

Cops, cons, politicians and the drug trade



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THE conviction of dismissed DSP Jagdish Singh Bhola has affirmed the complicity of cops in drug trafficking in Punjab. However, it's the onslaught of the illegal drug trade that poses a greater threat to society than the role of conniving policemen. The politician and the policeman are visible segments of the lucrative business, and accountable too. However, the challenge is to curb the demand for drugs. It can be done in two ways: first, provide treatment to people using drugs; second, decriminalise the possession of a small quantity of drugs, as Portugal has done, treating it as a public health issue and not a criminal one.

The drug trade is perceived as a menace not just for the users, but also for the community as a whole, because of two factors: it is a visible crime, capable of leaving a long-term crippling impact on the psyche of society; its operatives cannot keep themselves away from the lure of violence for long, thus upsetting society's calm and eating into its law and order resources. Drug trafficking is a fast-paying 'macho' crime (the global illegal drug trade may be estimated at nearly 1 per cent of the total global trade). A combination of these factors led to the Bhola drug racket. The worldwide experience, however, is that "little policing sometimes produces safe (drug-free) communities, while heavy policing sometimes fails to do so." Success in confronting drug trafficking depends more on the community's self-defence than on robust policing.

The police-drug department-politician nexus decisively weakens the resolve of the community in its fight against drugs. According to a study conducted by the All India Institute of Medical Sciences (AIIMS-Delhi) in 2015, there were more than 2 lakh addicts in Punjab. The mushrooming of ill-equipped de-addiction centres across the state, practising forced withdrawal, mirror the escapist and defeatist nature of the resultant response. In the Bhola case, Himachal Pradesh's Baddi, a 'tax



PHARMACEUTICAL HUB: In the Jagdish Bhola case, Himachal Pradesh's Baddi has emerged as the epicentre of addictive drugs.

haven' pharmaceutical hub near Chandigarh, has emerged as the epicentre of addictive drugs. Bhola was a key figure in the drug cartel, which was diverting chemicals meant for medicinal purposes to illegal factories in Baddi to manufacture synthetic drugs for consumption in the international market. In 2013, the Punjab Police busted the racket and recovered synthetic drugs in bulk, including heroin, methamphetamine, ephedrine and pseudoephedrine, besides cash, arms and luxury cars from the accused persons, including NRIs and their business and political associates.

Bhola will still be called small fry when we consider the volume and value of the drug trade in India. Even what Baddi actually offers and signifies is much bigger. Take the example of phensedyl, an addictive cough syrup. It is manufactured and bottled in Baddi, and its consignments, worth crores annually, are consumed in Bangladesh as a cheap substitute for banned liquor. On paper, the supplies

of phensedyl are booked for destinations within the country and shown consumed in domestic markets. But the supply trucks are able to carry the loads to West Bengal, Assam and Tripura borders of Bangladesh. Apart from stealthily availing the smuggling options, several drug outlets in the border towns of these states are used to camouflage the arrival of phensedyl in huge quantities. This is done by showing mind-boggling consumption of this cough syrup by the sparse local population. According to a survey, over 20 lakh people of Bangladesh are addicted to this drug in their border towns. After years of diplomatic persuasion by Bangladesh, the Indian government banned the drug in March 2016, but within a couple of weeks, the Delhi High Court granted an interim injunction to the drug makers. How many government departments and what level of patronage on both sides of the border is involved, and how much money must be changing hands, is anybody's guess.

Like Indian jails, US prisons are full of drug users. Colorado state, like Punjab, is grappling with an opioid crisis. A report says, "In Colorado's prisons, about three-quarters of inmates are addicted to drugs or alcohol when they begin incarceration... The county jails were not set up to treat people with addictions and so they are often put through forced withdrawal, which not only increases medical risks, but is also one of the least effective ways to ensure someone stays clean and sober."

Today, most medical experts in the US view addiction more as a disease than a choice. Back in the 1980s and 1990s, America witnessed a phase of drug hysteria and skyrocketing rates of incarceration. The policy was given a global push in the wake of the Iran-Iraq war and the Soviet-Afghan war, presumably to control the drug flow towards the West. The then Rajiv Gandhi government, fearing the increasing role of drug money in Sikh and Kashmir militancy, was persuaded to join the bandwagon. In 1985, the

1878 Opium Act was replaced by the draconian NDPS Act, ostensibly to cover psychotropic substances as well, prescribing a minimum punishment of 10 years for possessing commercial quantity (250 gm or more), in addition to huge fines, without distinguishing between soft and hard drugs. Even though it was argued that the soft drugs were gateway drugs, it only served, as anticipated, as a catalyst for operators to shift to hard drugs, which fetched more profit.

