as it begins with me stepping into a typical Mumbai neighbourhood, I inhale the air surrounding me infested with a tinge of urea and incense. I usually see four kinds of people up and about doing what earns their daily bread- the sweepers, the drivers, the guards and the sleepers. Although the sleepers typically resort to begging on the streets later during the day, they don't seem as motivated to do so in the mornings.*

*When you have enough pent up anger against a fellow being, you, devoid of all means, resort to passivity.*

*Who is to comply is bound to complain. Is it a lack of choices or an uncertainty towards achieving one's true ambitions? Of course, I don't mean the sleepers, they have been unduly disregarded by the society as not their own but as outliers (but what about them being as many as 2/5ths the population of Bombay?). Questions turn irrelevant if we don't seek answers. Is it how expressions of amazement seem justified? Maybe (if you may) it is all a hoax created by the state and its leading participants. Maybe (if you may, again) it is you and your self-led standards. Maybe (who knows if I may) it is just an act of reasonable debate and understanding through each and every one's lenses.*

*So, the question is, what amazes you enough to motivate your otherwise (generally) unassuming mind? Living in a world as dynamic as today's there hardly seems to be a choice to keep your head above the many indispensable stories.*

*This year, at the Onlooker, we are seeking answers to the most brazen questions arising from its manifestation. Making and being the change holds relevance if you're a combination of dogmas and vulnerabilities.*

*Upholding the magazine's ethos- I as this year's president, commit to the cause of penned thoughts raising necessary contentions, digressions and assertions, for a complacent to rekindle and a radical to mingle.*

*We have been able to create a nexus of individuals raising necessary opinions from our country's leading universities. This marks the beginning of inclusive issues, gathered to form series of discussions and deliberations, within our college premises.*

*This magazine is a tribute to the dutiful and committed individuals who helped in bringing about its existence.*

*I hope we are able to satiate your need for cultivated and thoughtful ideas with our first issue of this year.*

Happy Reading!

# THE FINANCIAL CRISIS- 10 YEARS ON

*by Tanya Rana*

This year's September 15th marked the 10th year anniversary of the crisis that shook the world by its very core. Serving as a renaissance to the Great Depression of the 1930s, it seemed to be unwarranted-or so many felt that way. We were in a happy bubble that burst due to restrained space accommodating this incompatible happiness. How something as perceptible as piling debts hid itself behind the veil of catastrophe? How does one fail to progress from the lessons of the 1987 stock market crash and the 1998 collapse of the Long-Term Capital Management (LTCM) hedge fund, where in both cases, bizarre bets arising from operational inefficiency and leverage, ruptured the markets? The answer lies in what seemed to be appealing to the eyes of many financiers and economists who did see an imminent crisis, but failed to recognize *the accurate one*.

The foundation of viewing the crisis was itself defaulted. Of course, global cross border transfers impact a country's balance sheets, shedding and supporting many dynamics of it. *But, was that the actual problem?* The prediction of how a surplus country such as China would shatter by catering to the incessant demands of an extravagant nation as the United States, twinkled the foresight of many economists around the globe. The abolition of Bretton Woods by the Nixon government in the 1970s was the first time in history when no currency was pegged against a metallic standard, leading to the demise

of many countries' strong fundamentals. This soon was balanced by the policy-makers as they lauded themselves with the need for low inflation rate in an economy, failing to accommodate within it, the real-estate prices.

Soon, in the mid-2000s, it was realized that although US's claims of it being worthy enough to fetch support and that printing money its way through an alligator's mouth was no liability, some started raising their doubts on its sizeable trade deficits and how it might eventually lead to its downfall-shooting rates, inflation and a jolt to the dollar's value.

Why, but the situation that was ultimately revealed was a striking contrast to the aforementioned predictions. Deflation severed, just as the dollar surged and interest rates spiked. It was therefore not the problem of US's outstanding public debt but its *private debt* that would create a cataclysmic impact due to the inability of *subprime* borrowers to repay. Just like the many sequences of predicament in emerging markets in the 90s, it was investors' confidence bailing out on these asset prices. China prevented itself from undergoing a calamity as such by keeping the value of its currency artificially low, thus, a shield against ever needing the IMF. China's trade surpluses with the US rose to astonishing highs as they continuously bought dollars to devalue the Renminbi. Oversupplied with cash from the poor farmers and factory workers in China, the long term rates too, not caring to budge, and to gain a better return in the name of innovation

(credit default swaps played a significant role in AIG's downfall), subprime mortgages entered the picture. Imagine the riskiest pool of investments arising out of a glut of cash, propagated and blessed further by the credit rating agencies for providing loans with margin requirements as low as 3%- helped boost this make-believe world of temporary gala.

