

The burden of subsidies

The trend rate of expenditure on subsidies in April–Nov 2018 indicates a higher spend than indicated in the revised estimates for 2018–19



RAISINA HILL

A K BHATTACHARYA

The government's response to those who may be questioning some of the revised estimates for 2018-19 in the interim Budget presented last Friday is that the finance ministry has access to information and data that gives it the confidence to put out those numbers. That should be a reassuring message. After all, these revised estimates are crucial to

the government meeting its revised fiscal deficit target of 3.4 per cent of gross domestic product (GDP) for 2018-19.

A reality check on these numbers, nevertheless, should be useful. Let us look at the expenditure on major subsidies. The revised estimates for food subsidy during 2018-19 are ₹1.71 trillion, compared to the Budget estimates of ₹1.69 trillion. Before the interim Budget's presentation, monthly data for food subsidy was available till November 2018. That figure put the food subsidy bill already incurred between April and November at ₹1.42 trillion or a monthly run rate of about ₹17,800 crore. If one assumes the same run rate to continue in the remaining four months of the current financial year, the total food subsidy bill should increase to ₹2.14 trillion. This will then end up being at least ₹42,000 crore more than the revised estimates put out in the

interim Budget.

Fertiliser subsidies have two major components. Under urea subsidy, the interim Budget showed that the revised estimates for 2018-19 have been reined in at ₹44,985 crore, a little less than the Budget estimates of ₹44,989 crore. The monthly data on urea subsidy spent during April–November 2018 puts it at ₹33,294 crore, or a monthly run rate of ₹4,162 crore. If the same run rate continues in the remaining four months of the current year, the total urea subsidy bill will go up to ₹49,941 crore, about ₹4,956 crore higher than the revised estimates figure given in the interim Budget.

Similarly, the subsidy bill for nutrient-based fertilisers, as shown in the revised estimates for 2018-19, is ₹25,090 crore, exactly the same figure that was given in the Budget estimates a year ago. But the expenditure already incurred under this head in the April–November 2018 period is ₹20,152 crore,

or a monthly run rate of ₹2,519 crore. And if the expenditure continues to take place at the same rate in the remaining four months of the year, the total annual bill for nutrient-based fertilisers subsidies would go up to ₹30,228 crore, which will be ₹5,138 crore higher than the revised estimates put out in the interim Budget.

That leaves the petroleum subsidy bill, which the revised estimates in the interim Budget had put at ₹24,833 crore, which was actually lower than the Budget estimates of ₹24,933 crore for the same year. Crude oil prices had gone up steeply during the year and the subsidy bills for cooking gas and kerosene should have gone up. Indeed, the subsidy bill on petroleum incurred in the first eight months of the year was estimated at ₹23,142 crore, indicating a monthly run rate of ₹2,893 crore. If this run rate continues for the remaining four months, the total annual subsidy bill on petroleum would go up to ₹34,713 crore, which would be ₹9,880 crore more than the revised estimates put out by the interim Budget.

The total expenditure incurred on these major subsidies during 2018-19, as per the revised estimates, is ₹2.66 trillion, which is marginally higher

than the Budget estimates of ₹2.64 trillion. But if you extrapolate the data from expenditure already incurred on these subsidies in the April–November 2018 period to the full year, the slippage could be as high as ₹0.62 trillion and the actual major subsidies bill could go up to ₹3.28 trillion, compared to ₹2.64 trillion given in the revised estimates.

Remember that the monthly figures on the subsidies expenditure already incurred are compiled and released by the Controller General of Accounts (CGA) every month. Of course, the CGA's numbers are unaudited and provisional. Also, the trend rates logic may not apply in each and every case. The Budget makers have more access to information and data, which may have given them the confidence to put out the revised numbers. It is also possible that its impact on the final fiscal deficit figure could be neutralised by under-spending, compared to the revised estimates, under some other heads. Or has a part of this expenditure been deferred to the next year? But a deviation from the trend rate by as much as ₹0.62 trillion on major subsidies alone could have serious implications for the quality of the government's overall fiscal consolidation programme.

CHINESE WHISPERS

On a wing and a prayer



Chairman of trouble-hit Zee group Subhash Chandra last week urged investors to defeat the "negative forces" by buying shares of Zee and Dish TV following a sharp slide in their value. The plea raised many eyebrows as promoters do not often ask people to buy shares in their companies. "Instead of asking people to buy its shares, the Zee group chief should have asked them to subscribe to their channels amid the uncertainty created by Trai's new policy," said an analyst. Aimed at transparency, the new broadcasting guidelines give users more leeway to choose channels they prefer.

Naidu takes the lead

It seems Telugu Desam Party President N Chandrababu Naidu has taken it upon himself to iron out the remaining differences between the Aam Aadmi Party (AAP) and the Congress for the sake of the mahagathbandhan. He was in Delhi last Friday and met both Congress President Rahul Gandhi and AAP Convener and Delhi Chief Minister Arvind Kejriwal. He said there is a "democratic compulsion" for all the Opposition parties to come together; however, "the political compulsion of each party at the state-level must be taken into account" while forming a united force before the Lok Sabha polls. His statement assumes significance because an alliance between the AAP and the Congress is yet to materialise as both sides continue to attack one another and assert they would be going solo for the upcoming polls.

Adopt a cow

Madhya Pradesh Chief Minister Kamal Nath was reportedly aghast that there were not many government-run cow shelters in a state that was ruled by the BJP for 15 years. He told a gathering, "Nare to khoob lagate hain — pandra saal aise hi nikal diye." (They spout many slogans, but did little over the last 15 years.) To make good, Nath has proposed a scheme under which ordinary people of the state can adopt a cow. The idea is to open at least 1,000 cow shelters in the state by May this year. The proposed adoption will ensure economic viability of these shelters. According to an estimate, the government will spend ₹450 crore to build these shelters.

RBI may change stance; rate cut unlikely

If data supports, we could see a rate cut next financial year but that may not signal the beginning of a new cycle



BANKER'S TRUST

TAMAL BANDYOPADHYAY

Today, if we take a poll of Indian industrialists on their expectations from the Reserve Bank of India's (RBI) last bi-monthly policy for the 2019 fiscal year, 10 out of 10 will pitch for a rate cut. They are also rooting for a cut in the banks' cash reserve ratio (CRR) — or the portion of deposits kept with the RBI — to release money into the system.

Indisposed finance minister Arun Jaitley too has asked for a rate cut, albeit indirectly — saying, India cannot have a real rate of interest that's higher than anywhere else in the world.

The chorus for the cut has grown ever since the retail inflation data for December 2018 was released. Retail inflation in December dropped to its 18-month low of 2.19 per cent, lower than what most analysts had expected, driven by continued deflation in food prices (-2.5 per cent). Since July 2018, retail inflation has been on a slide.

The RBI is committed to achieve a medium-term target of 4 per cent retail inflation on a durable basis within a band of plus or minus 2 per cent, while supporting growth. In its December monetary policy review, the Monetary

Policy Committee (MPC), Indian central bank's rate-setting body, projected 2.7-3.2 per cent inflation in the second half of 2019 and 3.8-4.2 per cent in the first half of 2020 (with upside risks). The projection was revised downward after RBI's earlier estimate undershot the actual data.

Even the December inflation projections for the second half of the current fiscal year as well as the first half of the next year could be high. This and a sharp drop in the index of industrial production (IIP) in November are behind the rising demand for a rate cut. The so-called base effect alone cannot explain 0.5 per cent IIP growth in November as the decline is broad-based. An area of particular concern is the contraction in manufacturing production. Does this signal a slowdown ahead?

Indeed, headline retail inflation is hovering below expectation but the so-called core inflation or non-food, non-oil, manufacturing inflation in December remained unchanged at 5.7 per cent. In fact, core inflation, excluding transport and communication, actually rose to 6 per cent in December from 5.6 per cent in November, driven by higher inflation in health, education, household and personal goods. Had there been no dramatic fall in crude prices, which had led to a drop in the retail prices of petrol and diesel, the inflation figure would have been different.

It is difficult to get a hang of things when global crude prices are so volatile. From \$86 a gallon in October it dropped to \$49 in December to climb back to \$62 in January, the level it is trading now. In tandem, the movement of the 10-year treasury bill yield yo-yoed from 8.24 per cent to 7.21 per cent and closed



The interim Budget's push for consumption and growth stimulus may give a fillip to the equities but the bond story may be over

at 7.61 per cent on Friday. And the Indian currency, which dropped to 74.48 a dollar in October, strengthened to 69.18 in the first week of January. Last week, it closed at 71.3.

The RBI has been buying bonds to infuse liquidity in the system. So far, it has bought ₹2.36 trillion worth bonds. The pressure on liquidity has eased and this may continue to mid-March when Indian corporations pay advance tax on their estimated profits for the quarter.

The biggest joker in the pack is the state of the fiscal situation. The budgeted fiscal deficit target of 3.3 per cent of gross domestic product (GDP) won't be met; it will be marginally higher at 3.4 per cent and, more importantly, next year too it is estimated to be 3.4 per cent. The government's market borrowing has been raised this year and also for fiscal year 2020 even as the tax revenue projections are rather optimistic.

Clearly, it is turning out to be a structural issue. The interim Budget is expansionary, populist and inflationary on the margin. Its push for consumption and growth stimulus may give a fillip to the equities but the bond story may be over. Last Friday, the 10-year bond yield rose 11 basis points from the day's low after the Budget presentation. One basis point is a hundredth of a percentage point.

Irrespective of which political party comes to power after the May elections, it will be difficult to claw back most of the welfare schemes which will inflate the government spend and fiscal responsibility will be the casualty.

Against this backdrop and around 5.8 per cent six-month average core inflation, a rate cut is unlikely but I will not rule out a change in the stance of the monetary policy — from "calibrated tightening" to neutral. If economic activities remain muted, the pressure on core inflation will ease and the next

rate cut could be as early as in April, just ahead of the general elections.

After the last meeting of the MPC in December (which left the policy rate unchanged at 6.5 per cent), former RBI governor Urjit Patel had said "if the upside risks to inflation do not materialise, there is a possibility of space opening up for appropriate RBI action". The decision on a no-change policy rate was unanimous, while one of the six members of the MPC, Ravindra Dholakia, voted in favour of changing the stance to neutral.

Some analysts say the February policy could turn out to be the governor's policy. How? Here's what they say: Among six MPC members, Michael Patra and Viral Acharya will surely vote against a rate cut but Pami Dua may join Ravindra Dholakia for a cut. A lot will depend on Chetan Ghate and Shaktikanta Das; if there is a tie, Das will have the casting vote.

If indeed the tie happens because Das is against a rate cut (and Ghate in favour of it), his casting vote will only reaffirm that. This will also be case, if he favours a rate cut (and Ghate opposes it). So, either way, it will be the governor's policy.

But my take is the MPC meet will be devoid of any such drama. If at all there is a tie, it could be on the stance of the policy and not the action. The interim Budget has sealed the outcome of the MPC meeting — no rate cut and a likely change in policy stance. If data supports, the earliest we could see a rate cut is in April but even if that happens, it will not signal the beginning of a new cycle.

The columnist, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd. Twitter: @TamalBandyay

AS I SEE IT

An 'unconventional' interim Budget

Was Friday's Budget an act of constitutional impropriety, as the government's opponents have proclaimed, or was it justified, as its ministers insist?



KARAN THAPAR

With a speech that stretched over a hundred minutes the interim Finance Minister has announced major, new and sweeping policies that will have a significant impact on our people and economy. He called it an interim Budget but it definitely wasn't. It was a full-fledged Budget. Not only does it bear no comparison to the interim Budgets delivered by Jaswant Singh in 2004, Pranab Mukherjee in 2009 and P. Chidambaram in 2014 but few full-fledged Budgets have been as ambitious as this one.

So was this an act of constitutional impropriety, as the government's opponents have loudly proclaimed, or was it justified and legitimate, as its ministers insist?

Yashwant Sinha, a distinguished former Bharatiya Janata Party finance minister, has said that to use an interim Budget to announce major new policies involving sizeable expenditure and significant tax changes would be "unconstitutional". His argument is simple. Convention is as much a part of our Constitution as its written articles and today it's a well-established convention that interim Budgets are just votes on

account to ensure that the business of government continues.

You could, if you want, add a moral argument to the constitutional one. No doubt the Modi government is a full-fledged one with a majority in the lower house and a mandate till the May 26 but on April 1, when the new financial year starts, it will only have 46 days left. Is it fitting for it to present a full-fledged Budget valid for 365 days which covers 319 under its successor? Having done so, it's tied the next government's hands in two important senses: given their populist appeal, it would be difficult not to continue with these policies and, additionally, it might have to find the resources to fund them.

The government's grounds for presenting a full Budget three months before the elections seems equally persuasive. To begin with, in India conventions don't have the same force as they do in Britain. You could also argue that a convention exists only as long as it's observed. When it's not, it ceases to be.

More importantly, nothing in the Constitution actually disallows a government with just three months left from presenting a full-fledged Budget. Indeed, as Yashwant Sinha has admitted, "the constitution does not have a proviso that specifically deals with the presentation of the Budget". So if it's not specifically disallowed you could argue it's permitted.

Finally, there's Arun Jaitley's view which is based on the needs and exigencies of the economic situation. "The larger interests of the economy always dictate what should be in the interim Budget", he has said. At the present, he adds, there are challenges which "can-

not afford to wait (and) there's a necessity to address some of them".

This is not such a singular standpoint. In 2014, when P. Chidambaram made a series of changes in excise duty and service tax, he justified his actions with the following logic: "the current economic situation demands some interventions that cannot wait for the regular Budget". Of course, Piyush Goyal went a lot further than P. Chidambaram. But you could say that's a matter of detail. The justification is the same.

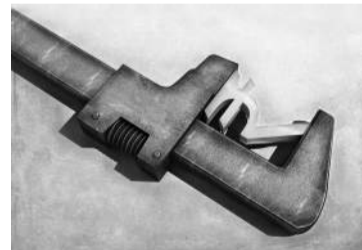
Piyush Goyal's interim Budget also defies convention in one other sense and how it's hereafter treated by Parliament might be another. The farmers' income support scheme has been announced with retrospective effect. That's not just unusual it's never been done in an interim Budget. But then there's always a first time.

The manner in which Parliament handles the Goyal Budget could constitute another breach. N.K. Singh, a former Finance Secretary, has pointed out that so far changes to the Income Tax Act have always been referred to the Parliamentary Standing Committee on Finance. Will that happen this time? It will be novel if it doesn't. But doesn't Parliament have a right to decide whether or not it should?

Now, when the Prime Minister describes the Budget as "a trailer" is he only alluding to the possibility his government has more surprise announcements up its sleeve or is he also hinting there are other conventions that could be disregarded as the government burnishes its electoral appeal? I hope not but, after Friday's Budget, you can't be sure.