The stringent application of prohibition laws has always failed society. Total prohibition is too lucrative a business, as Bansi Lal's Haryana learnt and Nitish Kumar's Bihar will be learning in due course. 'Dry Gujarat' today allegedly generates a huge turnover in banned liquor. Yogi Adityanath's Uttar Pradesh, famous for 'macho policing', witnessed a major hooch tragedy recently. The enforcement of the NDPS Act over the past three and a half decades has generated several hundred times more money and compromised many times more policemen than for all drug trafficking activities put together in India.

In contrast, in Portugal, since decriminalisation in 2001, getting caught with a 'personal' drug attracts a small fine and maybe a referral to a treatment programme — not jail time and a criminal record. Among Portuguese adults, there are three drug overdose deaths for every 10 lakh citizens. The corresponding numbers in other European countries range from 10.2 in the Netherlands and 44.6 in the UK to 126.8 in Estonia. Punjab, where the present government has proposed death penalty for drug peddlers, is said to be witnessing hundreds of deaths annually due to drug overdose and the withdrawal syndrome. The irony of a police scandal of the magnitude of the Bhola episode, amid the cries for an all-out war on drugs, cannot be missed by the people of Punjab.

Drug trafficking is a fast-paying 'macho' crime. Its operatives cannot keep themselves away from the lure of violence for long. A combination of these factors led to the Bhola drug racket. The worldwide experience, however, is that little policing sometimes produces drug-free communities, while heavy policing fails to do so at times. Success in confronting the drug menace depends more on the community's self-defence than on robust policing.

How war veterans transformed Haryana



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BEFORE World War I (1914-18), Haryana was a drought-prone and famine-ridden region of the Punjab province. Tagged with Punjab in 1858 as a 'punishment' for the participation of its princes and people in the 1857 revolt, it was subjected to repression and discrimination by the British rulers. It was denied canal irrigation as well as facilities for education. It had no college; high schools were located only at the district headquarters. There were primary and middle schools only at the tehsil level. Very few students from Haryana could afford to go to distant Lahore for higher education.

The recruitment of a large number of youth from the region during WW-I not only provided economic benefit to their families, but also helped in bringing socio-cultural changes in Haryana. This happened because the soldiers got exposure to modern ideas through postings in other parts of India which were socially and culturally advanced. They also got an opportunity to go abroad to fight for the British. Some of them visited France and other European countries. They worked with the Indian Army's British officers, who became role models for them. This enabled soldiers from the



INITIATIVE: After World War I, ex-soldiers established institutions such as Rohtak's All India Jat Heroes Memorial School. It was later upgraded to the college level.

Haryana region to change their lifestyle and acquire a progressive outlook. They also began to recognise the importance of education.

These soldiers introduced trousers, coats, half-pants and shorts in the

area where people used to wear *kurtas* of home-spun *khadi* and *dhotis* of *malmal*. Even the headgear was changed by them. The lacklustre *khandkas* were replaced by the elegant *saffas* (turbans). Hats and caps

were also brought by former soldiers. The traditional dress of women — *kurti* and *ghagra* — was gradually replaced by *kurta* (shirt) and *salwar*. The footwear also underwent a transformation in a phased manner. The *juttis* were replaced by flects, *gurgabis* and shoes. The eating habits of the residents of Haryana, too, were changed by them. *Mandas* (wheat *chapattis*) were served to the guests instead of *chapattis* of *gochani* (mixture of wheat and grams), barley, *bajra* and maize. The practice of serving cooked vegetables instead of only pulses and chutney was introduced by them. Some of those who went on to become Junior Commissioned Officers (JCOs) began to consume rum and meat during the war and continued to have these even after demobilisation.

The soldiers also promoted hygienic practices in rural areas. The use of soap for bathing and washing clothes, and the construction of bathrooms (*gusalkhana*) and toilets (*pakhana*) took place due to their initiative. They also constructed *baithaks* (drawing room) in place of *darwajas*. They also began to build pucca houses with a modern design instead of the kutcha houses (made of mud), having *saals* (halls) and *obries* (small dark room).

The *faujies* introduced bicycles and motorcycles (*fitfittias*) as modes of transport to replace horses and bullock carts. They popularised bus and train travel in a society where even long journeys were mostly covered on horseback, by bullock cart or on foot.