Many wanted a piece of this pie, from big German banks to the small ones, European and British banks ended up disbursing almost 1/3rd of these risky mortgage-backed securities.

Thus, capital flows across the trans-Atlantic region than the ones across national boundaries, provide a substantial argument as to how this contagion spread and fogged the lenses of policy-analysts to focus on the Sino-American trade imbalances than the Euro-American transfer system. However, as much as claims the US banks had on the European ones because of the trade flows, the European bankers were persuaded to earn big bucks by implementing the basic business idea of cheap cost financing to earn decent returns. This is how, from its origin in the 2000s, finance had *globalized itself*. A complicated banking system, restricted competition, poorly conceptualized government programs to help the disadvantaged and the lack of mindful analysis, played role as catalysts to an impending crisis.

What now? Has a crisis as hysterical as this been fully averted? Of course, lending rules in the US are firmer, such that individuals with good borrowing credentials find themselves in a tight spot. But, more people in their 30s and 40s are risk averse and less willing to take on debts in their portfolios. A study, focusing on the behavioral impacts since the crisis, tells us that the share of people owning homes haven't increased much since the crisis came about. This has created a psychological scar leading to a cautionary environment. Entrepreneurship too, is less vigorous than the pre-crisis level. People no longer treat their houses as piggy banks and therefore are not keen on borrowing against their houses (as those who did before the crisis found the value of their houses plummeting tremendously). A very curious insight also indicates people ditching the streams of humanities for the STEM subjects as they ensure better prospects career wise. Companies find themselves spending slowly on new equipment and choosing to pay their employees in bonuses by gingerly raising wages- to not

commit for the long term and safeguarding their flexibility. These are a few of the lingering effects of the crisis. Then, why has the promotion of low cost student loans surfaced credit markets? How about the notorious nexus between the sovereign and banks?

### ***“Prediction of an economic crisis doesn't always seem evident”***

How to predict a crisis? We are guided by the Greeks to follow the classical ideologies of constancy and unanimity, even then, weather forecasting with its efficient computing and other technological advancements, has improved just marginally. Seemingly so, prediction of an economic crisis doesn't always seem evident. Effectiveness due to economic rationales and conformities do sometimes fail to capture a forthcoming emergency-like situation. Mitigation of risk through the available tools than prophesying theories onto the universe could help prepare ourselves better. Therefore, to batten down the hatches, incorporating the psychological and future expectations of people by adopting measures of common sense (in our case, house prices were rising faster than their owner's income), should be a viable and forward-looking strategy. Are we, if not prepared, waiting to learn from another crash? Paradigms haven't come to a standstill. A “macro-financial” approach to better study the mechanisms on which the global banking balance sheets change shape, both at the national and global level, in a “pro-cyclical” approach, has been worked out as a framework for resolution. A view that is “macro-prudential” with its new set of instruments to monitor not just the credit cycle but the key drivers of the world's largest banks. However, the political facets of this new approach must work as a coherent whole to balance interests and technicalities of regulation.

We are likely to know the outcome in the following few years, till then, let's hope our fate chooses us justly.

# The flavour

*“The financial world is a theatrical production, abundantly lubricated by that magical elixir of illusionists: confidence”*

A financial contract is one of mankind's many great inventions- playing a vital role in human development since almost a 7000 years! It is thus comical, as we created something that is not just prone to a crisis: it shapes them too. At its core, it meets two important functions- a saver's surplus generates future income and a borrower's convenient accessibility to funds now earns an income tomorrow, and it helps provide a shield against unprecedented events. It is a smooth journey against the downturns of an uncertain world. Not only this, investors help actualising ideas, developed by companies and people, to propel the engine of growth.

Yet, it is petrifying when bubbles burst and sentiments drown into the gloomy river. We know this as the impact of the recent financial crisis continues to hamper the levels of productivity and employment. If history is a guide to problem solving, we would never see these bouts of financial duress. Institutions enhance people's economic lives but they also fail. Usually, this is where the blame-game begins and we see the asset or investor being vilified as the culprit, consequently leading to cumbersome regulations being put into existence. A wise and seemingly prudent opinion is for public funds to end their backing for private markets and other “important” financial instruments deemed fit to be given state support- must prevent future clamour. If you are aware of the phrase- *blind capital*, where public funds chase highly speculative and dubious investments, some well intentioned reforms by the state, rather than subsidising the financial burden, exacerbated it. £35,000 of investments into Icelandic banks seemed like a safe haven for Britons, or so it was only assumed that they could rely on the state.

This article will, therefore focus on the titans of the modern finance and economy- the New York Stock Exchange, the Federal Reserve and Britain's huge banks- and how we can learn in the current post-crisis era.