LETTERS

Revamp fiscal plan



This refers to the article "Time to improve the fiscal architecture" (February 1). The three suggestions by A Prasanna relating to the creation of a Fiscal Council, the adoption of a 'deficit neutral' rule by the government and advance annual ceiling for market borrowing make sense in the context of the government's search for external remedies for internal debilities.

The government's efforts to camouflage fiscal deficit using surreptitious methods like deferring payments due and pressurising government-owned bodies to divert funds or pay extra or advance dividends have invited adverse observations by analysts. There is one school of thought that considers explaining a higher deficit with more prudent and transparent accounting system a better and desirable alternative than the present tightrope walking that brings embarrassment to several organisations.

The long-term solution lies in mapping the nation's unaccounted for wealth and considering a realistic taxation policy that covers high income groups and agricultural income.

M G Warriar Mumbai

Time for scrutiny

President Ram Nath Kovind, while highlighting the various achievements of the National Democratic Alliance government when he was addressing a joint sitting of both the Houses of Parliament, hailed the efforts to build a new India and touched upon issues

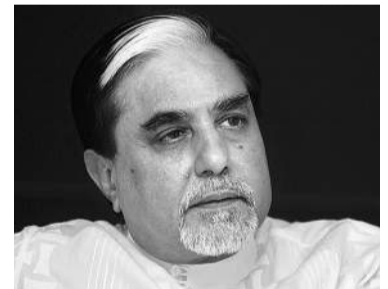
like surgical strikes, the Rafale deal, Swachh Bharat, the Triple Talaq Bill, Citizenship Amendment Bill. These might be great achievements for the government but I want to ask what it has achieved with regard to core issues such as unemployment, poverty, rape, mob violence and a rapidly declining economy. These are the issues crying for attention.

Mohd Faheem Mumbai

Partial analysis

This refers to "What not to do in a corporate crisis" (February 1) by Aakar Patel. Mr Patel is grossly unfair to Dewan Housing Finance Corporation (DHFL) and overly favourable to the Zee Group — the two companies he has chosen to compare from the point of view of their response to the recent crisis situations.

In his eloquent write up, he tries to run down one highly respected (before the crisis) company and, at the same time, is strangely charitable to the other! He is purportedly commenting on the "corporate communication skills" of large Indian companies in general — "still executed by multi-billion dollar businesses in a crisis as if they were mom and pop shops" — but uses his immense capabilities and flowery word play to just run down one and find good in the other. My respect for him — as an exceptionally good independent columnist — has gone down several



notches after reading this article, which smacks of outright partiality.

Without going into the faults of the two companies involved — as I do not have any knowledge about their working — I think DHFL's response is very specific, businesslike and to the point. Its only mistake perhaps was that it was not signed by their top man and, in contrast, Subhash Chandra (pictured), chairman of Zee, seems to have written one, full of irrelevant family history and internal feuds. In another report, he had even alluded to "negative forces sabotaging his outfit" — hardly suitable when defending your company in the face of alleged loan repayment defaults.

Krishan Kalra Gurugram

Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard Nehru House, 4 Bahadur Shah Zafar Marg New Delhi 110 002 Fax: (011) 23720201 • E-mail: letters@bsmail.in All letters must have a postal address and telephone number

HAMBONE



Unsustainable welfarism

India needs a strong bond market to check electoral populism

Addressing a political rally in Durgapur, West Bengal, on Saturday, Prime Minister Narendra Modi hailed the interim Budget for 2019-20 as a "historic" step towards empowering peasants, workmen and the middle class, and promised more benefits for all sections in the full Budget if his party returned to power after the Lok Sabha polls. The interim Budget had several steps towards creating a welfare state, including an income support scheme for farmers owning up to 2 hectares — about 120 million households — who would receive income support worth ₹6,000 a year. It introduced a pension scheme for unorganised sector workers — with the government making a matching contribution — to provide a pension of ₹3,000 a month after 60 years of age. Then there was an income tax rebate for those with a taxable income of up to ₹5 lakh.

What is creditable is that the government has managed to do all this with a limited impact on the fiscal deficit. The broader point, however, is whether a country with relatively meagre financial resources can afford such open-ended welfare programmes. It would be unfair to blame this government alone; in fact, Mr Modi deserves compliments for coming out strongly against more damaging measures such as farm loan waiver because they destroy credit discipline while doing precious little to improve the condition of farmers. It's a different matter that the Bharatiya Janata Party did nothing to stop the Uttar Pradesh and Maharashtra governments from announcing the same in the run-up to the state elections. Competitive populism is something the opposition parties have also adopted with enthusiasm — Congress President Rahul Gandhi, for example, has said he would not allow Mr Modi to sleep till a pan-Indian farm loan waiver was announced and has promised a minimum income guarantee for all if re-elected in the Lok Sabha elections in May.

What these promises underline is a steady move towards welfarism that can't be reversed, binding the Indian state into fiscal commitments that would be increasingly difficult to sustain. Indeed, the evidence of the developed world over-committing and then slipping, as a result, is there for all to see. It would appear that the Indian political system is also making the same mistake. The truth is India's decision-makers do not have any effective guardrails to hold them back from promising something that could be exorbitantly costly. In a big way, the question is about the financial cost of such schemes. For example, in the absence of a well-developed bond market, there is no fully effective way for the markets to raise the red flag by means of higher yields and interest rates. India's half-hearted efforts to wean its lenders to the bond market have met with limited success. A strong bond market is a necessary institutional mechanism to check unrestrained fiscal populism. Its success would hinge on liquidity for lower-rated paper, investor appetite for the entire debt spectrum, adequate hedging mechanism, and an increasing supply of bankable papers. Given that the inexorable appeal of populism is unlikely to disappear soon, India must prioritise the development of a bond market.

Back to Feb 28

Advancing the Budget by a month not working out

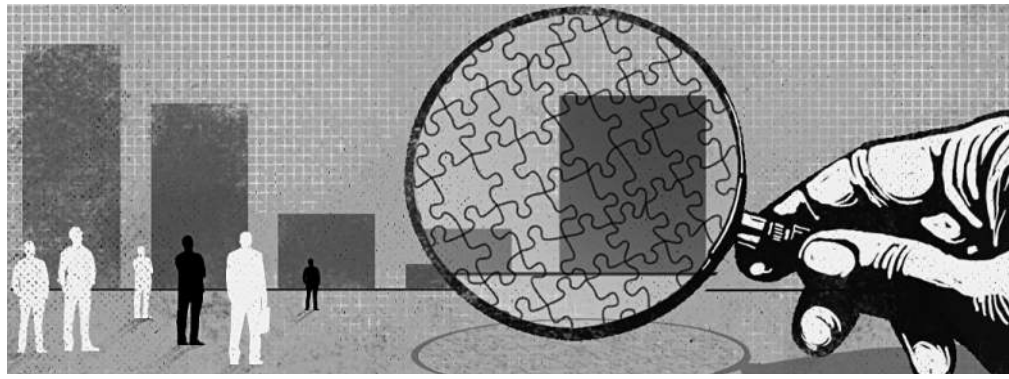
The interim Budget — which was more like a full Budget than previous votes-on-account — was presented on the first day of February, as has been the case for the two preceding Union Budgets.

This follows a decision taken during the 2016-17 financial year to advance the Budget presentation date by a month, ending the long tradition of presenting it on the last day of February. The first indication of this change came on October 26, 2016, when Prime Minister Narendra Modi — while chairing one of his meetings on timely implementation of schemes with states — urged bureaucrats to align their planning to this new schedule so as to benefit as much as possible from it. The hope was that an earlier Budget date would be able to provide greater certainty earlier in the year, and front-load expenditure somewhat. There had been complaints from various centres of expenditure in the Union and state governments that they tended to be somewhat short of disbursements in the first quarter of any financial year, as the government machinery responded too slowly to the Budget decisions announced in end-February. Legislative approvals for all spending should ideally have been undertaken during the month of March, so as to be ready for the new financial year in April — and sometimes there were delays.

But in the two financial years that this practice has been in place, the decision's drawbacks have become clear. Most importantly, there simply isn't enough data in place for a proper and effective budgeting process. Consider, for example, the headline numbers of any Budget — the fiscal deficit for the ongoing year, and the fiscal deficit target for the next financial year. While the latter is always an unknown value, the current year's fiscal deficit depends on the data available of spending and revenue over the months so far and expectations for the remaining months. When presented on February 1, not only is less known about expenditure — this is a surmountable problem, given expenditure choices are the government's — there is crucially too little known about revenue. This has led to revenue projections in the Revised Estimates being often the same as the Budget Estimates. If we don't have real revised numbers, it becomes harder to budget accurately for the new year. This takes away from the credibility of the fiscal deficit number. Even more worrying is the denominator of how the fiscal deficit is generally presented — as a fraction of gross domestic product (GDP). Unfortunately, the first Revised Estimates for GDP are only known by the end of January. The Advance Estimates of GDP, which are used instead, have been subject to major revisions recently. Some government officials highlighted, after the interim Budget, the difference that using the Revised Estimates would make to the Budget's predictions regarding the fiscal glide path.

There are several other ways in which the paucity of data makes a Budget-preparation exercise that targets February 1 far less useful than one targeting February 28 or 29. The only way to correct this is to return to the original date on which Budgets were presented — while improving the speed of disbursements of funds. There is no substitute for a sensible and clear Budgeting process.

ILLUSTRATION BY AJAY MOHANTY



Hiding the real numbers

Contrary to expectations, Narendra Modi's government may have been more fiscally profligate than UPA-II

Unfortunately, it is now widely accepted that we can no longer trust the Indian government's numbers. And here I am not talking about the widely discussed "new series" calculations of gross domestic product; I am not talking about the discredited "back series" of that same GDP; and I am not even talking about the claims made about job growth using EPFO statistics, which measure formalisation of the economy. I am talking about the most fundamental macro-economic indicators: Those presented in the Budget.

In the interim Budget presented last week the numbers cannot be said to fairly reflect reality. Consider the claim that India continues to be on a "fiscal glide path" to a deficit of 3 per cent of GDP. This is increasingly hard to believe. The years after the near-crisis of 2013, including the last year of the United Progressive Alliance, featured apparently genuine attempts to cut the deficit. But those attempts appear to have been given up on.

This year, although there is no major macro-economic crisis, the fiscal deficit target has again been missed — and we are supposed to believe that, once again, we will make the 3 per cent target not this year, not next year, but the year after next. This is like when senior UPA officials constantly claimed that 8 per cent growth was two to three quarters away. Government officials can truthfully point out that the slippage was only from 3.3 per cent of GDP to 3.36 per cent of GDP. However, the "glide path" can no longer be taken seriously, and deserves the same scepticism that the UPA's insistence received.

Other projections in the Budget are similarly untrustworthy. No real answers have been given as to why the receipts from the goods and services tax are ₹1 trillion less than the Budget estimates. If GST revenue increase by about 6 per cent this year, why does the Budget claim that it will go up by about 20 per cent next year? If it does not,

what happens to the Budget's projections?

Prime Minister Narendra Modi has been given considerable credit for being a fiscal hawk. The evidence suggests, however, that while he wants credit for being a fiscal hawk, he is unwilling to actually rein in spending or increase revenue. It seems that it was in fact the UPA that worked harder on fiscal compression. If you don't believe that, why not listen to Economic Affairs Secretary Subhash C Garg? He pointed out this week to the *Financial Express* that "the real expenditure growth during the entire five-year tenure of the previous government was only about two per cent".

As a consequence of the Modi government's unwillingness to control spending, the Budget deficit figure is not just unbelievable, thanks to the unrealistic projections, but also downright deceptive. Government expenditure is being hidden by financing spending through other pools of cash that are under government control. A comparison with the first UPA's off-Budget liabilities, such as "oil bonds", is revealing. That process was more transparent. The then finance minister, who justly built up a reputation for depending on off-Budget items and spending rollovers, did at least himself acknowledge the problem in his speech: "As a first step, I have shown these liabilities clearly... I intend to request the 13th Finance Commission to revisit the roadmap for fiscal adjustment [to take these off-Budget liabilities into account]". No such transparency is on display at the moment.

The mechanisms being used are unprecedented and problematic in a manner quite different from the oil bonds. The small savings fund, for example, is being used to prop up Air India — something that was in the past done out of Budget allocations. This is not the government's tax revenue to use. It is our savings — our public provident fund money, for example. It is being used for political ends, such as protecting Air India,



POLICY RULES
MIHIR S SHARMA

Why is bad behaviour in FIs widespread?

A spate of corporate scandals and cases of poor governance have been hitting the headlines regularly for the past few months: The tottering behemoth Infrastructure Leasing & Financial Services, the sinking Dewan Housing Finance Ltd, alleged improprieties by the former managing director of ICI-ICI Bank, the shock and horror show unleashed by the Zee promoters, unknown issues in YES Bank and Axis Bank, whose chiefs have been shown the door, and, of course, the continuing self-serving behaviour of some promoters like that of Sterlite/Vedanta, and so on.

Each of these events has led to a sudden and massive erosion in shareholder value. DHFL is the most egregious of all, whose stock has fallen from just under ₹700 to about ₹110 now, a crash of 85 per cent since early September 2018. The shares of YES Bank have more than halved. IL&FS is an unlisted company but its impact has reverberated across the financial sector with liquidity drying up and risk aversion rising.

Coming in quick succession, these events have once again showed how little shareholders can possibly know about what is going on inside a publicly listed company. This applies as much to institutional shareholders as to retail shareholders. Can something be done to avoid situations like these? At one extreme, each time an "accident" happens, some will call for stricter regulation. At another extreme, some tend to shrug and say, "You can't regulate bad behaviour," meaning accidents will always happen and regulation cannot stop them. Is it possible to have a more meaningful perspective other than these two extremes, and, if so, a more effective solution to the problem of bad corporate behaviour?

We can reduce accidents only if we look deeper and isolate what is by far the biggest component of the issue

of bad corporate behaviour. Notice one thing common among the names IL&FS, DHFL, ICI-ICI Bank, YES Bank, Axis Bank...? They are all financial firms. Also remember, India's economic growth has been severely held back by the massive loot of the largest segment of the organised financial sector — public sector banks (PSBs) — by netas, babus, bankers and businessmen. Between them, PSBs and rogue financial firms have inflicted the maximum damage to savers at the micro level and to the economy at the macro level.

If there is a systemic crisis, if there are fears of a contagion, if the money of retail savers is at risk, you can bet that one or more financial firms would have caused it. The financial crisis that started in the US and spread like wildfire from Iceland to India was entirely caused by lenders with the help of stockbrokers and institutional investors — the key players in the financial sector.