The army personnel even modified the vocabulary of the people in rural areas. The polite *aap* made a place for itself beside *tunh* and *tanney*. They introduced villagers to the gramophone and the radio, besides weekly newspapers such as *Jat Gazette* and *Haryana Tilak* and Urdu dailies like *Partap*. The use of post offices to keep in touch with one's kin was popularised by them.

Above all, the war veterans contributed a lot towards improving the standard of education in Haryana. They sent their children for higher education to Lahore, Lyallpur, Delhi and Agra, but at the same time opened institutions. All India Jat Heroes Memorial School (Rohtak) and Bryne Ahir High School (Rewari) — both later upgraded to the college level — were established by them. It is hard to disagree with a doyen of Haryana history, Prof KC Yadav, who regards World War I as a game-changer for Haryana.

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From private to public entities

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Helping start-ups in India raise capital on domestic bourses

START-UPS IN India have been coming out with innovative products and solutions catering to various segments and at multiple price points. As the ecosystem grows, the need for funding at the right cost and right time is integral to ensure that companies with the right revenue model and potential are able to raise capital. While a number of start-ups have been able to raise funding from private equity and venture capital, investors have become discerning. A way start-ups can raise capital is by listing in public markets. SEBI had introduced the Institutional Trading Platform (ITP) in 2015 to facilitate listing of start-ups, to cater to their funding requirements and facilitate trading of their shares on stock exchanges. While well-intentioned, ITP never really took off due to the onerous requirements and restrictions on the types of investors. SEBI then constituted an expert group to review the framework and suggest improvements. The group submitted its recommendations to SEBI, and the Board, in principle, approved some changes in its meeting on December 12, 2018. SEBI approved the following proposals:

1. Platform to be renamed Innovators Growth Platform (IGP);
2. To be eligible for listing on IGP, the issuer shall be a company intensely involved in using technology, IT, IP, data analytics, biotechnology or nanotechnology to provide products, services or business platforms with substantial value;
3. 25% of the pre-issue capital, of the issuer company for at least a period of two years, should have been held by:
 - a. Qualified institutional buyers,
 - b. Family trusts with a net-worth of over ₹500 crore,
 - c. Category-III foreign portfolio investors,
 - d. Pooled investment funds with minimum AUM of \$150 million and registered with a financial sector regulator in the jurisdictions where it is resident. The fund should be a resident of a country whose securities market regulator is a signatory to IOSCO's MMOU (Appendix B signatories) or a signatory to Bilateral MoU with SEBI and not a resident in a country identified in public statement of Financial Action Task Force as deficient in AML and combating financing,
 - e. Accredited investors for the purpose of IGP to include:
 - (i) Any individual with total gross income of ₹50 lakh annually and who has a minimum liquid net-worth of ₹5 crore, or (ii) any body corporate with a net-worth of ₹25 crore.
4. Not more than 10% of the pre-issue capital may be held by accredited investors;
5. The existing requirement of cap on holding not more than 25% of the post-issue capital by any person individually or collectively with persons acting in concert to be deleted;
6. The minimum application size and minimum trading lot to be ₹2 lakh and in multiples of ₹2 lakh thereof;
7. There would not be any requirement of minimum reservation of allocation to specific category of investors;
8. Minimum number of allottees to be 50;
9. Minimum net offer to public should be in compliance with the Minimum Public Shareholding norms and minimum offer size to be ₹10 crore; and
10. IGP to be designated as a platform for start-ups with an option to trade under regular category after one year of listing, subject to compliance with exchange requirements.

These changes proposed by SEBI can make the platform viable for start-ups to unlock value and raise capital on domestic bourses. While there have been large private investments in the start-up ecosystem, we are yet to see larger companies tap the public markets. This is unlike the global scenario, especially in the US, where a number of large start-ups and unicorns have gone public or embarked on the journey to go public. The hope is that this creates the right ecosystem for Indian start-ups and unicorns to become public entities. Depending on the response it receives, it may be worthwhile for the regulator to consider further easing restrictions on pre-issue holdings. Some relaxations may also be granted for the initial filing and regulatory requirements together with the recurring reporting requirements for such companies based on defined thresholds in order to ease their transition journey, from being private to public entities.

While there have been large private investments in the start-up ecosystem, we are yet to see larger companies tap the public markets

stream to individuals as part of poverty alleviation has never been part of the Indian welfare system. To effectively eradicate poverty, it is necessary that we take this leap and focus on the individual. The same applies to the idea of providing basic income every month since the regularity of income provides a sense of security and has a strong positive psychological effect on individuals.