1792-

Alexander Hamilton- the first Treasury secretary of the United States, deserves much praise for both-the terrors and developments, of what modern finance exhibits today. Just 14 years after the Declaration of Independence and the need for state-of-the-art financial products (like that of Britain and Holland) as envisioned by Hamilton, America's bonds would be traded in open market, allowing the government to borrow cheaply. The first auction by the First Bank of the United States (BUS), was oversubscribed within an hour in the year of 1791. The two masts of Hamilton's system- debt and the bank, designed to support one another, were placed efficiently into the frame of things. However, an Etonian friend turned enemy called William Duer, put Hamilton's vision at a risk. Duer and his accomplices cornered the market as they found a loophole- investors' need for federal bonds to pay for BUS's shares. He funded this scheme by borrowing from his wealthy friends and by issuing personal IOUs from the public.

The bank was a problem in itself too. Its day of existence disparaged other nation lenders. It became highly awash with credit. Speculative fever struck and the markets for short sales and future contracts developed. Arbitrage opportunities increased. Jitters finally began in the March of 1792, when BUS started running low on hard currency because of which it had to cut its supply of credit at an almost similar pace as it provided it. As this happened, Duer and party started feeling the pinch as their inability to repay old debts with new ones didn't offer the solution.

This tightening by the BUS, and Duer's troubles sent American markets in a downward spiral- the worth of shares plummeted by 25% in just two weeks. Duer was sent to jail. Pain and anger gained severe gravity. This gave traction to America's first bail out. Hamilton used public money to buy federal bonds to pep its prices and protect the bank and speculators who had bought them at inflated prices. He encouraged bank borrowing and funnelled cash into the hands of distressed lenders.

To prevent future events as such, lawmakers banned public futures trading. Interestingly, a group of 24 traders, in response to this aggressive

# of Finance

regulation, met on Wall Street, to set up their own private trading club. It was this group of individuals who founded the New York Stock Exchange. Hamilton's bail out worked fantastically and within half a century, New York rose to being a financial superpower.

## 1825-

In the 1820s, excitement was at its peak. Latin America had broken free from Spain and exports were gaining strength in Britain. Manchester was becoming the world's first industrial hub. As a result of all the heightened sentiments, cash-rich Britons were looking for investment opportunities. Interest rates and inflation were benign, offering a safe but uninteresting an option. London, having displaced Amsterdam as the chief financial hub, had become host to exotic new options where foreign governments too sought funds. Having increased rapidly from just one foreign bond to a twenty-three from 1820 to 1826, a new global bond market was found. The new world, however, was more appealing. Colombia, Chile, Peru, Mexico and Guatemala lucratively sold bonds worth £21m (almost \$2.8 billion in today's prices) in London. The major problem with all this was fairly simple- distance, purely suggesting that information could be fraudulent. "Poyais" bonds that sold itself on behalf of the new country, never existed. Investors allowed outlandish expectations fool them. Britain's support for Latin America was observable owing to its rivalry with Spain such that the new countries thought they could lean on Britain for financial support. Anxiety however spread when it became clear that Spain was about to default.

*"Britain championed itself as the world leader in banking and bonds."*

Britain banks that were exposed to debt and mining firms, were hit hard ultimately leading to bank runs. Unable to meet depositors' demands, 10% of banks in Wales and England collapsed. Participants were blamed- investors' carelessness and banks' lax lending. Moving North towards the Scots, who had also fared better in the crisis, a "joint-stock" bank lending system was put in place, copying them. This led to Britain championing itself as the world leader in banking and bonds.

## 1857-

By now, most were adjusting themselves to the idea of crisis. Things, however, were different this time. Jumping from New York to Liverpool and Glasgow, and then London. Further leading to crashes in Paris, Hamburg, Copenhagen and Vienna. Not just the regularity increased, financial distress had become global. Around the same year, America was running a \$25m current-account deficit trading with Britain and its colonies- purchasing American securities to provide them with enough funds (as the case is with China today), particularly holding their Railway stocks. As Britain's assertive joint-stock banks struck down rivals, deposits grew by 400%.

A new financial breakthrough- a discount house, took investors' cash with the promise of withdrawal at will, and lending to firms- it was nothing but a bank in itself. Competition severing, discount houses had no option to cut their reserves close to zero, as they couldn't offer rates less than that of the joint-stock banks. Meanwhile, in the United States, Ohio Life, an insurance company, got caught up heftily in the railway line, accounting for a quarter of its capital. In the spring of 1857, it so happened that railway stocks began to fall and Ohio Life, began falling faster. An eventful day was that of October 13th crammed with investors demanding their money. The banks, although, denied converting their deposits into currency- the American system had failed again.

The domino effect, thus, gobbled up markets across the Atlantic as some American banks had branches in Liverpool and Glasgow. The discount houses amplified the problem, a leverage ratio that stupefies even the modern excesses. Amounting to as many as 135 bankruptcies, investors lost ginormous capital. This in turn, created panic across Europe too.

