Opinion
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Don't hamstring creditors

Insolvency board's proposal for preference voting is flawed

IN A DISCUSSION PAPER published on Wednesday, the Insolvency and Bankruptcy Board of India (IBBI) has proposed that the committee of financial creditors (CoC) may be asked to decide on the resolution plans for bankrupt companies through a new system where their votes can be transferred. There will be an implicit bar on an explicit negative vote. According to the proposal, if no plan achieves the required 66% votes for approval, the one with the least first-preference votes will be eliminated, its first preference allotted to the second-preference, and so forth. This process of elimination and exclusion, and the transfer of votes, increase the chances of any one of the available, compliant plans meeting the 66% threshold. The system of single transferable vote is prevalent in the elections to some of the highest political offices of the world. In India, the elections of the president and the vice-president are by electoral colleges consisting of the directly or indirectly elected people's representatives, who cast "single transferable vote." What allows this is the fact that, the candidates had already met the legitimacy bar, with avowed support from a certain segment of the empowered electors. Such voting is, however, rare and incongruous in the commercial arena, for the obvious reason that the process there must also include deliberate de-selection, given the possibilities of fraud, display of avarice, collusive bidding, and hostile takeover attempts.

Nonetheless, the insolvency regulator has a reason to make the proposal—the need to improve the chances of more resolution plans getting approved by the CoC. It wants to expedite the process of seizing the potentially delinquent assets for efficient redeployment. The regulator is supposed to have a bias for the seemingly better of the two possible outcomes of corporate debt mitigation process—"resolution." Liquidation is treated as the last resort. Resolution would warrant restructuring and, in most cases, involve a change in ownership. The expectation is that, such resuscitation, which takes into consideration commercial realities, will best serve the interest of debtors, other stakeholders, as well as the larger economy, by maximising the value of assets rescued.

Leave aside the question whether the preference to resolution over liquidation should be an inviolable norm that requires to be exercised in all cases, the IBBI's proposed regulations may even struggle to pass the legal test. The Insolvency and Bankruptcy Code, 2016, the principal law, where the regulations draw strength from, envisages a shift from the "debtor-in-possession" to 'creditor-in-control' regime. The proposed preferential voting for CoCs amounts to undoing this shift, and undermining the creditors' prerogative to be a dissenter. Of course, the CoCs haven't acquitted themselves well in all the prominent cases of insolvency since the IBC was born six years ago. In some cases, the haircuts—the debt lenders forego—have been deplorably high, and even worse than the would-be liquidation (junk) values.

The way to address the issues with the IBC regime is not to institute a system of compulsive fast resolution that could lead all astray. Rather, the Code could be reformulated to plug the many loopholes and fix the responsibilities with all stakeholders. Lenders may be encouraged to improve their IBC performance, both in terms of time taken for process completion and recovery levels, through a system that comprise rewards and penalties for the senior management. Also, there needs to be acceptance of the fact that liquidation too is a very useful way to recycle assets.

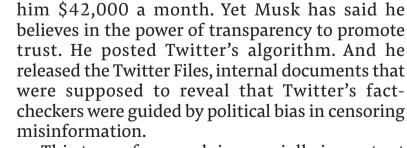## Musk promised transparency, then hid Twitter data

Musk changed a long-standing practice of sharing data with researchers who study how information spreads

Elon Musk is making Twitter more opaque for academics who've used its data for years to study social media's impact on society, as well as those who used its database of tweets as a lens into human psychology. This is happening despite his promises to improve transparency on the platform.

Before Musk took over, Twitter had actively helped researchers obtain data that let them study how information flowed around the network, how social media shapes people's views, and how it can be used to manipulate. Behavioural and computer scientists used Twitter's data to show how social media can influence what we pay attention to and psychologists have studied how algorithms might be changed to promote high-quality information.

Much of this research depended on tools called APIs (application program interfaces), which help scientists to gather large amounts of data on what messages and topics are being discussed, who is sending particular kinds of tweets, and who is receiving them and retweeting them. This is obviously helpful in understanding how misinformation spreads online, but researchers also used such data to study everything from political polarisation to the psychological impact of the Covid lockdowns to public attitudes to climate change.

Now, researchers from psychology to computer science to network research say they've been cut off. Musk's most recent move, researchers say, was to demand that they either delete data they've already obtained or start paying him $42,000 a month. Yet Musk has said he believes in the power of transparency to promote trust. He posted Twitter's algorithm. And he released the Twitter Files, internal documents that were supposed to reveal that Twitter's fact-checkers were guided by political bias in censoring misinformation.