Coming to the question of cash versus in-kind transfers, it appears that to a large section of the intelligentsia, the idea of giving cash to the poor is highly objectionable because of its fungibility. Basically, it is the mistrust in the poor—that they will not spend cash for the intended purpose, and that giving cash entails the risk that the recipient may use it for entertainment and temptation goods. That is the reason the tendency of the Indian state has always been to give subsidised or free goods such as foodgrains, cooking gas, blankets, bicycles, school bags and uniforms, sarees, etc. The global research evidence, however, points to the contrary. Even the findings of the Madhya Pradesh pilot study debunk the myth that the poor will misuse cash. This tendency of our politicians and policymakers smacks of a very deep-seated paternalism, which we need to change.

Then we have the question of understanding basic income as a 'right'. For any basic income programme, there are two kinds of insurance necessary. One is insurance against the vagaries of political regimes. The best protection against this is to make basic income provision a law rather than just as a scheme, so that it cannot be withdrawn. Secondly, the real value of the basic income needs to be protected against inflation. Which means that it needs to be inflation-indexed so that the real value of the money does not get eroded with the passage of time and rise in inflation. We could think of a lead time of five years before we make a law.

Lastly, the 'unconditional' nature of basic income. This is perhaps the most radical of all the elements of UBI, and also happens to be most alien to our welfare grammar. All welfare schemes have conditionalities because we see the task of poverty alleviation as a matter of charity—a paternalistic act of giving alms to someone who has fallen behind in the race. This attitude completely overlooks the fact that large sections of the population are in a state of deprivation because of unequal opportunities; and that they have the right to partake at least minimum support from the fruits of the community as a matter of right rather than as charity. Our excessive emphasis on private property and private inheritance hides the fact that natural resources and national wealth belong to the people collectively, and that the state is just a custodian. And that there is something called public inheritance and the members of a community have a right over this public inheritance. A major transformation of perspective is needed for us to see these distinctions.

Conditionalities are repugnant for another important reason. Conditionalities automatically create an army of inspectors and supervisors who get to wield enormous discretionary powers. This results in the worst forms of corruption, and leads to wastage and leakages of welfare money. Let me now conclude by emphasising that basic income is a good idea for India. It is the foundation of a more equitable and inclusive society. It provides to every citizen of India a minimum floor to stand on. To implement it meaningfully, however, we need to innovate on several fronts. And we can do that.

(Concluded.)

called investment money to farmers twice a year at the time of the sowing season. In order to avoid targeting problems, the Rythu Bandhu programme was made both universal to all the farmers and also unconditional. All the 7 million farmers in the state were entitled to the money, and there were no conditions laid out at all—not even that a recipient farmer should necessarily cultivate her land. The recently announced PM-KISAN is a traditional model of both targeting and also adding exclusion criteria within the selected target population. But these schemes are addressing just one section of the population.

What do we do when we face a situation announced by Rahul Gandhi—the Minimum Income Guarantee for all the poor? How does one then give to all the 'poor'? Is there a way of simplifying the challenge of 'targeting poor'? We are yet to come up with an innovative way of addressing this issue.

Can there be another way of looking at this puzzle? Instead of searching for inclusion criteria, should we be looking at exclusion criteria? Even this route may not be easy to implement. If we exclude, for instance, all income-tax payers, the percentage of population we will exclude will be less than 5%. Arvind Subramanian, the former Chief Economic Advisor, speculated we should give basic income to all the women, which would ensure that the money goes to almost every household. This may be seen as discriminating against men. So, how do we solve this puzzle? That is our biggest challenge in India.

Coming to the two other elements, 'individual' and 'monthly', we observe that, in India, but for educational scholarships or old-age pensions, the general poverty alleviation grammar has always been to focus on the household. Lately, in the context of promoting women's empowerment and agency, women members of the households have been the focus—interest-free loans, subsidised cooking gas, etc. Providing income

All welfare schemes have conditionalities because we view poverty alleviation as charity. This attitude overlooks the fact that a lot of people are in a state of deprivation because of unequal opportunities



ILLUSTRATION: ROHNIT PHORE

SARATH DAVALA

The author is vice-chair, Basic Income Earth Network, and coordinator, India Network for Basic Income



Basic income: The Indian dilemma

Basic income is a good idea for India. It is the foundation of a more equitable and inclusive society. It provides to every citizen of India a minimum ground to stand on. To implement it meaningfully, however, we need to innovate on several fronts

WITH 1.3 BILLION POPULATION, the 'universal' part of the Universal Basic Income (UBI) is the most difficult to tackle in India. If we adhere to the purity of the concept and make it universal, then in the Indian context there is a great risk of diluting it since the amount that may be given to each individual may be too small to have any significant impact on people's lives.