## 1907-

The dawn of the 20th century put into fore two strikingly opposite approaches to banking. The Bank of England was a tough administrator of the banking system and Hamilton's BUS was not. Despite as many as 22,000 banks, both local and state-owned, savvy urbanites sought after the trust companies. In 1907, however, they started combining risky activities of underwriting and

distributing shares, and owning and handling property and railways. Booming and lightly regulated as they were and their minimum cash reserve requirements, they became favorite havens to hold large sums of money. Two greedy scammers- Augustus Heinze and Charles Morse- in an attempt to manipulate markets for the shares of United Copper, embezzled and borrowed large sums of money. Economy started to slow hurting raw material prices in which Heinze's and Charles' owned stocks, thus, starting a chain of events which embroiled the Knickerbocker Trust. The Trust Company of America, the Lincoln trust were next in line to topple because of a depositor run. This led to Americans losing trust and hoarding cash at home. Panics however didn't stop there and John Pierpont Morgan entered the picture as interest rates spiked to 125%. He helped organise pools of cash to ease the strain. A \$25m bailout-fund had been agreed as he locked the entire New York banking community in his library. National output dropped tremendously. This began the era of cash substitutes. New currency laws were set up of which the resultant was the 1913 Federal Reserve Act.

### 1929-33

Yes, things were promising before this disaster struck. Prices in the shops and share prices moved in opposite directions. Popular were the stocks of radios, aluminium and aeroplanes. With no record of dividend payments, investors however hoped their values would keep trading northwards. It was a puzzling settlement for the newly instituted Federal Reserve- whether to raise rates to slow markets or slash them to revive weak consumer prices. Market rates were raised- striking upheaval. A rate hike too small (3.5% to 5%) to hurt markets instead impacted America's industries severely. Production fell dramatically and bad news from abroad- London Stock Exchange crash, and in just over two days, Dow lost 25% of its value. Bank failures, dropping of the Gold Standard by Britain, worsened the already existing domestic predicament. On March 4th, the Fed refused to lend- what it had been set up to preclude, a week long bank holiday was declared. Infusing sufficient liquidity in the short term and mitigating future risks by installing the new legislation of the Glass- Steagall rules, gave the Fed new powers and better execution controls. The Federal Deposit Insurance Commission (FDIC) was set up to deal with bank runs to limit depositors' losses and protect their incomes.

This was however not the system Hamilton had envisioned. He wanted a system where government control would be minimal such that it wouldn't be the state's job to ensure financial stability. His view was that this would instead load risk onto the taxpayer, thus, *misleading subsidy at the nature of capitalism*. It is only hoped that as we advance further, similar mistakes would be prevented and cautionary steps would propel a new engine of change in the dynamics of the financial world.

*“Dow lost 25% of its value in just two days.”*

*by Tanya Rana*



# DRAWING PARALLELS- THE NBFC CRISIS

*by Shireen Wagh & Sebah Alagh*

An Institution deemed “systematically important” by the RBI, one that is too big to fail defaulted on bank loan payments, short term deposits and commercial papers redemption. Exactly a decade ago, the fourth largest investment bank in the United States filed for bankruptcy. As Lehman fell like a house of cards, it invited a financial crisis. And true to script, India happens to be marking the 10th anniversary of the global financial crisis with its own Lehman moment due to defaults by the NBFC- Infrastructure Leasing and Financial Services.

The first default of Inter corporate deposits worth ₹450 crores happened in June. This was followed by a ₹1000 crores default on a short term loan from SIDBI, on September 4th, and yet another default on the 14th. IL&FS a long term darling of the Indian debt markets soon became a pariah. And true to script, belatedly, after subsequent defaults CARE and ICRA were impelled to downgrade its ratings on September the 17th. The company has overall debts of around \$500 million coming due for repayment in the second half of the fiscal year and only \$27 million available (most of its assets being infrastructure projects that are not liquid). It is highly leveraged (13:1, Lehman 31:1) and has asset-liability mismatches due to funding projects with longer payback periods. The point of this case being a cause of worry is that the linkages between IL&FS and financial sector entities such as banks, mutual fund companies and infrastructure players is too strong.