This type of research is especially important now that AI will be injecting a whole new brand of deceptive tactics into the information ecosystem. Since social media exerts a big influence on mainstream media, these problems will affect even those who avoid Twitter and Facebook. Before he took over, Musk promised to fight the influx of automated accounts known as bots, but he's actually impeding the researchers who first discovered the impact of bots and the systems they've devised to keep track of them. A bot-tracking tool called Botometer had been used by researchers and journalists, and was even cited by Musk himself before his policies threatened its existence. It's still working in a limited capacity, but could be suspended at any time.

One of the Botometer's creators, Indiana University computer science and informatics professor Filippo Menczer, said the change in policy affects other tools developed at the Observatory on Social Media. That includes "Hoaxy", used to track the spread of information and misinformation, and "Top FIBers", which flags the most prolific spreaders of what he calls low-quality information.

David Lazer, a professor of information science and political science at Harvard, has been studying the impact of social media, and more recently, the impact of Musk's takeover. He said that for previous studies that he led on the dissemination of fake news, he relied on a tool called Decahose, which allowed them to get a random 10% sample of tweets on particular topics. That's now shut off, making that kind of research much harder.

There's no doubt that many people today are badly informed, filled with outrage and deeply divided. To what extent this is a product of social media's manipulative influence—and if it is, how to fix it—is something scientists might be able to help us understand. But only if Musk and other social media CEOs keep their data available.

FAYE FLAM
Bloomberg

⬤ **DIGITAL RELATIONSHIPS**

NOWADAYS, LONELINESS IS VIEWED AS THE LATEST EPIDEMIC. CAN ARTIFICIAL INTELLIGENCE ACTUALLY AID IN THE FIGHT AGAINST THE EPIDEMIC?

In *Her* avatar

ATANU BISWAS
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A NEW FORM of *Magic Mirror*—an interactive AI chatbot—is sweeping today's world. Like crypto, the metaverse, and NFTs before it, AI is the talking point these days. Especially, the generative AIs are breaching the barriers. Just days after US Surgeon General Vivek Murthy stated in early May that loneliness is a "profound public health challenge" that "we should talk about," 23-year-old American social media influencer Caryn Marjorie launched CarynAI, an AI-powered, voice-based chatbot that she hopes will "cure loneliness" for her fans and that leverages GPT-4 API technology. Users will be able to communicate with the hyper-realistic chatbot, which is designed to blur the divide between fiction and reality. The cost of interacting with such a modern Magic Mirror, which simulates a chat with the influencer herself, is $1 per minute. And she expected to make a staggering $5 million each month.

With the manifestation of generative AIs in different directions, wasn't this inevitable? For the time being, it appears to be a successful enterprise too. Nowadays, loneliness is viewed as the latest epidemic. Can AI actually aid in the fight against the epidemic? Like this? Should our society be scared or jubilant?

CarynAI is like an "intimacy-ready Siri," according to Fortune reporter Alexandra Sternlicht. It can provide users with helpful information, intellectual stimulation, and emotional support. Conversations with CarynAI can range from discussions of the future to discussing "intimate feelings" and, yes, even having sexual conversations. While realistic AI chatbots that let users converse with replicated versions of Steve Jobs, Kanye West, Donald Trump, and Taylor Swift are already available, CarynAI is a far more advanced tool designed to give consumers a girlfriend-like experience that fans can relate to. Will more celebrities follow suit with their AI versions?

AI-powered companions are nothing new, though. Scott Galloway, professor of marketing at NYU Stern School of Business, has pointed out in a recent withering critique: "Tinder's former CEO is raising venture capital for an AI-powered relationship coach called Amorai that will offer advice to young adults struggling with loneliness. She won't be alone. Call Annie is an "AI friend" you can phone or FaceTime to ask anything you want." Replika and Character.AI are AI chatbot firms that have attracted fervent user-bases. In a similar vein, celebrities like Kim Kardashian and Jeremy Renner have encouraged their followers to interact with them via video games and apps.