That now pushes us back to targeting, which, through experience, we have seen that it is riddled with errors of both inclusion and exclusion. The question is: Whether targeting is inevitable to roll out a meaningful basic income? If that is so, it is necessary that we simplify it as much as possible?

A recent initiative by the Telangana government through its programme Rythu Bandhu is a case in point. This programme gave what the government

PM-KISAN

Too little, too late?

PM-KISAN is a positive step, but it can, at best, provide a basic minimum income, which needs to be supplemented by other schemes and by state governments

CSC SEKHAR

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AN IMPORTANT ANNOUNCEMENT in the Interim Budget was the one relating to direct income transfer to farmers—under the Pradhan Mantri Kisan Mantri Nidhi (PM-KISAN), ₹6,000 per year will be provided to each farming family with cultivable land up to 2 hectares (5 acres). This amount will be provided in three instalments of ₹2,000 each, and will be deposited directly into beneficiaries' accounts. PM-KISAN is fully funded by the Centre and is expected to entail annual expenditure of ₹75,000 crore. It is expected to benefit 12 crore small and marginal farmers. The support, although it appears too little and too late for farmers, may not be too late for the government, coming on the eve of the general elections.

PM-KISAN follows PM-AASHA (Pradhan Mantri Annadata Aay Sanraksha Abhiyan), announced in September 2018. Measures like PMKSY (Pradhan Mantri Krishi Sinchayee Yojana), PMFBY (Pradhan Mantri Fasal Bima Yojana) and eNAM (Electronic National Agriculture Market) have been launched in the last four years to address the problems facing the agriculture sector. However, the outcomes have not been very encouraging. In the Union Budget of 2018-19, an increase in MSP to cover at least 150% of the cost of production was announced. PM-AASHA, an ambitious three-pronged programme, was launched to operationalise the hiked MSP. The first component of PM-AASHA is public procurement, which has been in operation for rice and wheat for over five decades, and the related problems of over-

stocking and leakages are well-known. The second component is the deficiency payments system, wherein the farmer is free to sell in the designated APMC market during a specified period, and if the market price falls below MSP, the government steps in and makes a payment (called the deficiency payment), which is equal to the difference between MSP and the market price. This scheme has been implemented in Madhya Pradesh and the experience showed that the system needed a lot of improvement before being scaled to the national level. A major problem with this system is delinking of supply from market demand, because of the assured price and the consequent supply-demand imbalance. The third component is private participation, wherein some designated private agencies carry out procurement of oilseeds at MSP and will be compensated

up to 15% of MSP, if the market price falls below MSP. The private agency is responsible for storage, distribution, sale and related losses, if any. Because market prices of oilseeds in most states were lower by more than 20% of MSPs, the private sector was not keen to carry out pilots in any of the states. Thus, PM-AASHA has not yielded desired results and the desired outcome of ensuring higher MSPs to farmers was not realised. This resulted in discontent among farmers and threatened to hurt the electoral prospects of the ruling party. This prompted a quick rethink and a realisation that more needed to be done. Thus emerged PM-KISAN.

The significance of PM-KISAN is that, for the first time, an attempt has been made to transfer income directly to farmers without using price policy (of either inputs or output). In most of the pro-