In July, Ravi Parthasarathy, founder of IL&FS (Indian equivalent of Richard Fuld at Lehman) stepped down citing health reasons. Opacity causes panic and the money market at this point in time is unable to determine the exact extent to which it has exposure. What happened with the Lehman Brothers is that it was allowed to collapse like

a house of cards but New Delhi has made a solid move by appointing a committee lead by Uday Kotak to replace the current board and has moved to the NCLT. There are also reassuring assumptions that the LIC, a majority shareholder (now saving another sinking bank) will rope in majorly to save this entity. But, given all the uncertainty, an implosion in the coming months cannot be ruled out. The Benchmark index shedding points and a series of defaults have caused waves of panic amongst retail investors. These investors are jittery of ₹2800 crores worth of mutual fund investments in the company. The crisis singed the NAVs of multiple mutual funds across categories, all giving negative returns. If the series of defaults continues and the Government’s appointed panel is unable to derive a solution, the effects would have adverse effects on the values of unit-linked insurance plans, endowment plans, the National Pension Scheme, etc. The case in point should not be viewed in isolation, coupled with infrastructure companies in stress, record levels of NPAs, the rupee’s freefall against the dollar, rising petrol prices (subsequently burgeoning current account deficit) and soaring unemployment rates, this might just be an omen of the worse yet to come. This scenario (although much smaller in size) conjures up images of the Lehman Brothers.

What needs to be probed is how a company “systematically important” has managed to fly in a radar of “mis-governance”. The debt pile-up due to over-leveraging did not happen overnight. How did the RBI, as the regulator, miss the goings-on? Are the shareholders, which are well-known institutions, guilty of misplaced faith in the management, or were they negligent? Meanwhile all the lay(eh)man can do is hope that India has averted its Lehman moment and the worst lies behind us.

# soul

## Hand Reaching Out

*T'was chaos in the labyrinth  
No soul could explain the madness  
Just when one thought things were  
Going one way,  
Was when one slid further into the madness*

*T'was as if the whole cosmos had conspired  
To subdue this soul with all its might*

*But wait! What's this?  
The cosmos reckoned not with such a resistance  
Despite being battered and beaten merciless  
The soul would not lay down to rest*

*In the midst of impending oblivion  
The cosmos witnessed a light,  
A force, really  
Which would simply not dim or fade  
Like a hand reaching out from a pile  
Of mangled debris  
Reaching out for life*

*This soul had witnessed the seedy underbelly of hell  
It had suffered till it could suffer no more  
But cometh the morning following the tempest of suffering,  
The soul absorbed the dawn's light  
And quietly understood  
That it had better things coming.*

*by Aahan Tulshan, SYBSc(F)*

*They see a **blazing phoenix** in me,  
Rising from the ashes,  
My colours pull their strings  
Thriving them closer to me.  
Yet they steer apart from me  
Like clouds in a clear sky  
They have felt the burning power  
Searing through my flesh  
I rage blue, violet....red  
My origin is death.. ashes  
Still, the sword was never  
Formed without the heat,  
Without the chisel  
Never was it a graceful kill  
They will always see the strength in  
me  
Look as the pearls of my fire burn  
stark  
Forever, they missed  
As arose a new life  
I was left  
A little more burnt out.  
- Angelsfear*

*by Vedangi Thakkar,  
FYBBA*

# thoughts



**Dear life** I write this letter,  
As life does not seem to get better.  
This just feels like another day,  
But I manage to put up a fake smile and say its okay.

Nobody understands my plight,  
But hang on I thought my parents just might.  
They say this is just a worthless fear,  
And everything will be fine once I have a career.

Does career really equal life,  
Are all my feelings meant to be stabbed with a knife.  
And am I being brave?  
By just being the society's slave.

Should I talk to a friend,  
Or put this misery to an end?  
I think of what the society would say,  
Just an article in the news and it will all wither away.

Is this how unfair it could get,  
As my soul turns into a Hamlet.  
Is this the way forward,  
To be recognised as a coward.

As this decision of my mine I introspect,  
Wondering my after life will be of respect,  
I realize this is a demon in disguise,  
And I am the lion who needs to rise.

So this letter is coming to an end,  
In you my dear life I have found a friend.  
And you the demons I bid you goodbye,  
I hope to see you next time and this time you will cry.

by Vikrant Pande, TYBBA



*by Ankit Yadav*

*(Third year student at Hansraj College, Delhi University)*

*Our minds are so volatile that the slightest thought can make an impression. If a gardener plants thousand kinds of seeds, he will get a thousand kind of plants. We live in a mind garden.*



*by Disha Mittal*

*(Third year Student at Kamala Nehru College, Delhi University)*

*I was asked to send a photograph depicting a sentiment and what better can a country of diversity display better than cultural sentiment. The photograph was clicked by me in Jama Masjid, Old Delhi. The lady can be seen praying to her deity. We develop specific values, sentiments and beliefs owing to this cultural assortment of our being. Being honest, and possessive about one's culture, depicts a sentimental attachment too.*

## *A Discourse on Dissent*

by Arjun Anand (Master's candidate for Public Policy at National Law School, Bengaluru)