It isn't that non-financial firms cannot be blamed for large-scale wealth destruction through financial frauds. But such instances are rare. And over the years, regulation and disclosure in securities markets have ensured that sensible investors can avoid accidents by staying away from promoters with a poor record of governance. Supervising financial firms, however, is another matter. Financial firms need stricter rules of operations. If they are publicly listed, they have to be supervised by two regulators at least — the securities market regulator, the Securities and Exchange Board of India, and the financial markets regulator like the Reserve Bank of India. Housing finance firms are additionally supervised by the National Housing Bank. If financial firms are the cause of repeated crises, could it be that the regulators are not doing their job properly? Try to answer these questions: ● PSBs have needed repeated bailouts over the last 20



IRRATIONAL CHOICE
DEBASHIS BASU

even though that failing airline is a uniquely awful destination for anyone's savings. This money should have come out of taxes. Why are we blaming bankers for throwing good money after bad to Kingfisher when the government, as the protector of our savings, is doing exactly the same with Air India?

Then there is the misuse of disinvestment — which no longer implies the reduction of government control and thus increasing the productivity of capital tied up in the public sector. Instead disinvestment has become an exercise in shifting capital from the public sector to the government, which then uses it to fund expenditure. This is a scandalous misuse of public resources and constantly increases inefficiency and capital misallocation in the economy. Public sector enterprises should use their reserves to invest.

Other public agencies are being forced to borrow in order to meet government policy priorities, since direct funding has been slashed. The Budget squeezed the highways ministry, for example, raising next year's outlay by only 6 per cent. The consequence is that agencies like the National Highways Authority of India, although they have no real balance sheet strength, are upping borrowing considerably, at government orders — without this being reflected in the Budget numbers. The NHAI owes ₹1.5 trillion, and has negligible earnings or cash flow. It finances its past debt by taking on new debt, all with a sovereign guarantee. The roads it borrows against are not its to give away — they are the property of the government. Most expect that the NHAI will be borrowing ₹60,000 crore from the market and the Food Corporation of India will be borrowing ₹1 trillion. All of this borrowing — directed and guaranteed by the government — is invisible in the Budget.

Analysts have begun to point to these negative debt dynamics. Pranjal Bhandari of HSBC has pointed out in these columns that the net supply of government paper has gone up from 6.6 per cent of GDP to 8.2 per cent of GDP in just two years. Sajid Chinoy of JPMorgan argues that the public sector borrowing requirement has remained "close to" 8.2 per cent of GDP for five years, and so household financial savings "have fallen in recent years from 22 per cent of GDP to 16 per cent". Most directly focusing on the Centre, Prithviraj Srinivas of Axis Bank points out that the "government directed borrowing has net increased" under Mr Modi: Public sector enterprises now borrow 1.6 per cent of GDP more, while the government has reduced its stated fiscal deficit by only 1.1 per cent of GDP.

There is only one possible conclusion: Mr Modi deserves no credit for fiscal prudence. He has in fact been more profligate than wise. If private investment has not revived, it is because the government is crowding out private borrowing — flooding the market with its own paper, instead of paying for its spending out of taxes like it should. You can rightly laugh at GDP numbers that claim we grew faster in the demonetisation year than in any other in our history. But if you do believe the GDP numbers, then you should note that there has been a sharp slowdown last year — at the same time that borrowing hit high gear. The Centre for Monitoring Indian Economy said last month that new project starts are at a 14-year low. This is stagnation, not growth. Mr Modi's big bet — that government spending could kick-start investment when combined with big talk and a little painless reform — has failed. He took over a recovering economy with a tight deficit reduction programme and ran it into the ground.

m.s.sharma@gmail.com
Twitter: @mihirsharma

Chris Christie's testament



BOOK REVIEW

DWIGHT GARNER

When Chris Christie first met Donald Trump, over dinner at the Manhattan restaurant Jean-Georges in 2002, the developer ordered for both of them. This power move has received insufficient study.

Trump had waiters bring Christie the seared scallops and the roasted lamb loin. "I'm allergic to scallops," Christie recalls in his new memoir. He adds, "I've always hated lamb."

The future governor of New Jersey was gleaming lessons in domination. He was an apt pupil. *Let Me Finish* is a superficial and ungainly book that tries to cover so many

justifications, it's a master class in sucking up and kicking down, it's a potted memoir, it's a stab at political rehabilitation — that reading it is like watching an octopus try to play the bagpipes.

At heart it's a reminder that, before Bridgegate, before the 2016 presidential election and before the infamous photographs of him sunbathing on a closed beach during a 2017 state government shutdown, Christie was the favourite political intimidator of many Americans. An alternative title for this unintentionally poignant book might have been, "You Used to Really Like Me, Remember?"

Because Christie was positioned to be the brash candidate in 2016, he had the most to lose from a Trump insurgency. He saw the threat instantly. After the first Republican debate, he said to his wife, "We've got a problem."

"From a stylistic perspective," Christie writes, "he was everything I was — but on jet fuel."

After he dropped out of the 2016 race, Christie became the first governor to endorse Trump. Christie drew on his long friendship with Trump and became a close adviser. Often enough, in his own estimation, he was the only adult in the room. He nearly became Trump's running mate.

He was repeatedly stymied by Jared Kushner, Trump's son-in-law. Like a fawn, Kushner is seen in this book grazing on what Christie calls "his typical salad."

Bambi was bent on payback. Christie had helped send Kushner's father, the prominent New Jersey real estate developer Charles Kushner, to prison in a lurid case that involved tax evasion and witness tampering. According to Steve Bannon, Christie writes, Jared Kushner was "obsessed with destroying me." Every chair Christie sat in had a trap door underneath.

Christie saves his real fire in this book — which was written by a ghostwriter named Ellis Henican — for Bannon, the one-time chief executive of Trump's campaign. He

calls Bannon "self-impressed," a "snake" and "the only person I have ever met who can look pretentious and like an unmade bed at the very same time."

Christie accuses Bannon of peddling lies about him to Bob Woodward, among other journalists. More crucially, he remains apologetic over Bannon's decision, alongside other advisers, to toss out Christie's monumental 30-volume plan for Trump's transition.

Trump didn't want to talk about the transition. Bad karma, he thought. Expecting Trump's other senior advisers to read 30 volumes, especially from Christie, was like waiting for monkeys to begin typing Shakespeare. In Christie's view, trashing the transition plan was the original sin of the Trump administration.

The president didn't get the right people. Instead he got "the revolving door of deeply flawed individuals — amateurs, grifters, weaklings, convicted and unconvicted felons — who were hustled into jobs they were never suited for, sometimes seemingly without so much as a background check via Google or Wikipedia."

If Trump had only listened to him,

Christie writes, he would have fired James B Comey, then director of the FBI, at the start of his administration. His later firing would become, according to Bannon, the worst mistake in modern political history.

If you skim through *Let Me Finish*, nearly all you will see is Christie saying, in so many words, I told you so.

He told Trump that retired Lt Gen Michael T Flynn was trouble. He told Trump to stop picking on Khizr Khan, the Gold Star father. He was the only one who could tell Trump when he'd done poorly in a debate. Christie's sense of being right at every moment is wearying. Like a fan that blows for too long, his grille fills with dust.

As a literary performance, this book is nylon, not wool or silk. If you want to read an excellent book about Christie and about New Jersey politics, find a copy of Matt Katz's 2016 biography, *American Governor: Chris Christie's Bridge to Redemption*. It's cleareyed but sympathetic. Christie is vastly more likable in it than he is here.

Trump himself comes off rather well in this book. Christie remains a believer. He praises Trump as a father. He writes: "He

knows who he is and what he believes in. He has a keen understanding of what regular people are feeling. He commands extraordinary loyalty from his supporters and has unique communication skills." He thinks it's not too late for Trump to turn things around.

Is *Let Me Finish* a plea to be let back in, at a high level, to Trump's administration? Is it a platform from which to run for president in 2020 if Trump drops out? Do voters want him back? This self-serving book doesn't make the most appealing case. Is anyone longing for another in-your-face president? And does he have too much baggage? It may be true that, as Karl Ove Knausgaard put it in one of his "My Struggle" novels, "What's done is dung and cannot be undone."

©2019 The New York Times News Service

LET ME FINISH: Trump, the Kushners, Bannon, New Jersey, and the Power of In-Your-Face Politics
Chris Christie with Ellis Henican
Hachette Books
420 pages; \$28

The writer is the editor of www.moneylife.in
Twitter: @Moneylifers

Opinion

MONDAY, FEBRUARY 4, 2019

Piyush bats for growth, RBI may have to play spoiler

High government borrowings, not all reflected in budget, will raise interest rates; that will dampen investment

THE GOVERNMENT'S EXPANSIONARY stance, reflected in the slippage of the fiscal deficit both in FY19 and FY20, may bring succour to some, but will drive up inflation and interest rates that will end up hurting growth. The extra fiscal impulse of 30 basis points in FY20 (the deficit was originally pegged at 3.1%) will most certainly compel RBI to not just stay put on rates, but could also prompt it to alter its current neutral stance to one of calibrated tightening. Going by the fairly sharp spike in yield on Friday, of 13 basis points, the bond markets are already very nervous. That is understandable, given the government plans to borrow around ₹50,000 crore more in FY20 in comparison with FY19, with the total net borrowing pegged at ₹4.73 lakh crore. Indeed, given the appetite in the markets, the government will most certainly crowd out private sector investments, while leaving the cost of money elevated.

It is not just the market borrowing that is worrying the bond market. The bigger concern is the huge extra-budgetary borrowing that the government has resorted to. If one added in the off-budgetary borrowings, the deficit would be significantly higher; what matters is not just central borrowings, but those of the states as well as central and state PSUs. Sajjid Chinoy of JPMorgan estimates India's total public sector borrowing requirement (excluding that of state PSUs since the data is incomplete) remains above a hefty 8.5% of GDP in both FY18 and FY19. Given how the growth in household savings has slowed sharply over the years, from 23% of GDP to 17%—net financial savings are just 7% of GDP—this is a big problem since private borrowers will now find themselves being crowded out of the market. The irony is that, despite this massive borrowing, there isn't enough capex happening. Indeed, the government expenditure itself may need to be pruned because many of the revenue-growth assumptions are quite optimistic.

For example, aggregate GST collections have grown at barely 7% over the last six months—the total collections have struggled to hit ₹1 lakh crore a month—but the CGST has been budgeted to grow at 21% next year. While there has been a fair bit of buoyancy in personal income tax collections—at a growth of 16%—the target for even this year looks difficult. Under the circumstances, given much of the benefits from better compliance would have kicked in, hitting next year's target of ₹6.2 lakh crore or a growth of 17% could be a tall ask. Should there be a shortfall in tax collections—or non-tax revenues for that matter—the government will be left with very little fiscal room and, therefore, will need to cut expenditure.

Since the scope to trim revenue expenditure is limited, it is capital expenditure that will take a hit. The current run rate for capex, as Chinoy points out, is a modest 4%, and could end the fiscal year at close to 1.5% of GDP. That is lower than the 1.6% seen last year and the expectations for the current year of 1.6% of GDP. The target for FY20 is 1.5% of GDP, but could slip to lower levels should the revenue assumptions not play out as planned. Consequently, overall capex could remain sluggish given the private sector is unlikely to make meaningful big-ticket investments in the next couple of years. While large companies will be able to cope with rising interest rates, smaller companies will feel the pinch. That is unfortunate because, while the revised GDP may show the economy is doing well, the reality on the ground and data from non-government sources suggests a very different picture.

Budget mysteries

If the economy is humming, why is so much stimulus needed?

MOST OF THE criticism of the CSO raising its estimates of GDP just the day before the Interim Budget, not surprisingly, was about the possibility that this was done to give the government more room to show a lower deficit number. This, however, didn't happen since, while the FY18 nominal GDP was raised to ₹171 lakh crore from ₹168 lakh crore earlier, the government retained the same advance estimate for FY19 GDP that was made in the first week of January; had it raised the GDP estimate for FY19, it would have been able to accommodate a higher fiscal deficit since the level is calculated as a proportion of GDP. Of course, it can still do this later and then show that the fiscal slippage was not as large as was earlier made out.

There are, however, several mysteries that arise from these—and earlier—GDP revisions such as the ones made while calculating the GDP back-series. If GDP during the NDA years is averaging around 7.7% over the last five years, why does it continue to need the kind of pump-priming that is being seen? Indeed, the 3.4% of GDP fiscal deficit number is not really what you need to look at, it is the combined public sector deficit—the Centre, the states and the PSUs—that matters. The extra-budgetary funding of the FY20 budget—via the PSUs—is around ₹6 lakh crore, an amount that is just slightly lower than the central fiscal deficit of ₹7 lakh crore. Add to this, the state government deficit and, according to a JPMorgan Chase research note, the total public sector borrowing was around 8.5% of GDP in both FY18 and FY19. If this is the kind of pump-priming required now, how much will it be when GDP really collapses?

The other mystery revolves around the relative efficiency in the use of capital. During the UPA-2 years, bank credit grew by around 16.3% on average every year and investment levels—as measured by Gross Fixed Capital Formation—were around 33.2% of GDP; the average GDP growth during this period was 6.7%. During the last five years, however, credit growth has around halved to 8.6% while investment levels have fallen to 29%. So, if a lower investment level and a much lower credit—partly due to the reduction in inflation, it is true—is yielding a higher GDP growth, this means the levels of productivity in the economy are up sharply. Is the GDP data incorrect, as many non-government economists suggest, or is it time to rewrite the investment-GDP playbook for the country?

BuniyaadSuccess

The Delhi govt's initiative to drive up learning levels in govt schools is a template other states can use

THE SUCCESS OF the Delhi government's Mission Buniyaad—that aimed to improve reading and maths abilities of students in Class III-IX at government and municipal corporation schools—is a lesson for other states. Prompted by the National Achievement Survey's dismal findings on science, maths and language learning levels in government schools, the Delhi government had initiated Mission Buniyaad—an intensive in-school coaching programme to bridge learning gaps amongst students—in April 2018. By December 2018, 62.5% of Class III students in Delhi government schools could read text in Hindi that was of their grade-level, while, in April, just 35.9% could. The corresponding jump at the Class VIII level, *The Indian Express* reports, was from 54.6% to 71.25%. Against the April numbers, students in Classes III and IV registered massive maths-abilities gains—from 18.6% to 53.9% and 27.9% to 64.3%, respectively. Though the number of students who demonstrate grade-level maths and language abilities is much lower than what the Delhi government unofficially targets, the progress is significant.

Under Mission Buniyaad, students were given learning support to bridge crucial gaps via "summer camps" organised at the school during the annual summer holidays. Parents—many of whom are likely migrants from other states—were persuaded to stay back in the city during the holidays to ensure that kids could attend the "summer camp" without disruption. Buniyaad complements another AAP government programme to improve learning levels—Chunauti—under which students from Class VI to Class IX were mapped for learning levels and the weaker students got special focus from teachers. The Centre has taken some steps to spur states into working on improving learning levels. Perhaps, the Delhi template could be one that could be of use to them.