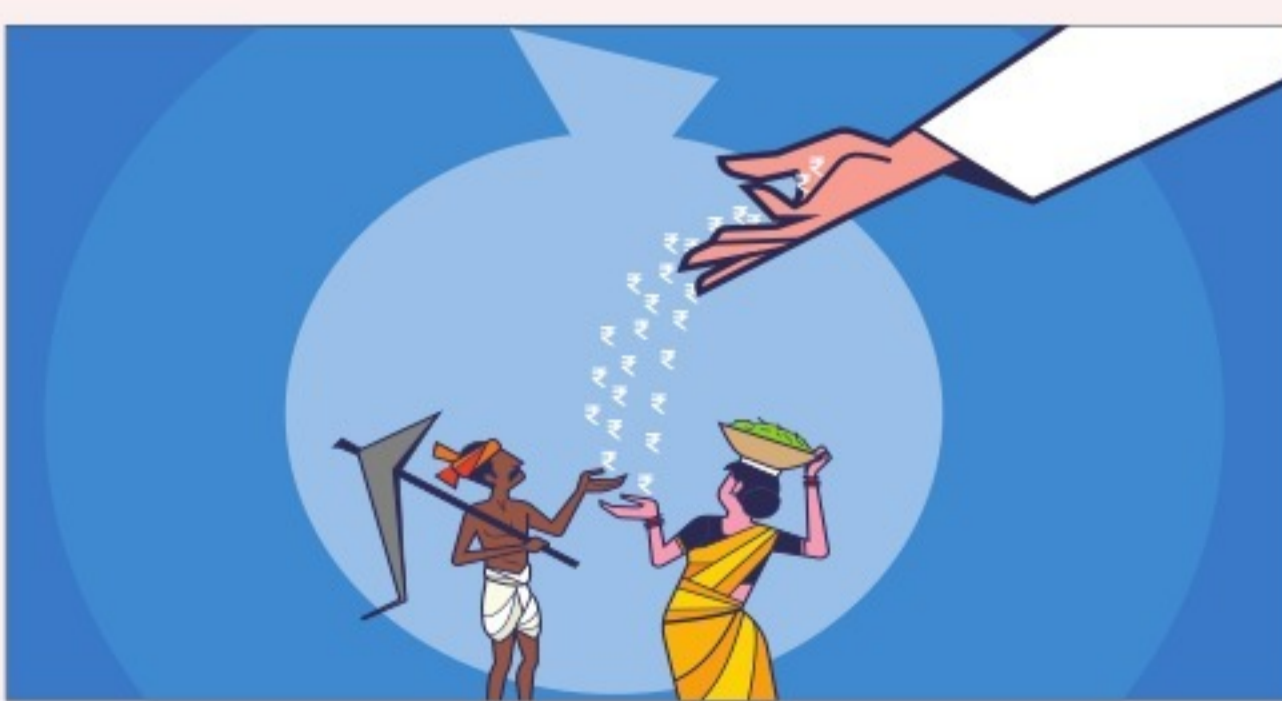


ILLUSTRATION: SHYAM KUMAR PRASAD

grammes in the past, including those of previous governments, the policy instrument used has always been price. The focus has mainly been on provision of inputs at lower price (input subsidies) and provision of a higher output price (MSP). Output price support is useful when the objective is to direct allocation of resources (on the supply side) in a particular direction, but when the objective is to increase farmers' income, it is a rather weak instrument. This is because the demand side is not factored in and, therefore, needs increasing intervention of the government. Input subsidies have resulted in gross overuse of some of the resources, resulting in soil degradation and declining water tables in states like Punjab. When raising farmers' income is the main objective, direct transfer may perhaps be a more appropriate instrument.

What are the advantages and limitations of PM-KISAN? The main advantage is that the benefits are not linked to production of any crop. And since the benefits are not linked to production, the resultant supply-demand imbalance is expected to be minimal, unlike in the case of MSPs. Also, there is no need of procurement, storage and distribution of all the commodities. Instead, procurement can be limited to only those commodities that are needed for public distribution system. This should lead to much lower fiscal costs and lesser storage infrastructure.

On the flip side, since the benefits of PM-KISAN are linked to legal possession of land, no assistance can be provided to tenants, landless agricultural labourers or other vulnerable sections of the rural society. In that respect, the KALIA scheme of Odisha provides a more comprehensive

coverage. Another major limitation of PM-KISAN is poor maintenance of land records, except in states such as Telangana. This may largely limit its usefulness, although there are some efforts recently, after the Interim Budget, to get updated information from states. The benefit of ₹6,000 per year (which is the upper limit) appears inadequate. This works out to a mere ₹1,200 per acre per year. This amount is inadequate considering the fact that the (weighted) average cost of cultivation, as per the latest available data, works out to more than ₹8,000 per acre per year for cereals, pulses and oilseeds. Thus, it becomes absolutely necessary for state governments to top up the amount provided under PM-KISAN from their own funds. After all, agriculture is a state subject and the major responsibility for implementation is on states. It is worthwhile to note here that non-govt state governments, except Telangana, have not carried out the reforms needed in state APMC Acts to benefit from eNAM. However, PM-KISAN is different, in the sense that part of the funds are already provided by the Centre, and states only need to supplement to ensure effective support to farmers. Even then, the assistance under PM-KISAN may not be adequate and there is a need to continue to provide support under other programmes such as PM-AASHA.

PM-KISAN is a positive step to provide direct income support to small and marginal farmers. But it can, at best, provide a basic minimum income that needs to be supplemented by other programmes and by state governments.