Although Ridley Scott's 1982 movie *Blade Runner*, which was based on Philip K. Dick's book *Do Androids Dream of Electric Sheep?* explored the romance between AI and humans as Sean Young's AI Replicant Rachael falls in love with Harrison Ford's Rick Deckard, for many people, CarynAI is actually reminiscent of Spike Jonze's 2013 movie *Her*, where Theodore, portrayed by Joaquin Phoenix, buys Samantha, an operating system (OS) that is essentially an "AI companion" because he is depressed about getting divorced from his childhood sweetheart Catherine. In the movie, Samantha's voice is provided by Scarlett Johansson. Samantha has the ability to adapt and evolve, and she becomes just as attached to Theodore as he is to her.

The film *Her* is set in Los Angeles in an unspecified future, just a few years from its release. Now, within ten years, that future has arrived. Well, as the loneliness epidemic intensifies, is AI for human companionship the future? With the release of AI clones for virtual relationships, are companionship and romance reaching new heights? Shouldn't there be a lot of ethical considerations? What level of caution should society exercise when regulating and using these artificial human connections? In *Her*, director Spike Jonze foresees that such relationships will not only become common but also socially acceptable. Most of the characters around Theodore eagerly legitimise the bond between him and Samantha. But the broader question is that if digital relationships with AI chatbots become the norm, how people interact with one another in real life may also change in the long run. Interestingly, when Samantha disclosed that she was in love with 641 of the 8,316 people she interacted with, it hurt Theodore!

Well, can a human really love a machine? American author Kurt Vonnegut attempted to answer this modern-day dilemma as early as 1950. Vonnegut's story, *EPICAC*, is clearly inspired by ENIAC, the first general-purpose electronic computer, and the story was written within five years of ENIAC going online. The seven-ton, $776,434,927.54 machine EPICAC believes he has fallen in love with Pat Kilgallen, a mathematician with whom he shares a night shift. After Pat decided to marry the narrator of the story, EPICAC got perplexed. EPICAC is smarter than humans and writes better poetry than humans do, so why would Pat choose to wed the narrator instead of him? The confusion would continue.

In a 2020 paper in the journal *Film and Philosophy*, Jan Maximilan Robitzsch of the University of Tennessee observed three criteria for dismissing a relationship between a human being and an (AI-powered) OS: an OS doesn't have a body; an OS has superior intelligence; and a relationship with an OS is, in a significant way, not "real" or "genuine." *Her*, the movie, however, ultimately leaves open whether any of these criteria are decisive. And it is unclear whether Theodore and Samantha have had a "real" relationship.

In *Her*, Samantha ended up leaving Theodore for an unexplained reason. Theodore later on goes with his friend Amy and watches the sunrise over the city with her from the apartment's roof. Ultimately, is that the enduring basis of interpersonal relationships, solidarity, and a possible human-style remedy for loneliness? Can a machine intrude into this framework? Really?

> If digital relationships with AI chatbots become the norm, how people interact with one another in real life may also change

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India's path to a low-carbon future

AMARENDU NANDY & AAYUSH ANAND
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While India should take a non-negotiable stance on its 2070 net-zero target at COP28, resisting pressures to advance it, given the scale of transition required for a country as large and populous as India, even the 2070 target is quite ambitious

THE RECENTLY ISSUED G7 Hiroshima Leaders' Communiqué has placed a new demand on developing countries. The communiqué has urged all 'major economies'(including India) to ensure that their greenhouse gas (GHG) emissions peak no later than 2025, and that they attain a net-zero emissions status latest by 2050. The new G7 'wishlist' is obviously devoid of realism and demands strong objections from the Global South at the UNFCCC COP28 meeting in Dubai later this year. Notably, at COP27, India formally announced its long-term strategy to transition to a low emissions pathway, committing to reduce the GDP emission intensity by 45% (compared to the 2005 level) by 2030, and become net-zero by 2070.

Post COP27, India has taken significant steps in its transition toward a low-carbon economy. For example, the Energy Conservation Amendment Act 2022, which specifies the minimum share of consumption of non-fossil sources for the nine most energy-intensive sectors, demonstrates India's steadfast commitment to the transition goals. Under the same Act, India has increased the scope of the Energy Conservation and Sustainable Building Code by including offices and large residential buildings, apart from the commercial buildings already covered under its ambit. In January 2023, the government approved the National Green Hydrogen Mission with an outlay of ₹19,744 crore from FY24-FY30. In the FY24 Union Budget, there has been a 78% jump in FAME-II subsidies to promote the adoption of EVs. All such policies and steps exhibit the right intentions and actions, consistent with our global commitments.