BOOST TO TRADE

Piyush Goyal, Union finance minister

Indian customs is introducing full and comprehensive digitalisation of export/import transactions and leveraging RFID (radio-frequency identification) technology to improve export logistics

BUDGET & MPC

THE INTERIM BUDGET TRIES TO STRIKE A BALANCE, BUT THE REAL STORY IS OFF-BALANCE SHEET; RBI IS A CLOSE-CALL NEXT WEEK

A delicate balancing act

SAJJID Z CHINYOY & TOSHI JAIN

Chinoy is chief India economist & Jain is economist, JP Morgan



INDIAN POLICYMAKERS TRIED to strike a balance between fiscal prudence and responding to the agrarian distress in the Interim Budget. For starters, the fiscal deficit for the FY19 came in close to our expectations, narrowing to 3.4% of GDP (JP Morgan: 3.3%) from 3.5% of GDP in the previous year, thereby belying some market fears of a large fiscal slippage. In fact, net of asset sales, the Centre consolidated its deficit by 0.2% of GDP in FY19.

Furthermore, the FY20 budget included a new programme of cash-transfers for farmers, against a backdrop of rural distress. The cash-transfers turned out to be more targeted and less expansive than had been expected in some quarters, entailing an annual transfer of ₹6000 (~\$85) for small and marginal farmers. Authorities estimate that this will cost ₹750 billion in FY20 or about 0.4% of GDP on an annualised basis, but the programme begins retroactively from December 2018. However, this in conjunction with tax rebates for the middle-class—which are expected to cost 0.1% of GDP—meant that new budgetary commitments added up to about 0.5% of GDP. Consequently, the Centre's fiscal path going forward is less austere than markets had expected, with the government pegging the deficit for FY20 at the same level of 3.4% of GDP, even as we had expected some modest consolidation (0.2% of GDP), mainly as a signaling mechanism.

Furthermore, if one looks below the hood, the FY20 budget is not without risks. The entire 0.5% of GDP in new commitments is expected to be financed by assumed tax buoyancy in FY20. This is because we expect that when the actual numbers for this year print, tax collections will be lower than currently forecasted, resulting in expenditures having to be correspondingly curtailed. Therefore, the increase in Tax/GDP projected for FY20—over what eventually materialises this year—is expected to, de facto, bear most of the burden of financing the 0.5% of GDP in new commitments.

For example, aggregate GST collections have grown less than 7% over the last six

months, but the Centre's GST collections are effectively budgeted (given where we think they end up this year) to grow at an aggressive 25% next year. Furthermore, even personal tax collections may be a challenge to achieve. They are growing at 16% a year thus far, and need to sharply re-accelerate in the next few months, just to meet this year's forecast. Even if that is achieved, personal taxes will need to grow over 20% next year (taking into account the rebates)—on a forecasted nominal GDP growth of 11.5%—to meet next year's budgeted target. If this year's forecast is not achieved, the asking rate is even higher.

In case this tax buoyancy is not realised, the worry is that expenditures—particularly capital expenditures—may again have to bear the brunt. Capex growth is currently running at just 4%, and we believe it will end the year close to or below 1.5% of GDP, below both where it printed last year (1.6% of GDP) and what authorities expect for this year (1.6% of GDP). Next year is already budgeted lower at 1.5% of GDP, and the risks are to the downside, given aggressive revenue assumptions. All that said, this is an interim budget. All of these assumptions could be revisited when the full budget is presented by the next administration in July.

However, looking at the Centre's deficit is to miss the fiscal forest for the trees. First, "off-balance borrowing" has been on the rise, something that was reaffirmed in today's Budget. For example, Food Corporation of India (FCI)—that

should ordinarily be financed only from budgetary allocations—borrowed 1.3% of GDP from other sources in FY18, apart from what it received from the budget. Similarly in FY19, FCI borrowed 1% of GDP from other sources. This helps the Centre's fiscal math, but the "effective deficit" must include FCI borrowings, and therefore should be commensurately higher.

More generally, if one were to add the Centre, and the combined deficit of the states (which have expanded sharply in recent years), off-balance-sheet borrowing (e.g. FCI) and borrowing by all central public sector enterprises, India's total public sector borrowing requirement (PSBR) remains above a hefty 8.5% of GDP in both FY18 and FY19. Furthermore, this is likely a lower bound, because it does not include state

public sector enterprises on account of data constraints.

To be sure, some of this borrowing—particularly by states and CPSEs—is to finance much-needed capex. But borrowing of this quantum constitutes a large claim on domestic household savings, which have fallen in recent years from 23% of GDP to 17% of GDP. In fact, net household financial savings are at just 7% of GDP, suggesting all of it—and more—is being absorbed by the public sector.

As previously discussed ([goo.gl/Xd4zEtE](#)), against the backdrop of these borrowing pressures, it is no wonder India's yield curve steepened in recent years. In other words, for any

Expect RBI to cut rates by 25bps in 1H 2019. While our baseline call remains a cut, it will come down to how the MPC interprets the Interim Budget

Chaos on the jobs front

If the economy has been growing at 7% on average for five years, a 10% drop in employment would imply a 17% rise in labour productivity which would be the highest ever in the world

MY VERY FIRST published article, way back in 1962, threw doubt on NSS estimates of expenditure on food with official estimates of food-grains output. The two sides of the transaction—supply and demand—did not tally. Thus, despite its high reputation, NSS has not always got things right. The debates on measurement of consumption for poverty estimate has proved so controversial that further rounds of NSS surveys have been halted. But the contradictions in rival data estimates on the employment situation are just bizarre. The latest leak of NSSO data says unemployment was 6.4% in 2017-18, apparently the highest in 45 years! This is despite a fall in Labour force participation rate from 39.5% in 2011-12 to 36.9% in 2017-18. This would mean a 10% drop in employment.

If the economy has been growing at 7% on average for five years, a 10% drop in employment would imply a 17% rise in labour productivity which would be highest ever in the world. The data on jobs are just not making any sense. (The new estimate of GDP growth for 2016-17 as 8.2% is also hard to credit.)

Compare the CMIE estimates of the unemployment rate with those in the Annual Labour Force Survey. I list the CMIE first and the Labour Force survey second. The first is a point estimate. while the second is annual—September 2016 8.46% / 2015-16 average 3.7% // December 2017 4.77% / 2016-17 3.9%. The gap between the two estimates is large, almost 2/1 and the direction of change is contradictory.

The situation is equally dire on jobs

created. Surjit Bhalla and Tirthannam Das have a paper on the website of the Prime Minister's Council of Economic Advisers where they have discussed all aspects of measurement. Compare their estimates of employment with that of CMIE and you feel they live in two different countries. Here are the estimates of employment (in millions), Bhalla-Das first and CMIE next: 2016 437/417.9 // 2017 449.8/407.9. Thus, the difference between the two is not merely in size but also in the direction of change. Between them the difference over the two years is 61 million jobs, equal to about 7% of the labour force. This is hard to credit.

Since both sources are respectable, the discrepancy must be about definitions or measurement techniques. But, it is too wide to be comfortable. One reason may be the way jobs are defined especially in a largely informal economy. Here, the *pakodawala* example is apt. The *pakodawala* has a livelihood—a *rojgar*, but not a *naukri*. Does an Ola driver count as doing a job or not? During the No Confidence debate last July, Narendra Modi talked of the jobs created in a variety of different ways. Formal sector jobs can be measured by looking at Employee Provident Fund subscribers. But, the prime minister also gave example of jobs created as a result number of three-wheelers bought. As these vehicles are driven

round the clock, each could be providing jobs for two people. He also cited the number of new cars bought. A large proportion would require drivers. Newly qualified doctors would start practise and hire assistants. Thus, he pointed out that jobs come in various shapes and sizes.

It is not clear whether such flexible definitions are used in recent calculations or whether the formal sector definition of jobs dominates. A lot of the debate on job creation is about formal sector jobs.

Young people queue up for government jobs as they are lifelong employment till retirement. The salary gets upgraded with every Pay Commission. Then, there is a pension, also upgraded. This is why government jobs are at a premium and, furthermore, there are few unreserved jobs—each is a rare gem. No wonder thousands apply for a single opening.

Obviously, there is a problem with Indian statistics in the measurement of many variables. Sudipto Mundle chaired a commission on statistics, but his recommendations do not seem to have been accepted. After the elections are over, the new government should look at this issue of unreliable statistics. An international panel should be constituted to look at this issue. If India is to be the fastest growing economy for the next decade or two, it is time it got itself credible statistical services.

MEGHNAD DESAI

Prominent economist and labour peer



LETTERS TO THE EDITOR

Clarification

In *A dangerous and wasteful 'solution'* dated January 30, 2019, Isher Judge Ahluwalia and Almitra Patel made a statement that the WTE plant in Okhla bears no resemblance to the original EIA which was issued to IL&FS. The authors would like to add that, subsequently, the Okhla plant has been implemented and operated by another private company, and not IL&FS

Better implementation

Regulatory reforms in the recent past have increased relevant participation across various market segments, encouraged longer-term fund holdings at lower expenses and rendered greater portfolio diversification and segregation to mitigate investment risks. To generate visible results on the ground, producers must be provided greater financial resources, higher leverage and in-depth understanding of risk-hedging derivative instruments, especially when increased overlap or alignment with international markets is likely to promote institutional participation on an intraday basis — Girish Lalwani, Delhi

Global trade slowdown

While individual nations would gladly tap into the advantages provided by globalisation, they show reluctance to share common problems of a unified economy. The popular theory that exports would provide an escape route from the crisis has failed. In good times, the trade generated by a country's growth bolsters global growth. But, in times of crisis, trade spillovers have the opposite effect. Trade imbalances influence global growth prospects. — Janaki Narayanan, Mumbai

● Write to us at feletters@expressindia.com

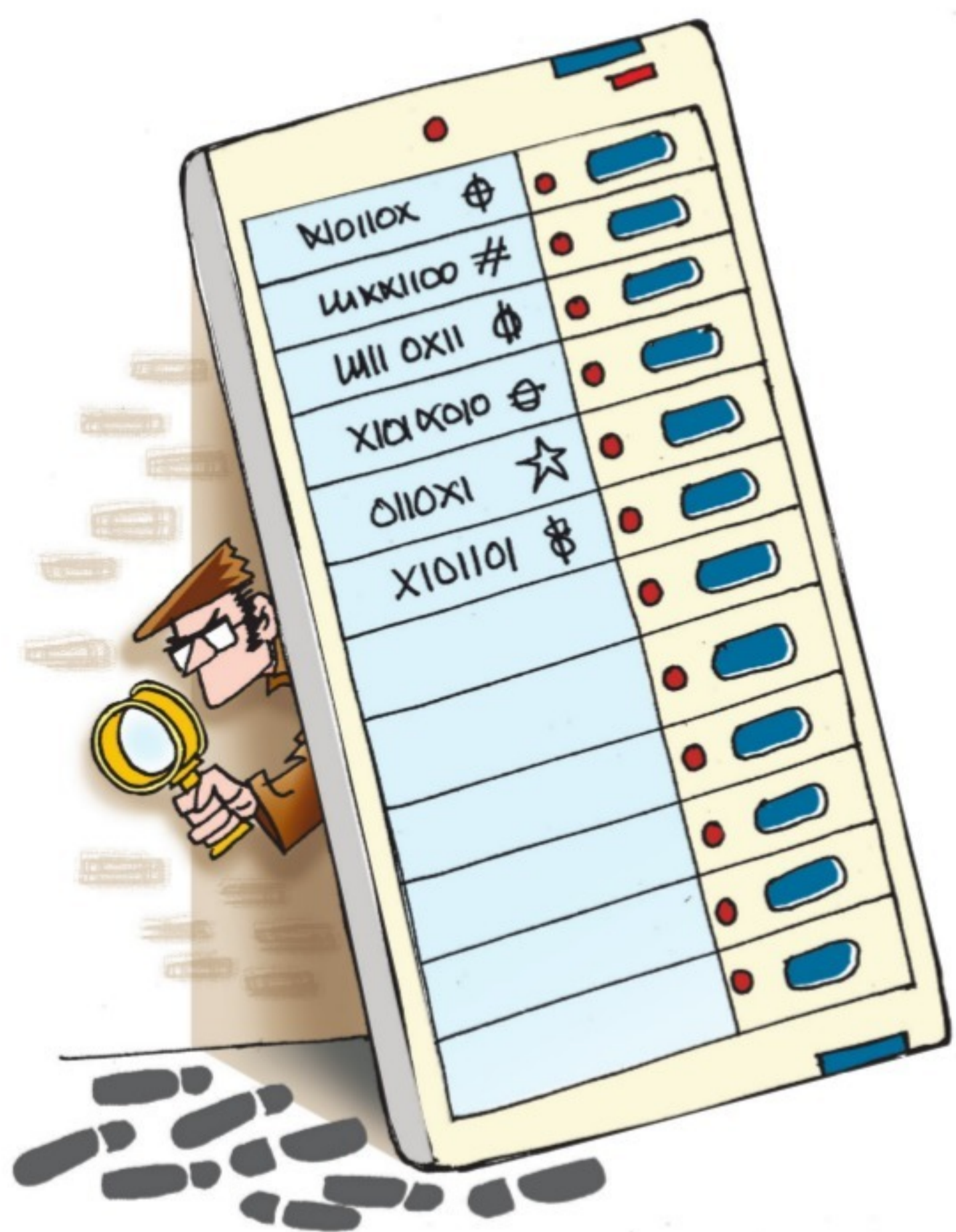


ILLUSTRATION: ROHINIT PHORE

VIKRAM S MEHTA

The author is chairman & senior fellow, Brookings India. Views are personal



OVER THE BARREL

The tension between technocracy & democracy

The use of EVMs has, no doubt, reduced the incidence of voter fraud, double-counting and strong-arm tactics, but that does not mean it has assuaged the concerns of the techno-illiterate that perhaps their votes might be misappropriated by an electronic intermediary

TWO FORMER CHIEF Election Commissioners (CEC) and the current CEC have verbally, and in writing, rebutted the suggestion that the electronic voting machine (EVM) is hackable and that the Election Commission (EC) should safeguard public franchise by reverting to a form of paper balloting.

This controversy is about the electoral process in India. It bears, however, upon a deeper issue—the tension between technocracy and democracy.

The disclosure that Facebook had allowed consultant firm Cambridge Analytica to access the private data of its users, which was then passed onto the Donald Trump election campaign, raised

concerns about data privacy and, more fundamentally, the power of the owners of data to abridge democratic rights. The most eloquent votary of this concern has been the historian Prof Yuval Noah Harari.