Professor Babu Mathews, former Director at Action Aid India and to my good fortune, one of my faculty members at NLS remarked- "...concentrate on the dissenting judgements in some cases. They generally give truisms to a transformative structure our constitution ought to be." That being said, on 27th September and 28th of September, 2018, the Supreme Court delivered verdicts on certain significant issues. Among those critical issues, what is of significance for the scope of this article is the verdict delivered on issues regarding *Ayodhya and Sabrimala*. One mutual feature shared by these judgements is the lone dissenting judgement. Justice Abdul Nazeer, in the Ayodhya case, dissented from the rest of the bench. The concurring judgements

were in favour of not referring the Ayodhya case to a five-judge-constitutional bench to ascertain whether a mosque was essential to the religion of Islam. Justice Nazeer was in the lone minority. He was of the opinion that the Court had no business in deciding the truth of a religion- whether a mosque is integral to Islam is beyond the mandate of the Court to establish. In the Sabrimala case, the four concurring judgements allowed women to enter the Sabrimala temple, whereas Justice Indus Malhotra dissented on almost the same premise adopted by Justice Nazeer- that the courts cannot decide truths of a faith.

The premise for the dissent is same, *even noble*. Yet, the very same dissent differs on a philosophical and political plane. Justice Nazeer's dissent rests simply on the fact that if the court is to decide what is essential and integral to a religion, you appropriate it with a power beyond its mandate. Secondly, religion is based on faiths and accepted truths, and a court is no entity to establish or define truths. In light of an extreme viewpoint, for the sake of an argument, courts would wantonly disregard any religious practice or ritual based on a skewed judgement on "essential" or "integral".

Justice Malhotra also took the same stance. However, with utmost respect to the position of Justice Malhotra, she failed to include a very important aspect in her minority opinion: *the principle of anti-exclusion* on which our constitution is based. This anti-exclusion principle has been brilliantly elucidated in Gautam Bhatia's upcoming book: 'The Transformative Constitution'. Bhatia, in one of the chapters, argues brilliantly for the anti-exclusion principle to be adopted as a methodology by the Courts while deciding cases of such nature. However, Justice Malhotra, through her dissent, is excluding women from religious affairs.

Religion plays a thick role in the Indian society, and inclusion or exclusion from it defines the power dynamics and relations in the society. A statement is made by including women in all religious practices, a statement of a more inclusive Indian society. Exclusion from any practice, direct or indirect, leads to social ostracism, explicit or implicit. "Social ostracism? How?", you may ask. Simply, now that they are included in rituals at the temple, the image reconstruction of women in India has been given a boost, thus appropriating them with true equality and filling up the lacuna in the power relations. So, the dissent here of Justice Malhotra, again extending all due respect to her wisdom, falls short on the very basic ideal of our constitution- *individuality/ individualism*.

# IONS

## *Our privilege*

by Tanya Rana, SY BSc Finance



India has been a country of minorities since the last 5000 years. Our infinite life cultures, which was also the philosophy of *Agastya*, contrasts from that of western ideologies. We have given into the abstraction of potential; political prowess and economic growth. Our aspirations, although subjective, tend to attain the abode of immortality when it is in the *river of materiality* we finally rest.

How are humans different? Our minds are serpentine of which we express our fluidity through our means of communication. It is this climb of infinite hunger, fear and desire that panders to our conquests. This seemingly justifies the allocation of power in case of politics and our need for rights based on the rule of law.

If everything was law and legal, wouldn't we all reach the same conclusions? What led to the downfall of socialism and communism (in the Indian context- license raj)? It binds us to a psychological limit. Its laws are arbitrary. You can't decide *one's hunger and fear*. Totalitarians, like the infamous ruler of North Korea, dominate as they exercise the power of dissention, disabling its people to cultivate thoughts. How can I eat my apple if I'm not allowed to *protect my apple*? Ensuring one's right to property is only way to acknowledge one's right to live.

One may argue about America's openness and eagerness to support minorities as against India's, whereas, India decriminalized adultery and America still has 2/5ths of its states criminalizing it. How can we assess Trump's "America First" policy? Maybe his instincts of fear and hunger are in play. Indians on the other hand have taken an obsession

to the mind as over the course of 5000 years, we have realized our inability to control it. Arguably, these diversities and differences in opinions are also leading to conflicts because without the rule of law, *fear is hunger*. Compare- Communism vs. Capitalism and/or Nazism. How does politics reflect this culture? Would you forgo efficiency for effectiveness? Efficiency- the impeccable fixtures of America but its fatal jurisdiction- at the cost of effectiveness (or diversity).

Remember, cells replicating without caring for the ecosystem is cancerous and the price to pay for it is exorbitant. Maybe if we respect differences and also achieve efficiency, subscribing to our fundamentals, we become *the levers* of community norms. Bound by knowledge, there is still no argument for real truth. It is finally a choice I leave to the reader for introspection.