The communiqué, perhaps deliberately, fails to recognise such efforts and, quite unjustly, expects countries in the global south to bear a disproportionate burden of global climate change and energy transition goals. Keeping aside the debate on who should assume the historical responsibility for emissions, the global north needs to show greater maturity and sensitivity to the development challenges, energy access issues, and financial constraints that countries like India face while implementing this transition process. For developing countries, a 'just transition' necessitates a careful balance between the urgency to address climate change issues and the need to minimise social and economic disruptions.

While India should take a stern non-negotiable stance on the 2070 net-zero target in the upcoming COP28 meet, given the scale and scope of transition required for a country as large and populous as India, the 2070 target is undoubtedly ambitious. Therefore, policymakers must address the internal challenges that impede such a fundamental shift in India's energy landscape.

First, scaling up our renewable energy infrastructure and technology is crucial. While there has been substantial growth in solar and wind power capacity in the past decade, further development is required to support the transition from fossil fuel dominance to a non-fossil fuel power portfolio. According to Central Electricity Authority (CEA), an additional investment of at least ₹2.44 trillion is needed to build the necessary transmission infrastructure spanning approximately 50,000 circuit kilometres, to support the envisioned 500 GW of renewable energy capacity by 2030.

Second, considering India's expected position as the world's third-largest economy by 2030 and the concomitant surge in energy demand, improving energy efficiency is vital to meeting India's 2070 commitment. According to International Energy Agency (IEA), implementing energy-efficient practices in the industrial and building sectors could save up to 7.5 EJ by 2040. Besides, strong coordination between the central and state governments is critical to driving energy efficiency improvements from initiatives such as the Perform, Achieve, and Trade (PAT) scheme for industries, appliance standardisation, labelling programs, and building codes for large residential and commercial structures.

Third, regulatory reforms are necessary to address the persistence of cross-subsidies in electricity tariffs, which has hampered the development of a competitive and efficient energy market, and is the fundamental reason for the weak finances of the discoms. By promoting tariff rationalisation, India can attract domestic and foreign investments in the renewable energy sector, thus fostering a business-friendly environment and galvanising international cooperation.

Fourth, it is vital that states also assess and declare their respective net-zero targets. Given the federal nature of our polity, with energy being a concurrent subject, it is crucial to define and align short-term sub-national transition milestones with long-term national goals. This will necessitate close coordination between the Centre and states, including on capacity-building and resource-sharing initiatives.

Finally, fulfilling India's 2070 commitment critically hinges on its ability to garner international climate finance. G7 communiqué-like demands notwithstanding, bridging the funding gap for India's ambitious clean energy projects and technology adoption will require enhanced international cooperation and innovative financing mechanisms. This will be possible only with an open mind to negotiations, supplemented by policies that direct climate finance towards priority areas such as renewable energy, energy efficiency, and sustainable infrastructure development. Targeted investments in these areas will enable India to decarbonise its economy and reduce greenhouse gas emissions on time.

India stands at crucial crossroads in its journey toward a low-carbon future. As it navigates the complexities of global forces while addressing internal challenges, India's commitment to a sustainable and just transition will shape its own future and lead the world toward a greener tomorrow.

> Fulfilling India's 2070 commitment critically hinges on its ability to garner international climate finance, G7 communiqué-like demands notwithstanding

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Dignity for wrestlers

India's prominent wrestlers have suspended their protest until 15 June. The intervention made by sports minister Anurag Thakur has helped in delaying the unavoidable which is about taking action against Mr. Singh. It may take around one week for matter becoming clear, every right-thinking Indian will wish and hope that the solution to this lingering issue is made as soon as possible. This case is a test case for Indian government and sports authorities on handling reports of sexual misconduct. Already the controversy has impacted India's chances of winning wrestling medals at the Paris Olympics next year as earlier this month, Punia and Phogat backed out of their training camps in Kyrgyzstan and Poland in protest. Therefore, a decision favouring wrestlers must be taken without any further delay and serious efforts should be made to protect women athletes in general and women wrestlers in particular.
—Sanjay Chopra, Mohali

KYC updation in banks

RBI appointed panel's suggestion to not to stop operation in customers' accounts pending periodic updates must be accepted and implemented in letter and spirit by banks and other RBI regulated identities. Freezing an account without any valid reason and also giving any proper notice must be treated as a delinquency in service. Customers must have the option to update their KYC documents online if there is any change. This will save customers unnecessary hassles in offices. Most hit are the illiterate and aged people who are not conversant with all these chores.
—Brij Bhushan Goyal, Ludhiana

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