In a talk at Davos, Switzerland, in 2018, followed by other lectures and his latest book '21 Lessons for the 21st Century', Prof Harari spelled out the potential consequences of an algorithmic world. He acknowledged the huge benefits of the digital age, but forewarned of a scenario in which human beings acquire the potential to "hack into the bodies, minds and brains of other human beings" and where algorithms "know individuals better than the individual knows himself." This scenario is imaginable because of the advancement in computing power (infotech) and the agglomeration of biometric and biological data (biotech). When the two 'tech' revolutions merge, the handful of companies that own data will fashion the greatest revolution ever, overturning the laws of Darwinian selection with the "laws of intelligent design." They will have the power to "control the fate of humanity" and possibly "that of life itself." Democracy could be replaced by "digital dictatorship."

Fascinating, science fiction, alarmist... one may use any one or a combination of these words to describe Prof Harari's prognostications, but there is no ignoring the many questions that his description of an alternative future have raised.

Practical questions: What regulatory checks and balances should be imposed on companies that monopolise data (Amazon, Google, Tencent, Alibaba, Facebook)? Should these companies be broken up? And if so, who should be given the authority to keep data and to decide how and in what manner this asset should be given away? Surely, not the politicians!

Philosophical questions: How does one control phenomena (technology and data) that is "everywhere but nowhere," and that recognises no physical or polit-

ical barriers and is universal in scope and impact? Can an algorithmic world be managed through institutional structures of governance built on the bedrock of Westphalian principles? The treaties of Westphalia (between 1644 and 1648) brought to an end the religious wars in Europe. They established three principles that still define the nature of international affairs today—the principle of state sovereignty, the principle of non-interference in the affairs of other states, and the principle of the equality (legal) of states.

Prof Harari admits he does not have the answers to these questions. He believes that a collective of poets, philosophers and statesmen should be tasked to develop the answers.

Whether that should be the way forward or not can be debated. But what is becoming clear is that questions like those posed above cannot be answered by drawing on the past or projecting from the present. An "out of the box" approach is required that recognises that technology and innovation have not been an unmixed blessing, and that the current rules, institutions and structures of governance will need to be refashioned to address the emergent challenges.

The Industrial Revolution laid the foundations for decades of sustained development and economic prosperity. But it also led to the planetary crisis of global warming. Nuclear scientists generated the prospects of clean, affordable and abundant energy, but they also raised the spectre of a thermonuclear holocaust. The digital revolution opened up phenomenal vistas of knowledge and information, but, as suggested by Prof Harari, created the potential of digital dictatorship. The issue is that whilst humanity has harnessed the benefits of technology and innovation, it has not yet created the institutions for managing its consequences.

I am conscious of a rhetorical question that Robert Kennedy asked in his short memoir 'Thirteen Days' on the Cuban missile crisis. "What if any circumstance or justification gives this government or any government the moral right to bring its people and possibly all people under the shadow of total destruction?" To remind, in October 1962, the US discovered that the Soviets were placing offensive nuclear missiles in Cuba. President John F Kennedy gathered together his advisers and for 13 days these people deliberated on the US response. The military advocated a pre-emptive air strike; others, a blockade. Whatever the response, the risk existed of a nuclear fallout with global consequences. In the end, the crisis was averted, but it did remind everyone of the paradox of democratic governance. Elected leaders are subject to checks and balances to prevent absolutism of power. And yet, on one occasion, the world came to the edge of a nuclear conflict, and the fate of the humanity (in a sense) rested in the hands of a few people. President Kennedy and his advisers decided on how to respond.

No one else. More than 60 years on, the world is still struggling to contain the exercise of plenipotentiary powers. Except that now, in addition to limiting the power of individuals, it has to find a way of limiting the 'power of data'.

I have no doubt that the usage of EVMs has reduced the incidence of voter fraud, double counting and strong-arm tactics, but that does not mean it has assuaged the concerns of the techno-illiterate that perhaps their votes might be misappropriated by an electronic intermediary. We must not, therefore, duck the question: What institutional structures must be created and what regulatory checks imposed to ensure the algorithmic world does not abridge our democratic rights?

Philosophical questions: How does one control phenomena (technology and data) that is "everywhere but nowhere," and that recognises no physical or polit-

We must ponder what institutional structures have to be created and what regulatory checks imposed to ensure the algorithmic world does not abridge our democratic rights

INTERIM BUDGET

Sets the stage for real estate revival

ANUJ PURI

The author is chairman, Anarock Realty Consultants

Banking on the initiatives undertaken so far, the government scripts the next chapter for real estate growth

AS ANTICIPATED, THE Interim Budget did not turn out to be a vote-bank-facing exercise, predominantly cheering farmers and labourers. But the government kept the best for the last—a pleasing boost to the housing sector in more ways than anticipated. The provisions made will certainly boost consumer sentiment, stimulate affordable housing demand and incentivise investors hoping for rental returns.

The major positives included a full tax rebate for income up to Rs 6.5 lakh (including investment under Section 80C), which is likely to push demand for affordable homes, though not much in mid-income segment. There was an extension of Section 80BA for an additional year; it will push affordable housing and cheer developers active in this segment.

The Budget extended the tax exemption limit for EWS to Rs 2.4 lakh from the previous Rs 1.8 lakh limit. This will make property investment more attractive and help boost housing sales. Another positive for investors was the rollover of capital gains tax on the sale of residential property. This benefit now applies to two houses instead of the previous single one. Importantly, the Budget provided tax exemption on notional rent of a second home, which again makes property investment more attractive and also gives a fillip to the second home segment.

The period for taxing unsold inventory held by developers has been extended up to two years. As per Anarock data, this will benefit nearly 85,000 ready units that are unsold on the market, of the total 6.73 lakh units across top seven cities. The Budget put a clear onus on boosting infrastructure by allocating more funds for development of airports, railways, etc. While infrastructure deployment doubtlessly benefits real estate industry, it remains to be seen how much of it is actually implemented.

All in all, the real estate sector received its due share of consideration in this balanced Budget, despite the massive electoral pitch. To be fair, the incumbent government has certainly invested heavily into the real estate sector.

Among its achievements, the Narendra Modi government has aptly set the stage for Indian real estate to become a healthy, flourishing industry in the long-term. However, the proviso is 'long-term'. This government has definitely tightened its grip on real estate,

which was the single-largest dumping ground for black money hoarders in previous years.

It has also introduced some measures to benefit genuine end-users of real estate. There have been major policy overhauls, amendments in Acts, a visible impetus to infrastructure development, and slightly over-ambitious visions like 100 Smart Cities and Housing for All by 2022.

The triple-policy tsunami of demonetisation, RERA and GST brought about a paradigm shift in the way real estate business is carried out in the country, resulting in vastly improved transparency and efficiency. The confidence of property buyers and investor confidence is now being restored, albeit gradually, and real estate is beginning to look more favourable as an asset class.

That said, the Centre's aim to enforce RERA in each state is still way behind schedule. As of today, quite a few states have not notified their respective RERA rules as yet, while in others buyers are fretting over the dilution of the rules that have been notified. Also, while the real estate sector braved both GST and demonetisation and will reap the due long-term rewards, they dealt the industry a very hard blow, from which it has not fully recovered yet. In fact, the arrival of a flat 12% of GST on under-construction was not exactly an improvement for buyers.

Certainly, this government has done a lot for the real estate sector, not least of all with its latest Budget. However, the stage that has been set is for long-term growth and not short-term fireworks displays. Will the momentum that has been infused into the real estate sector continue long enough for a real revival to take place? All eyes are on the forthcoming general elections.

What it means for markets? It is clear that the biggest beneficiary is the consumer sector (staples and discretionary). The Budget is likely to provide a material push to GDP, and higher borrowings may have some pressure temporarily on bond prices, which can affect financials. The Budget is indifferent to industrials, IT and pharma. I believe the Budget would be discounted very quickly, and markets would again start looking at global economies, where the action is.

The Budget has tried to address income inequality. I consider it as a very big and long-term positive. It is a fine balance of support, prudence and aspiration, though limited by the nature.

INTERIM BUDGET

Betting big on mainstays

This is a credible Budget; it takes a practical approach

RUPEN JHAVERI

MD, Private Equity, KKR India

AGainst the backdrop of the current economic environment, the Interim Budget lends credible impetus to the economy's two big mainstays: farmers and the middle class. This will potentially lead to higher household savings, thereby setting the stage for consumption-led growth in the months to come.

Ahead of the elections and conversations around farm distress, a special package for farmers was largely expected. The government also announced a 5% interest rate subvention on timely repayment of farm loans. Over and beyond its widely targeted approach, the Budget stands out in its attempt of striking equilibrium between the immediate needs of the middle-

income class and the agenda of driving large-scale rural reforms. This is evident in the suite of initiatives to alleviate farmers' distress, complete tax rebate on an annual income of Rs 5 lakh and below, hike in TDS exemption limit from Rs 10,000 to Rs 40,000 on post office savings, to name a few.

A notable highlight is the focus on reducing taxation on MSMEs. The Budget has a sharply-defined focus on empowering the MSME sector, with faster turnaround times for loan approvals and a 2% interest subvention for loans up to Rs 2 crore.

The government continues to have a significant thrust on the rural economy, infrastructure and affordable housing. These factors will continue to drive domestic demand, and have a multiplier effect on employment, construction equipment, taxation and revenues.

The affordable housing sector will benefit tremendously in wake of sops announced with regards to exemption of TDS on house rent of up to Rs 2.4 lakh a year, exemption of tax on notional rent

of second self-occupied home, and capital gains available on two house properties. Also, notional rent-free period on ready inventory having been increased to two years and greater incentivisation to MSMEs will render the industry poised for growth.

India attracted good FDI in the previous year. This, along with the government's focus on debt consolidation and fiscal consolidation, sets the stage for a strong economic outlook. Fiscal deficit for the next year is projected to be 3.4%, assuming 15% hike in direct taxes and 13% rise in indirect taxes. These numbers look a bit ambitious given the current trajectory of economic growth. The cumulative effect of cash transfer to farmers and the middle-income class will be a boost to consumption.

Overall, it's a credible Budget; it takes a practical approach that is notable, against the backdrop of elections and low inflation. The government focused on better tax collection. The rebates will potentially bring about a structural change in consumption, thereby driving growth.

Balances prudence & aspiration

May have a far-reaching effect on farmers, the poor and the needy

VAIBHAV SANGHAVI

Co-CEO, Avendus Capital Public Markets Alternate Strategies

AHEAD OF THE Budget, market participants were debating whether it's a Vote on Account or an Interim Budget or a full Budget. There was some sense of disinterest, given the Street wasn't expecting anything major. However, this turned around quickly, as the finance minister began his speech. By the end, it was an eventful Budget with far-reaching implications.

It has been a judicious mix of populism and careful allocation of resources. While expectations of populism were largely prevalent, big-bang announcements like the PM Kisan Samman Nidhi and a rebate in income tax for an assessee with up to Rs 5 lakh of

income came as a surprise. What it effectively does is puts more in the hands of people, which may boost consumption. With the measures announced, the Budget is likely to have a far-reaching and broad-based effect on farmers, the poor and the needy.

In terms of important macro numbers the markets watch closely, the data is mixed. On the positives, deficit is budgeted at 3.4% for FY20, which is comfortable, given there is an additional allocation for compensating farmers, under the PM Kisan scheme. The debt-to-GDP number is also comfortable at 48%. The total expenditure is based on the assumptions of overall growth in tax revenues at 14%, which again is reasonable. Revenue from non-tax sources is what will need some monitoring. Since resources are limited, there has been minor growth on capital expenditure. Also, the gross borrowing number is relatively high, which has led to a rise in 10-year benchmark rate. However, I do not expect inflation to rise meaningfully.

On the corporate side, while there wasn't any major announcement, the measures taken to revive the real estate sector are heartening. Announcements on treatment of capital gains, house property tax and affordable housing incrementally lends support to the ailing sector.

What it means for markets? It is clear that the biggest beneficiary is the consumer sector (staples and discretionary). The Budget is likely to provide a material push to GDP, and higher borrowings may have some pressure temporarily on bond prices, which can affect financials. The Budget is indifferent to industrials, IT and pharma. I believe the Budget would be discounted very quickly, and markets would again start looking at global economies, where the action is.

The Budget has tried to address income inequality. I consider it as a very big and long-term positive. It is a fine balance of support, prudence and aspiration, though limited by the nature.

The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

Managing the stimulus

The income transfer scheme was the highlight of the budget. But its success will need deft manoeuvring



NEELKANTH MISHRA

THE SPECTACLE

Manner and timing of CBI action in Bengal reek of politics of vendetta. Court must read the law to both Centre and state

THE GRACELESS SPECTACLE in Kolkata since Sunday evening captures a drama that incriminates all its players. To begin with, the CBI team, made up of 40-plus officers, landing up, allegedly unannounced and warrantless, at the residence of the state police chief. A face-off between the state police and the CBI. The Chief Minister of West Bengal sitting on a dharna, a "satyagraha" against the Centre's "coup" attempt, daring it to impose President's Rule, her top cop by her side. And on the other side, the BJP projecting West Bengal as a "state of anarchy". The war of images and words has almost completely overtaken the issue ostensibly at the heart of it all — the investigation into Saradha and other chit fund scams in which thousands of small investors were cheated, and which allegedly involve politicians in the ruling TMC even as some prominent accused have since crossed over to the BJP.

But then, the Saradha probe may not be at the heart of the showdown politics in West Bengal at all. Behind the loud invocations of Corruption, Constitution, Democracy and Federalism by both sides may lie no higher scruple or principle — only a narrow, short-term electoral calculus. With general elections in a couple of months' time, it may be that the images from Sunday are related to that earlier photo-op from West Bengal — the show of strength on a Kolkata stage of 23 Opposition parties under the aegis of the TMC in January. If that be the case, both ruling parties, at the Centre and in West Bengal, have much to answer for. And in this bid to mis-use state resources to launch their respective electoral campaigns in a state where the TMC is dominant and the BJP is on the rise, the BJP-led Centre seems more to blame.

The BJP government at the Centre must know that both the manner and timing of the CBI action in West Bengal reek of a politics of vendetta against a political opponent. In the short term, the party may even make electoral gain from the riveting showdown in Kolkata — as may Mamata Banerjee, who is clearly revelling in her return to street politics and is using this moment to rally behind her potential allies in the Opposition. But in the longer term, the Kolkata vaudeville carries troubling consequences in a constitutional democracy. In its visible undermining of due process, it threatens to deepen distrust and strengthen cynicism. It is now up to the judiciary — the CBI has gone to court and the Supreme Court is scheduled to take up the matter on Tuesday — to read the rule-book and the law to the dramatis personae.