# *Sentiments of Division*

by Shireen Wagh, SY BSc Finance

*“Where the world has not been broken down into fragments by narrow domestic walls.”*

Fundamentally, us humans are distinct from one another. This distinction is primarily caused by variations in our ethnicities, value systems, socio-cultural environments, attitudes and perceptions. These are what dominantly distinguish us from one another and lead to a phenomenon we term as diversity. While our simultaneous existence is testimony to diversity, it is needless to say that we are as identical as we are different. A brain that thinks, a heart that beats and a soul that exists. When I read Tagore’s poem, I interpret these *fragments* to be caused by division and not diversity. Divisiveness is a noun which means “a tendency to cause disagreement or hostility between people”.

The magnitude with which leaders worldwide are commonly using divisive rhetoric is highly unprecedented and alarming. It mainly functions in two ways- firstly, it identifies fault lines and uses diversity to create partisan conflicts and secondly, it creates fear. An almond shaped structure on the median temporal lobe- the amygdala triggers an abstract sense of imminent danger. This fosters the “us vs. them” attitude. It is where people are told what they want to hear. Paradoxically, a sense of belonging is created but only at the expense of hostility towards another group.

President Trump uses divisive rhetoric on a regular basis. Agreed refugees are a notional threat to any country’s national security, but Mr. Trump has promoted “white supremacy” and xenophobia- an unjustified consequence. To the extent that it is now people with foreign roots or those that follow a different religion who are looked upon as extremists and potential threats. This has resulted in the non-white, citizens with foreign roots being subject to discrimination at work place and schools. There is also a looming threat of mass deportation of immigrants (vetted or not). America is in a process of being made great again by an ideology which discredits the very essence of the American dream. Closer back home, we are a country that took birth amidst riots and bloodshed, where the father of the nation was assassinated by an extremist, where reservations are made on the basis of caste and lynching takes place on mere suspicion. If you notice, elections to important offices are increasingly becoming a blame game and have descended to demagoguery. And unfortunately, this divisive rhetoric is continuously repeated in the form of expensive campaigning (there is now an army of technocrats (read: trolls) in comment sections online to tell you how incorrect your opinion is).

The sentiments that division has created since the beginning of time are today very deep rooted. The divisions have created abysmal chasms that have claimed something extremely precious- *human life*. Thousands of people have lost their lives, thousands have been denied equal opportunity and thousands have been denied the rights so explicitly stated in a document we hold supreme. This is the 21st century, a point in time when we need our democracy to continue functioning. We cannot let division hamper our progress and pull us back in time. We must resist that. We must think rationally, open-mindedly and be just in our assessments. A strong force of cohesion among communities is not incorrect but unhealthy aversion towards others sure is. We need to make sure we vote into powerful policy makers that promise (and deliver) development not division; foster diversity and uphold democracy not desecrate its very foundations. As Tagore wrote, “where the mind is lead forward by thee, into ever- widening thought and action”. It takes less than 170 thousandth of a second for our brain to identify one from our tribe. How about we call that tribe humankind. Remember, we are as alike as we are different.



# *Will there be a Brentrance after a Brexit?*

by Ahraz Ahmad, SOC Alumni

The question is as imperative as it is jovial. The population voted to have 'The Great Britain' move out of 'The Mighty European Union', but in this battle between the Great and the Mighty, time is the ultimate test. Be it a Brentrance, a Breunion, a Bretturn or a Breunite, the point I would like to make is-Britain and the EU will end up together, simply because they are meant to be. This isn't a Romeo-Juliet drama where we shall pine for the protagonists to have a happy ending. The year is 2018 and not 1937. Britain simply does not rule over the Globe as it did 80 years ago.

The Brexiteers forgot that it was an era of dominance as an empire and since then, Britain has been nothing but a blip in World History. Britain is a moderately big country when compared to the EU, but globally, it is small. And that is the crux. The globe isn't just Europe. After the Second World War ended and colonies were disbanded, Britain had a head start as other economies struggled to establish themselves. But that head start isn't as worthy today simply because the economies have caught up. The factors of production are all against the Great Britain. Land prices are soaring high, cost of living is unimaginable and wages are sky-rocketing. The only relief exists in the capital markets. The idea that Britain will do just fine if it stops being a part of the EU may hold true only if it is secure or desperate. It is an isolationist policy to promise a better future, something that an extreme *Orange Leader* of a certain world super power commits. It will only exacerbate the crisis. Britain should make co-operation its priority instead of alienating its biggest market.

There's no right or wrong side in this argument. Britain may be able to flourish without the EU, continue business as usual and keep its economy going. However, if the Sterling crashes and the Euro continues to grow, Britain might have to reconsider and accept all sanctions. This means succumbing to the Euro as a currency, an idea despised by the general public and losing all privileges it has been able to build up over the years. The tricky part shall come when it does decide to re-join the EU. At present, there are no rules for a former member to re-enter. This is because when the charter was conceived, consistency was more or less assumed. However, Britain will surely be able to push some weight around and keep 27 (more or less) countries from vetoing its application.

Until then, let's Brejoice!



# Humans

There are plenty of things in our surroundings that we are in awe of. The fact that I'm present here to witness a new day is in itself another opportunity to notice and pen down things that get me thinking. In a country as beautiful and diverse as India, things can get overwhelming. Really overwhelming. For now, the most confusing aspect of my country is the country itself. Do I stroll down the streets of India or Bharat? Or is it Hindustan?

I understand that this country, India, is a modern country- inspired from the western philosophy. A country that is performing well in all aspects but lacks a little something. As for 'Bharat', I imagine a place that takes me back to our roots, about a few thousand years back, when our country was much more progressive than today. Of course, we've achieved wonderful things today, but when I say 'Bharat', I imagine the people of a certain kind- deeply rooted, simple and displaying a strong sense of self-identity. When I say 'Hindustan', I see a place full of fearless people, willing to give it all for the nation. I have an immediate sense of patriotism and can only imagine the freedom fighters and soldiers sacrificing and fighting for peace and stability in our nation.

The little something that Indians lack is the pride in one's own identity. In India, people aspire to be someone they are not. Indians, as a majority, are influenced, more deeply by the western ideals. Instead of appreciating the beautiful culture of this country, Indians tend to look down upon it and appreciate a pseudo-western lifestyle better; assuming it is the ideal. People in Bharat and Hindustan are more connected to their roots, and know that the key to success, lies in their confidence stemming from their own motivations, beliefs and capabilities.

A problem, as I understand, with Bharat and Hindustan is that its people have always considered their values to be the most superior. In India, whereas, people are more willing to understand each others perspectives and are comparably more adaptable. Maybe, if Indians could be more connected to their roots, it could make them confident about their own strengths and give them a better world-view.

Unfortunately, their names aren't interchangeable if you truly look at what they represent in the current context. However, the power of pride in one's identity can never be underestimated. Then India, Bharat and Hindustan would mean the same.

# of SOE



"Everything begins with an idea".

Like everyone else, I have always dreamt to travel the world. But, there is a slight difference- most people want to visit places as tourists and I wanted to travel on the basis of my capabilities. In order to fulfil my dream, I started applying for global programs related to sustainable development and innovation which are one of my key interests. My journey began with my selection in WFYS 2017, which was held in Moscow, Sochi and Rostov-On Don, Russia, where I was one of the 100 delegates selected from all over India to discuss their ideas and learn from other 3000+ globally to attain world peace and sustainable development goals. There I networked with people from 150 countries and it further opened doors for such international events. There, I met a delegate from Egypt who told me about various water related problems faced in Japan. After coming back to India, I started brainstorming on the possible solutions and created a B-Plan out of it. This year, I applied for various entrepreneurial events and after a lot of failures, my plan finally got selected for Egyptian Leadership for Peace.

Egyptian Leadership For Peace (ELFP) was an event organised by "Eg-Youth" Organisation and Ministry of Youth and Sports of Egypt in which future leaders from all over the world were called to discuss their B-Plans on Social Entrepreneurship and Youth Empowerment. The event took place from 23rd August-4th September, 2018. Thirty people from around the world were selected out of which I got selected to represent India and other SAARC countries. During the event, we had a lot of lectures and brainstorming sessions to develop our plans and reduce the errors in it.

My B-Plan was based on fighting the problem of water pollution in Egypt which is caused due to disposal of dead and decays of fish-back into the Nile river. The disposal not only adds to water pollution but leads to blockage of water lines due to which scarce areas face droughts. To tackle this problem, I researched about the constituents of fish scales. They contain connective tissues which together creates collagen. Collagen can be used to cure the wounds and burns ten times faster than any other medication. Also the scales can be used to create plasters for fractured bones that will cost nearly USD 45 which is five times more cost effective than traditional plaster used.

I was one of the "Top 5" participants and got the chance to share the stage with Governor of Sinai and Minister of Youth and Sports of Egypt, where we had panel discussion about the world problems and tried to find the solution for them. I also met the Imam of Al-Azhar Observatory to fight extremism, who told us the role of Al-Azhar to fight against terrorism and create awareness about what Islam in reality is. I have been announced as one of the Ambassadors of Ministry of Youth and Sports of Egypt with assurance for full support from Egypt government to implement my B-Plan.

This event has motivated me a lot and opened more gates for me to work upon my skills and again participate in such great events in the coming future, thus travelling the whole world not just as a tourist but as an ambassador of my country and enjoy all the luxuries by working on my ideas.

By Hrhythm Gupta, SYBBA



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