TALKING IT OUT

Taliban still holds the cards, but India does well to engage actors in the peace process in Afghanistan

THE URGENCY WITH which the Trump Administration is pushing ahead for a deal with the Taliban has caused understandable nervousness in several capitals in the region. After the last round of talks in the Qatar capital of Doha, the chief negotiator for the US, Zalmay Khalilzad, declared that an agreement had been reached in principle. From what little has emerged from the American side, the Taliban have committed to not allowing Afghan territory to be used to launch terrorist attacks against the US; in return, the US has agreed to the top Taliban demand that American troops should leave. But the agreement hangs on the Taliban declaring a ceasefire and agreeing to talks with the Afghan government, which has so far had no role in the process. The Taliban have not said yet whether they agree to these conditions. Given their unsavoury track record, the expectations from this "peace process" are low.

More rounds of talks are in the pipeline, but whatever the details and commitments, what happens after the US exit will depend entirely on the Taliban. A rerun of the 1990s when the Taliban fought an assortment of warlords to seize power is not entirely ruled out. For India, which has built on its centuries-old ties with Afghanistan with \$3 billion in development assistance over the last 10 years, the spectre of a Pakistan proxy in power in Kabul is now looming large. Delhi is said to have conveyed its apprehensions to Khalilzad when he visited in January, including its opposition to the rumoured plan for an interim government to oversee power-sharing between the Taliban and other Afghan groups and changes to the Constitution.

Holding no trump cards in this game, India is now engaging with China and Iran, and with a range of Afghan actors including former President Hamid Karzai, who is said to be playing a key role in the US-Taliban process. India aims to secure its own strategic and economic interests in Afghanistan, while backing the position taken by the government in Kabul on the talks. President Ashraf Ghani said recently that since he took office in 2014, over 45,000 Afghan troops have been killed, and that Afghans yearn for peace more than anything else. But he has also expressed reservations at the haste in the Trump administration to close a deal and urged the Taliban to talk to the Afghan government. The day may not be far when India has to consider what has seemed unthinkable as yet — reaching out to the Taliban, at least sections of it that are independent minded.

GOT BEER!

More evidence emerges that in prehistoric times, the human race refreshed itself as industriously as it does today

NEW ROADWORKS BETWEEN Cambridge and Huntingdon in the UK have thrown up evidence of Britain's oldest beer. Dating from about 400 BC, this Iron Age brew has kindled speculation among archaeologists in the world's only nation to value warm beer. Was it a way to secure a clean source of hydration? Or was it used ceremonially? The former is unconvincing, since the region's fresh water. And the latter proceeds from the modern, secular human's ridiculous need to posit ritual as the explanation for all primordial human activity. Incisive application of Occam's Razor would suggest that people in Iron Age Cambridgeshire drank beer because it made them feel good. A religious justification is unnecessary.

But a 400 BC beer is actually a very young vintage because last year, a brew from 13,000 years ago was discovered in a cave near Haifa. Attributed to a semi-nomadic group of the Natufian culture, it turned traditional thinking about the remote past on its head. Utilitarian archaeologists had always assumed that grains were first bred for making bread, and that alcohol was a byproduct. The Natufian find predated evidence for the common use of bread, causing many to wonder if the agricultural revolution, the foundation of modern human civilisation, was driven by thirst rather than hunger. Indeed, would hunter-gatherers turn peasants and trade their personal freedom for backbreaking agricultural work if they weren't assured of a pint in the evening to drown their sorrows in?

However, ancient beer wasn't exactly craft quality. The Natufian brew, for instance, was more like porridge than Stella or Guinness. A mere food, rather than a beverage that refreshes parts that others fail to reach. And now, we learn that the Cambridge brew was made without hops, which were not used until the 15th century. This discovery

LIKE IN EACH of the previous two years, the run-up to the budget this year was rife with fears of significant fiscal slippage if the government caved in to political compulsions. And like in prior years, these fears turned out to be exaggerated. The decline in fiscal deficit ratios has indeed stalled, and at nearly 6 per cent, India continues to have one of the highest general government (that is, states plus Centre) deficits globally. But an important message was that the downward glide path of fiscal deficits was not disrupted.

A measure of "crowding out" is government borrowing from bond markets as a share of incremental deposits in the banking system: This ratio is now down to 33 per cent as the net bond issuance budgeted for the next financial year is unchanged from levels seen eight years back, a period in which the economy has grown substantially. That is, the government's excess spending, funded through borrowings, is now appropriating a smaller part of the financial savings and leaving more for the private sector. It's not all rosy, however. In the current financial year, extra-budgetary spending was Rs 1.4 trillion higher than what had been budgeted. Ninety per cent of that amount was from the Food Corporation of India. While higher inventory holding likely explains a large part of this Rs 1.2 trillion increase, one wonders if some unfilled food subsidy may have contributed too.

Governments also have this tendency to give aggressive tax collection targets that make the deficit appear low, but then later in the year are forced to make course corrections. Are the tax targets for the next year too aggressive? They appear to be somewhat stretched, but achievable. The economic growth estimate of 11.5 per cent, taking the GDP to Rs 210 trillion, may be slightly optimistic, given how weak inflation has been in the past several months, even if the government's consumption stimulus shores up activity levels. Budgeted growth in direct tax collections at 15 per cent appears high, but is lower than what has been achieved over the past two years and thus more credible, given the significant widening of the tax base, and

some recovery in corporate earnings.

The 18 per cent estimated growth for GST collections seems to assume an improvement in compliance. As government functionaries have frequently stated in the last few quarters, GST collections thus far have been nearly completely voluntary. There has been very little enforcement and follow-up. Post elections, the government may re-start the move towards e-way bill or invoice-matching, and also permit tax officials to question the accuracy of the self-assessments made by entities.

The highlight of the budget was the Rs 750 billion income transfer scheme for farmers. Even though this was widely anticipated, this is a policy innovation whose impact is hard to model. Most income transfer schemes so far have been experiments on small sets of people in particular villages or townships. The impact of a scheme with 117 million farm-land owners is likely to be significantly different.

How will the recipients use these transfers? Will some microfinance companies create loan products where these payments become the instalments, and the recipient gets Rs 25,000 upfront instead of Rs 2,000 thrice a year? Will these funds be used to repay existing loans from money lenders? Will these funds be used to buy Rs 500 of better food every month, send the kids to a private school, invest in sowing the next crop, or used to buy a bicycle? Will they save all or part of it? Each of these choices will very likely be made by some individuals, but the collective impact would depend on how many chose to do what.

Will it be inflationary? Theoretically, a sudden rise in demand where supply takes time to respond should create inflation. If for argument's sake, everyone used these funds to send children to private schools, there could be a shortage of schools and teachers and the price of schooling would rise. But this risk is low: At about a third of a per cent point of GDP, this is small. The diffused nature of this transfer (a small sum to a large number of people), makes it unlikely to cause a demand surge for any particular good or serv-

ice. Rs 6,000 per year may mean a 30 per cent addition to some households' income, and 5 per cent to others: This would show up in how they spend these funds as well.

If this had been structured as a monthly income scheme, with double the transfer per recipient for half as many beneficiaries, the impact on inflation may have been higher. Such a scheme would have most likely boosted food demand: This is nearly 60 per cent of the consumption basket of the target population. If you have ever asked how a country with one of the lowest milk consumption per capita can have an oversupply of milk for several years, the answer is that milk at current prices is unaffordable to many. If the demand for milk, meat, fruits and vegetables, that is, more expensive calories, was boosted, the stalled channel of income transfer from the rich to the poor, which is food prices, would have restarted.

This stimulus should boost growth, which has been fading rapidly in the last several months. Most indicators of economic activity had been showing a steady slowdown in the last several months. There were some measures in the budget to support the real-estate market as well as developers, but we believe that the challenges of the non-banking finance sector are likely to overwhelm any positive impact of the fiscal measures announced.

An income transfer scheme was somewhat inevitable, and such a scheme will likely continue for many years. After a certain stage of economic development, it becomes difficult for average per capita agricultural incomes to keep pace with the rest of the economy, as land productivity becomes a limiting factor. Moving workers away from agriculture is the only sustainable solution: In the interim, such schemes can provide temporary relief. But given how little we understand about its potential impact, policy-makers need to be agile in making design changes to maximise the gains without having damaging side-effects.

The writer is India strategist and co-head of Asia Pacific Strategy for Credit Suisse



AHMED AL BANNA

POPE FRANCIS, THE head of the Roman Catholic Church, is currently in the United Arab Emirates (UAE) on a three-day historic visit. The visit of the Pope crowns the close ties between the UAE and its Christian community on the one hand and the growing fraternal bonds between the UAE and the Vatican on the other. It is truly historic because it is the first-ever visit of a Pope to the Arabian Peninsula. More importantly, the visit and the interesting range of inter-faith and Christian events scheduled rekindle hopes of a future where the forces of tolerance and moderation will prevail over the myriad varieties of zealotry, xenophobia and isolationism that thrive in the world today. This is particularly significant in our region, where conflicts triggered by narrow exclusivist visions abound.

Although the UAE established diplomatic relations with the Vatican only in 2007, the informal ties go back a long time. Rare pictures of UAE's founder, the late Sheikh Zayed Bin Sultan Al Nahyan, visiting the Vatican in 1951 (20 years before the formation of the UAE) recently emerged, highlighting an ancient and inclusive cultural legacy that celebrated diversity and accepted people of various persuasions. In September 2016, His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, paid a visit to the Vatican, during which he met with the Pope and invited him to visit the UAE.

Visiting the UAE along with the Pope is

MEANING OF A VISIT

Pope's visit underscores UAE's message of hope, tolerance and moderation

The meeting between two of the topmost figures of Islam and Christianity in Abu Dhabi, in the presence of leaders of other faiths, sends to the world a message of hope and peace, and the promise of a future built on the foundations of mutual respect and cooperation. This is a message we want to disseminate, especially in the face of narrow extremist versions of faith and culture that prevail in several parts of the world.

Grand Imam of Al-Azhar Al-Sharif Ahmed Tayeb, the topmost religious figure in Sunni Islam heading the oldest and most prestigious seat of Islamic learning. Both the dignitaries will interact with a host of spiritual personalities representing various faiths and countries at the International Interfaith Meeting on Human Fraternity, organised by the Muslim Council of Elders. This event aims to bridge the divides that stand in the way of inter-religious and inter-cultural harmony and amity across the world. That the Pope will celebrate a mass, whose congregation will represent almost every country on earth with a Catholic presence, is a remarkable aspect of the visit. The mass will be attended by over 1,35,000 people.

The UAE believes that religious and cultural tolerance, a foundational characteristic of the country, is a precondition for fostering peace in the world. Respect and accommodation for religious diversity along with full rights to worship for all is guaranteed in the UAE Constitution. Religious and cultural diversity is an integral part of the UAE's civilisation and heritage. Archeological excavations in the UAE have unearthed churches dating back to the 7th century AD. The first Catholic church was established here in 1965.

Today, the UAE has 76 places of worship for different faith communities, including around 50 churches. A grand Hindu temple is under construction in Abu Dhabi, signifying the UAE leadership's commitment to reli-

gious diversity and utmost respect for the Indians living in our midst. Not only are people of all faiths free to worship the way they want, but also allowed to wear their religious attires and symbols. The UAE's wise leadership, and her people, share a vision that stresses peace and prosperity in the world is impossible unless the conditions for peaceful co-existence of all cultures and faiths exist everywhere.

It is this vision, and its flawless implementation, that attracted around 200 nationalities to live and work in the UAE. The UAE was chosen for the first ever visit by a Pope to the Arabian Peninsula precisely because of the spirit of togetherness and pluralism that marks all aspects of life in our country.

The meeting between two of the topmost figures of Islam and Christianity in Abu Dhabi, in the presence of leaders of other faiths, sends to the world a message of hope and peace, and the promise of a future built on the foundations of mutual respect and cooperation. This is a message we want to disseminate, especially in the face of narrow extremist versions of faith and culture that prevail in several parts of the world.

In conclusion, I must emphasise that the culture of tolerance and peaceful co-existence that the UAE strives to foster is one of the principal characteristics we share with India, with which our relations have grown into a natural strategic partnership in the past few years.

The writer is UAE ambassador to India



FEBRUARY 5, 1979, FORTY YEARS AGO

IRAN TURMOIL
IRAN'S PRIME MINISTER Shahpour Bakhtiar said he would not oppose creation of a shadow government by the opposition leader, even as both sides talked grimly of a showdown. Opposition sources said they expected Khomeini, who returned to Iran after forcing Shah Mohammad Reza Pahlavi from the country, to designate a prime minister for his Islamic provisional government within a week. Ibrahim Yazdi, a close adviser to the Ayatullah, said he hoped Bakhtiar would "submit to the will of the people" and resign. "If not we are ready for confrontations", Bakhtiar said he was willing "to make maximum use" of Khomeini's views and

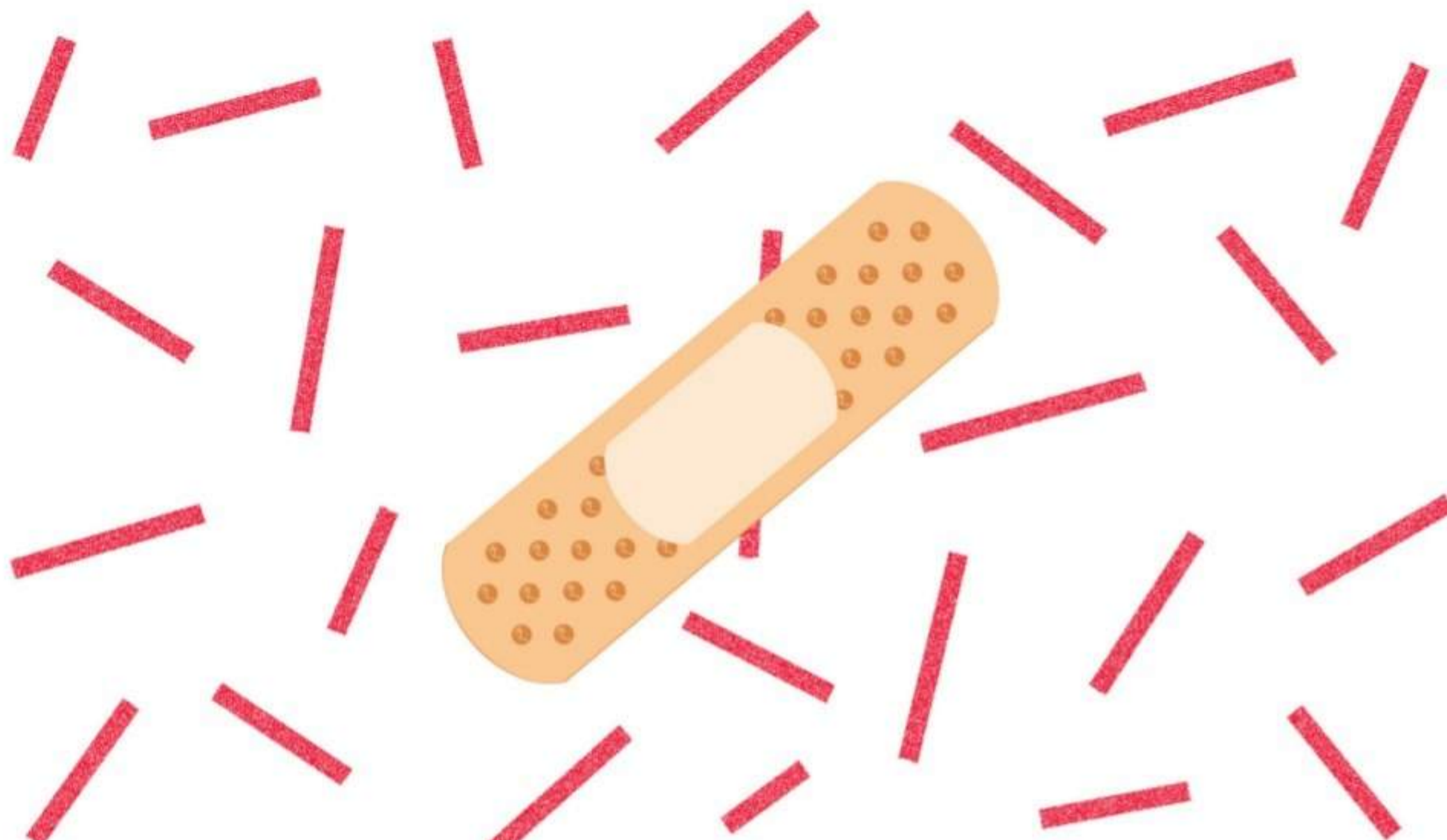
plans for Iran but expressed doubts about the religious leader's vision of an Islamic republic. "This Islamic republic is incomprehensible to me," Bakhtiar said.

SHAH PANEL ACTION
NO ACTION HAS been taken against most of the officers named or indicted by the Shah Commission for involvement in Emergency excesses. The most that has happened is that Union government officers who came under a cloud were sent back to their parent states, and those in the states despatched to the Centre. In some states, police officers have been suspended or otherwise punished but no action has been taken against the IAS

mandarins involved. The most glaring case is of the Karnataka police officers indicted by the Shah Commission for the torture and illegal detention of Lawrence Fernandes, brother of George Fernandes. The Karnataka government has taken no action.

MOHINDER HITS TON
MOHINDER AMARNATH SCORED a chanceless, unbeaten 101, and Kapil Dev plundered an electrifying 62 as India climbed from 498 for four wickets overnight to their highest ever Test score of 644 for seven declared. The West Indies replied with 137 for two by the close of the third day's play at the Green Park Stadium, Kanpur. India leads the series 1-0.

13 THE IDEAS PAGE



C R Sasikumar

Missing the healing touch

Modest increases in budgetary allocation to health should have been directed towards reviving primary healthcare — not an insurance scheme that does not cover a majority of the treatments



SOURINDRA GHOSH AND IMRANA QADEER

PUBLIC INTEREST IN the Union budget was particularly pronounced because this is an election year. People expected some measures to strengthen the country's ailing public healthcare system. There is, indeed, an increase of more than Rs 7,000 crore in nominal terms from last year's expenditure on health in this year's budget — the outlay has increased from Rs 56,045 crore to Rs 63,298 crore. Accounting for inflation, this amounts to a 9.2 per cent increase in real terms.

However, the much-needed strengthening of the country's primary healthcare system has, once again, taken a backseat, indicating the government's misplaced priorities. Allocation under the National Rural Health Mission (NRHM) — which provides funds for rural primary healthcare — has been reduced in real terms (accounting for inflation). Its share in the health component of the budget has declined steeply over the past four years — from 52 per cent in 2015-16 to 41 per cent this year. Within the NRHM, there have been budget cuts for reproductive and child healthcare projects and maintenance of rural healthcare infrastructure. The allocation for controlling communicable diseases under the NRHM has been reduced in real terms. Communicable diseases like TB, diarrhoea, pneumonia, hepatitis and other infections are still a major problem for India. Conversion of health sub-centres to health and wellness centres that put more emphasis on non-communicable diseases does not

augur well for primary care in the country. Neglecting these major components of primary care seems to be a continuation of the policies that have led to the virtual dismantling of the rural public health infrastructure.

The National Urban Health Mission has been allocated only Rs 950 crore — this, when the estimated average yearly budgetary requirement for the mission is Rs 3,391 crore from Central funds. Allocation for tertiary care components — the Pradhan Mantri Swasthya Suraksha Yojana (a programme for building AIIMS like institutes), for example — has also remained stagnant in real terms. Funds for upgrading district hospitals have been reduced by 39 per cent in real terms.

Majority of the increase in the budget's health component has gone to fund the Rs 6,556-crore Pradhan Mantri Jan Arogya Yojana (PMJAY). The scheme is supposed to give a Rs 5-lakh annual coverage for in-patient care to 10-crore poor families. However, the budgetary allocations do not match up to that promise. The National Sample Survey's (NSS) health data of 2014 shows that out of an estimated total 24.85 crore families in India, 5.72 crore had to resort to hospitalisation. By that calculation, out of the 10-crore families, there would be roughly 2.3 crore hospitalisations in a year. This means that from the Rs 6,556 crore government funds, health insurance agencies on average have only Rs 2,850 to pay per hospitalisation (assuming there are no administrative costs or insurance overheads). The average out-of-pocket expenditure (OOPE) per hospitalisation is much higher — around Rs 15,244 as per NSS 2014 data, which amounts to Rs 19,500 in 2019-20 assuming a 5 per cent annual inflation. The PMJAY's budgetary provisions for insurance agencies will barely cover 15 per cent of this expenditure.

In the allied sectors, there was an alarming under-utilisation of funds in the 2018-19 fiscal. The revised estimates for the year show

The allocation for controlling communicable diseases under the NRHM has been reduced in real terms. Communicable diseases like TB, diarrhoea, pneumonia, hepatitis and other infections are still a major problem for India. Conversion of health sub-centres to health and wellness centres that put more emphasis on non-communicable diseases does not auger well for primary healthcare in the country. Neglecting these major components of primary care seems to be a continuation of the policies that have led to the virtual dismantling of the rural public health infrastructure.

that the National Rural Drinking Water Mission and the Pradhan Mantri Matru Vandana Yojana have utilised only 78 per cent and 50 per cent of the budgeted funds, respectively. The government's flagship programme, Swachh Bharat Mission (rural), also did not fully utilise the Rs 15,343 crore allocated in 2018-19. Its allocation has been further reduced to Rs 10,000 crore for 2019-20. The neglect of the ICDS under the UPA government has accelerated since 2014. This year's budgetary allocation for the scheme, in real terms, is still a touch below the expenditure of 2013-14.

The modest increase in budgetary allocations in health should have been prioritised towards improving the worn-out public sector district hospitals, community health centres, primary health centres and sub-centres in under-served areas. Instead, public money has been inefficiently used for the more expensive intervention of insurance, which can cover just 15 per cent of only in-patient OOPE.

NSS 2014 data shows that 97 per cent episodes of illnesses in India are treated in out-patient care centres and this accounts for 63 per cent of the overall medical expenditures. So, a majority of the treatment and expenditures are not even covered by the insurance scheme for in-patient treatment. Neglecting public health infrastructure and public provisioning to make way for monetary support in the form of insurance for buying healthcare services from the private sector is not pro-poor policy. It is transfer of public funds to the corporate sector in the name of pumping technological interventions. There is no surprise that the private sector has welcomed the government's insurance initiative.

Ghosh is a PhD scholar at the Centre for Economic Studies and Planning, JNU. Qadeer is a Distinguished Faculty at Council for Social Development, Delhi

WHAT THE OTHERS SAY

"As the first leader of the Catholic church to visit the Arabian peninsula, Francis knows his contact with Muslims will be as important as the mass he hosts for the Christian minority." —THE GUARDIAN

Secularism comes to Arabia?

Pope Francis's visit to UAE, the first by a pontiff to the region, could signal the beginning of separation of religion and state in the Middle East



RAJA MANDALA

BY C RAJA MOHAN

THE ON-GOING visit of Pope Francis to Abu Dhabi over the last couple of days will certainly go down as a landmark event. For no Pope has ever set foot on Arabia, the birthplace of Islam, until this week. But the story, arguably, is less about the Pope and more about the United Arab Emirates that is hosting him.

To be sure this Pope is a historic figure in himself. He is the first non-European Pope in the long history of the Christian church. Hailing from Latin America, the Pope has naturally embraced the poor and has raised the Vatican voice in favour of economic justice and against growing inequality around the world. Pope Francis has also campaigned for tolerance and co-existence among various faiths. He has made a special effort to counter the perception that Islam is the source of the global terror threat. The Pope has travelled frequently to various Muslim countries to build trust with the Islamic religious leaders.

The first-ever papal visit to Arabia, Pope Francis hopes, will "turn a new page in the history of the relations among religions". But what is the rationale behind UAE's ruler Sheikh Mohammed Bin Zayed Al Nahyan's bold decision to invite Pope Francis?

The invitation to Pope is very much part of UAE's surprising charge for religious tolerance, inter-faith harmony and separating religion from the state in the Middle East.

Under MBZ, as the Crown Prince is known by his initials, the UAE has unveiled the grand political project to build a "moderate Arab centre" that can fend off religious extremism and the politicisation of Islam that have thrown the Middle East into turmoil and emerged as a grave threat to many regions of the world over the last four decades, including the Indian Subcontinent. No one is betting that the relatively new federation of seven small sheikhdoms (set up in 1971 after the British pulled out of the Gulf as part of the withdrawal from East of Suez) can change the political narrative in and about the Middle East. But few countries have a bigger stake in UAE's success than India.

Pope Francis will spend barely 48 hours in the UAE but will hopefully make some contribution to the promotion of religious tolerance in the Arabian peninsula, where the denial of religious freedoms to non-Muslims was taken for granted. The Pope's itinerary in the UAE includes a large public mass on Tuesday in the Abu Dhabi Sports Stadium. More than 1,30,000 devotees are expected to attend. The UAE has an expat population of nearly 8 million. This includes nearly one million Catholics, many of whom are from the Philippines and India.

On Monday, Pope Francis participated in an interfaith conference that has brought religious figures from across the Middle East, organised by the Council of Muslim Elders. The Council seeks to promote moderate Islam and is headed by

Sheikh Ahmed al-Tayeb, the Grand Imam of Cairo's Al-Azhar seminary, Sunni Islam's most prestigious centre of learning. The Pope and the Grand Imam have met frequently in recent years to promote understanding and harmony between the faithful of Christianity and Islam.

The United Arab Emirates is among the more liberal states in Arabia and allows public worship by followers of non-Muslim faiths. It has allowed churches, temples and gurdwaras to flourish. Reports say the UAE has recently permitted its small Jewish community to found a synagogue in Dubai.

At the other extreme is Saudi Arabia that prohibits the practice of non-Islamic faiths. As the Emiratis expand religious freedoms, some would hope the House of Saud will follow suit. Crown Prince Mohammed bin Salman, aka MBS, has initiated small steps like letting women drive, controlling the clerical influence and reining in the morality police at home.

When he travelled to Egypt last year, MBS visited the largest Coptic Cathedral in Cairo and sat down with the Coptic Pope Tawadros II. He was signalling his opposition to Muslim extremist attacks on the Coptic churches and support for peaceful co-existence between Egypt's different religious communities.

Although there is widespread scepticism about Salman's vow to return Saudi Arabia to moderate Islam, there is no doubt Saudi Arabia is at an inflexion point. For both UAE and Saudi Arabia, the new emphasis on separating religion from politics and confronting "political Islam" is not a question of defining an abstract theory of the state. It is a considered response to the grave challenges they face.

Four decades ago, in 1979, Arab Middle East moved in the other direction to counter the Shia theocracy that came out of the Iranian revolution against the Pahlavi monarchy and the Soviet occupation of Afghanistan. The Gulf regimes, backed by the West, supported the forces of religious extremism abroad and Islamic conservatism at home. The forces unleashed by that strategy back then threaten the prospects for peace and progress in the Middle East.

As Iran, Turkey, Qatar, Muslim Brotherhood, and the Islamic State push different variants of political Islam, the UAE, Saudi Arabia and Egypt are now promoting an agenda of religious and political moderation. Delhi should wish Abu Dhabi, Riyadh and Cairo well.

For the decline of the forces of moderation and modernisation in the Middle East, the inevitable export of radical ideologies and the mobilisation of religious identities for political purposes has had a devastating impact on the Subcontinent's politics — internal, intra-regional and external. The success of the UAE's project for a moderate Arab centre would hopefully make it easier for India and its neighbours to revitalise the great Subcontinental tradition of inter-faith harmony. Arabia's embrace of the Pope, paradoxically, is also about the virtue of separating religion from state, a principle that India has been dangerously tempted to devalue.

The writer is director, Institute of South Asian Studies, National University of Singapore and contributing editor on international affairs for The Indian Express



A budget for Bharat and India

Both fiscal prudence and growth have remained priorities

FOR THE FIRST time, an accounting professional (a merit ranked chartered accountant) presented a budget which balanced the needs of an election-bound government and an economy wanting to grow at a faster pace for better inclusion. It is a budget which boosts consumption through support to farmers and the rural economy, by providing direct income transfer, to middle-class taxpayers through tax rebates and to entrepreneurs through ease of doing business. More importantly, the path of fiscal prudence is not missed while creating a growth momentum for the economy.

The budget comes against the background of pioneering work done to make India more healthy through Swachh Bharat and Ayushman Bharat missions. Most of the places I visited in the last few years have seen a remarkable improvement in cleanliness. Work has also been done to make India more tax compliant. Our tax to GDP ratio for the bulk of our history was comparable to poor African nations. Through the launch of progressive taxation like GST and disruptive reform like demonetisation, the tax base has been expanded by more than 60 per cent in the last five years.

With the promulgation of insolvency laws, bankers have the authority to discipline big borrowers and recover their dues. Indians

invest a large part of their savings in gold. This results in foreign exchange reserves being spent on the import of gold. India is like a patient who wants to improve her health but is donating blood rather than receiving a blood transfusion. Our import of gold is far more than the net foreign direct investment received in the last 17 years. This is despite the fact that in the last few years, India has become the largest FDI recipient in the world, overtaking China. The launch of gold bonds and the improvement in tax compliance have led to an increase in financial savings.

Much has been done to tame the Mahisasur of the economy — inflation. Through fiscal and monetary discipline, inflation has been brought down from double digits to low single digits. Inflation is a silent killer. It hurts the poor most.

The budget introduced the path-breaking provision of an income transfer of Rs 6,000 per year to 12 crore rural families. This will transfer Rs 75,000 crore to poor farmers every year. This, along with the increase in minimum support prices and the MGNREGA allocation, will support rural consumption.

Lower-middle class taxpayers will have more disposable income because of the tax rebate for income up to Rs 5 lakh and the relaxation on capital gains with respect to invest-

ment in a second property. They will also benefit from the relaxation of tax on notional rental income of a second self-occupied property.

Entrepreneurs will receive more through the increased allocation to MUDRA loans and experience less hassle on income tax assessment and scrutiny. The real estate sector gets special attention with tax-free profits for affordable housing development getting one-year extension and tax on notional rent on unsold inventory being available for two years.

The expenditure growth is muted on the capital side, as being a vote on account, there was limited flexibility to enhance capital expenses. The tax revenue growth assumption in the revised estimate for FY 19 includes a slowdown in GST collections and is likely to be achieved through increased corporate tax collections. The size of the net borrowing programme for FY 20 is little ahead of market expectations but it is manageable. The current year's net borrowing programme is reduced due to increased mobilisation of small savings and is likely to continue in the next year. It will be important for the government to have a Plan B ready with strategic divestment and asset monetisation to fund additional capital expenditures next year if needed. The extent of fiscal discipline is visible with the net borrowing programmes as a percentage of bank de-

posits declining by more than half over the last eight years.

This budget is a calculated call to boost growth through a higher disposable surplus in the hands of rural as well as urban Indians. While urban consumption and government spending on infrastructure is on the front foot, private investment over the last few years has been on the back foot due to high real interest rates and tight liquidity. The boost to consumption can push demand higher, resulting in improved capacity utilisation, which in turn can act as a catalyst for increased private investment.

The debt market, while taking comfort from the path of fiscal prudence, will keep a watch on RBI policy in the next week. It will be interesting to see if the RBI gives an actual policy rate cut or guidance to rate cuts in the future to support the growth momentum. The equity market will focus on Q4 business momentum and election results to chart out its next moves.

The budget, which meets the aspirations of Bharat and India, also comes up to the expectations of the global rating agencies as well as foreign investors by supporting growth with a firm grip on fiscal discipline.

The writer is managing director, Kotak AMC Ltd

LETTERS TO THE EDITOR

DEBATING CBI

THIS REFERS TO the editorial, 'Stand your ground' (IE, February 4). The CBI has been in the news for all the wrong reasons recently. Its former chief and his deputy have washed dirty linen in public. The appointment of the agency's new chief, Rishi Kumar Shukla, has also been controversial. But now, when his clean image has prevailed over his inexperience, Shukla should ensure that the agency sheds its image of being a caged parrot.

Bal Govind, Noida

THIS REFERS TO the editorial, 'Stand your ground' (IE, February 4). To expect the newly-appointed CBI director to set the agency's house in order is asking for too much. It is well-known that the CBI's top echelons have to be amenable to government of the day. The agency is exploited to serve political ends and is a strong weapon for the government against its adversaries.

Deepak Singhal, Noida

SMALL CATCH

THIS REFERS TO the report, 'CBI officer, lehsildar arrested in Yamuna e-way land scam' (IE, February 4). This process of arrests of senior officers associated with Yamuna e-way (YEA) has been going on for more than a year. But these

LETTER OF THE WEEK AWARD

To encourage quality reader intervention, The Indian Express offers the Letter of the Week award. The letter adjudged the best for the week is published every Saturday. Letters may be e-mailed to

editpage@expressindia.com or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301.

Letter writers should mention their postal address and phone number.

THE WINNER RECEIVES SELECT EXPRESS PUBLICATIONS

are small fish. If the CBI talks to allottees of plots and farmers of the area, it will unearth more leakages. Plots were allotted in YEA in 2009. No development has been undertaken in these 10 years. However, money has been collected from the allottees.

AL Agarwal, Delhi



@ieExplained
#ExpressExplained

If there are questions of current or contemporary relevance that you would like explained, please write to explained@expressindia.com

FACT CHECK, GROUND REALITY

SIMPLY PUT

WHY IS PALGHAR BEING REPEATEDLY JOLTED BY EARTHQUAKES?

The Saradha story

What is the alleged scam that has led to the current unprecedented political standoff between the Centre and Mamata Banerjee? How are the TMC and the Kolkata Police Commissioner linked to the allegations?

SRINATH RAO
MUMBAI, FEBRUARY 4



NDRF personnel at the earthquake site in Dhundalwadi Friday

DAHANU TOWN in Maharashtra's Palghar district has been hit by some 30 low-intensity earthquakes since November last year, leading to more than 10,000 residents of 40 villages moving out of their homes into tents erected by the district administration and National Disaster Response Force. On Friday, a two-year-old girl died after falling while rushing outdoors with her family during an earthquake. Why are so many tremors hitting this area? Are they foreshocks of a larger disaster that is on the way?

WHEN DID IT START? The first quake hit on November 11, and was followed by others measuring between 2 and 4 on the Richter scale. Walls have cracked and collapsed in Dhundalwadi gram panchayat. The strongest so far has measured 3.9. The National Centre for Seismology (NCS) under the Ministry of Earth Sciences and the CSIR laboratory National Geophysical Research Institute (NGRI), Hyderabad, have set up 5 stations with seismometers in Dahanu and Talasari to identify the source of the earthquakes and understand their cause.



IS IT A SWARM? Data collected so far point to an "earthquake swarm", a series of many (sometimes thousands) low-intensity earthquakes without a discernible main shock that can occur over weeks in active geothermal areas. A swarm lasting over 3 weeks killed 500 people on or around the Indonesian island of Lombok in July-August 2018.

indefinite conclusion without more data. They have not ruled out the possibility of either the quakes now subsiding or of a big one coming. NCS Director Dr Vineet Kumar Gahalaut said identifying the quakes as a swarm would suggest there is little threat of a deadlier one hitting in the near future. Dr M Ravi Kumar, ISR Director General, said: "We still don't know whether the earthquakes are a result of seismic activity, hydro-seismicity due to water percolation post-monsoon, or magmatic activity in the region." If they continue, "a closer look" would be needed, Dr Kumar said.

In India, sequences of low-intensity quakes are common in areas that have been hit previously, like Saurashtra in Gujarat and Koyna in Maharashtra, but they are also seen in areas without a history of seismic activity. Dr Srinagesh D, who heads the Seismological Observatory at NGRI, said swarms are normal in peninsular India. Scientists have found no mining activity to explain the quakes, and have ruled out a small reservoir nearby as the cause. The measuring stations have isolated the epicenter to within 5-10 km of the quake sites, nudging scientists from the Gujarat government's Institute for Seismological Research (ISR) towards the swarm hypothesis.

MEANWHILE: A study by the Structural Engineering Division of IIT-Bombay's Civil Engineering Department last year concluded that *kachcha* homes, about a third of the buildings in areas hit by the quakes, would be especially vulnerable in a large quake. Division Head Prof Ravi Sinha said district authorities must draw up a community disaster management plan, with Standard Operating Procedures so that the large number of industries in the district do not suffer debilitating damage.

BUT IT'S PROBABLY TOO EARLY. Seismologists are wary of drawing a def-

DEEPTIMAN TIWARY
NEW DELHI, FEBRUARY 4

The Ponzi scheme

IN THE early 2000s, businessman Sudipto Sen set up the Saradha Group, and launched what the securities market regulator Securities and Exchange Board of India (SEBI) later categorised as a collective investment scheme. The Saradha Group used a consortium of companies to tap small investors, promising them very high returns. Like in a classic Ponzi scheme, money was collected through a wide network of agents, who were paid commissions of over 25%.

In a few years, Saradha's raised about Rs 2,500 crore. It built its brand through film-star endorsements, investments in popular football clubs, ownership of multiple media outlets, and sponsorship of cultural events such as Durga Pujas. The scheme expanded to Odisha, Assam, and Tripura, and the number of investors reached close to 17 lakh.

How Saradha operated

Saradha began by issuing secured debentures and redeemable preferential bonds to the public in violation of SEBI rules that bar companies from raising capital from more than 50 people without issuing a proper prospectus and balance sheet. Companies must also have SEBI permission to operate, and must get their accounts audited.

After SEBI raised a flag in 2009, the Group diversified, opening 239 companies, and building a complex corporate structure. Through schemes involving tourism packages, forward travel and hotel booking, time-share credit transfer, real estate, infrastructure finance, and motorcycle manufacturing, the Saradha Group continued to raise capital from ordinary people. The bulk of the investors put in around Rs 50,000 each.

Many others invested through chit funds under the Chit Fund Act, 1982. Chit funds are regulated by the state government.

When the scam broke

By 2009, politicians in West Bengal had begun to discuss Saradha's alleged fraudulent ways. In 2012, SEBI, which was already watching the Group, asked it to stop accepting money from investors until it got the regulator's permission. Alarm bells started to ring in January 2013, when for the first time, the Group's cash inflow was lower than its outflow — another classic event in a Ponzi scheme.

By April 2013, the scheme had collapsed, and investors and agents lodged hundreds of complaints with the Bidhannagar Police. Sudipto Sen fled West Bengal after writing an 18-page letter, in which he accused several politicians of arm-twisting him into making poor investments that led the company to collapse. An FIR was registered, and Sen was arrested along with his associate Debjani Mukherjee in Sonmarg on April 20, 2013.

Investigations found the company had



Kolkata Police Commissioner Rajeev Kumar with Chief Minister Mamata Banerjee at her dharna on Monday. Partha Paul

launched investments in locations such as Dubai, South Africa and Singapore. Mamata Banerjee's government set up a Special Investigation Team (SIT) to probe the case after clubbing all the FIRs. Around the same time, the CBI began investigations in Assam after the state government handed over the probe to it. Based on state police FIRs, the Enforcement Directorate registered cases of alleged money laundering, and arrested several people.

In May 2014, the Supreme Court transferred all cases to the CBI, given the interstate nature of the alleged scam. The SIT, which had by now conducted a year-long probe, had to hand over to the CBI all case papers, evidence, and the accused it had arrested.

The Trinamool connection

Along with his brand, Sen had worked on building political relations. He had acquired media organisations and invested in the Bengali film industry. Actor and TMC MP Satabdi Roy and former Bollywood hero and Rajya Sabha member Mithun Chakraborty were Saradha's brand ambassadors. Then TMC MP Kunal Ghosh was appointed CEO of the media group in which Saradha invested Rs 988 crore and hired close to 1,500 journalists. By 2013 it was running eight newspapers in five languages. Ghosh was said to be drawing a salary of Rs 16 lakh per month.

Another then TMC MP, Srinjoy Bose, was involved in the Group's media operations. Then West Bengal Transport Minister Madan Mitra headed the Group's employees' union.

Saradha gifted patrol motorcycles to Kolkata Police. The government deployed

and distributed ambulances and motorcycles sponsored by Saradha in Naxalism-hit areas of the state.

The Group allegedly had connections with Congress leader and former union minister Matang Sinh, and the Assam BJP leader Himanta Biswa Sarma, who was then in the Congress. The ED questioned Sarma's wife Rinki in February 2015 for accepting money from the Saradha Group to run advertisements on her TV channel in Assam. The agency also questioned TMC MP Arpita Ghosh in the case.

The CBI questioned over a dozen TMC MLAs and MPs, and arrested Srinjoy Bose, Madan Mitra and Kunal Ghosh. Among those questioned were then TMC vice president and former West Bengal DGP Rajat Majumdar, Trinamool Youth Congress chief Shankudeb Panda, and MPs Satabdi Roy and Tapas Paul.

Mukul Roy, who was once among Mamata's closest confidants and is now with the BJP, was also questioned, as were the Assamese singer and filmmaker Sadananda Gogoi and former Odisha advocate general Ashok Mohanty.

Former Assam DGP Shankar Barua committed suicide after CBI questioned him and searched his house.

Where top cop comes in

Kolkata Police Commissioner Rajeev Kumar headed the SIT constituted by the Mamata government, which investigated the Saradha case for a year. CBI has claimed that it has been trying to question the members of the SIT, including Kumar, for one and a half years to get information on some missing ev-

idence, but Kumar and his colleagues have been avoiding the agency.

CBI sources claim communication, notices, and summons to members of the SIT and the West Bengal Police asking for cooperation in the investigation have been sent on 18 occasions since September 2017, but no one has turned up for questioning. The sources say that the Kolkata Police and SIT officials have given ill health or personal engagements as reasons to stay away, and then asked for a mutually agreeable venue to sit and discuss the case.

According to CBI Joint Director Pankaj Srivastav, who is in charge of the Kolkata zone, Rajeev Kumar alone has been sent five notices and summons to appear before CBI since October 2017. The first of these summons was sent on October 18, 2017, and the latest one on December 8, 2018.

To the last summons, the West Bengal DGP replied that queries could be sent in writing which would be replied to and, in case the need arose, a meeting could be arranged between the CBI and SIT at a "mutually convenient place", CBI sources said.

According to CBI, the SIT had not handed over a diary of Sudipto Sen that has details of payments made to prominent people, apart from other evidence. "Our multiple requests to hand over all documents seized by the SIT have fallen on deaf ears. They have the diary, interrogation reports of several accused — some of them recorded on video — some pen drives, and material recovered from a bank locker owned by Sen. Several of these things were not brought on record by the SIT. We learnt of them during interrogation of the accused," Srivastav told *The Indian Express*.

DECISION 2019
THE QUESTIONS THAT MATTER

Maharashtra: What factors are at play in the Congress-NCP alliance?

Reunited by the need for numbers and relevance

Congress sees a lot to gain in Maharashtra, where BJP did well in 2014, while NCP needs as many seats as possible to be able to regain its old muscle. After the split and poor results in Assembly polls, the two cannot afford to go separate and also need smaller allies

SANDEEP ASHAR
MUMBAI, FEBRUARY 4

THE CONGRESS and the NCP, which broke their alliance in the 2014 Maharashtra Assembly elections, have reunited for the Lok Sabha elections. They are trying to forge a larger alliance in Maharashtra with various smaller parties. A look at what is at stake:

How important is Maharashtra to the Congress?

The Congress is putting a lot of focus in states that powered the BJP's landslide win in the 2014 Lok Sabha elections. Maharashtra, Uttar Pradesh, Bihar, Madhya Pradesh, Gujarat, Rajasthan, Chhattisgarh, Bihar, Jharkhand and Karnataka together gave the BJP more than 80% of its 282 seats. Given that Maharashtra, with 48 seats, has witnessed tensions between the BJP (22 seats in 2014) and the Shiv Sena (18), the Congress is looking at tactical alliances with regional parties to prevent a split in the anti-BJP vote. In 2014, the BJP had forged a *mahagathbandhan* involving smaller caste-based parties and a farmers' political outfit; it worked.

How significant is the revival of the Congress-NCP alliance?

The reunion is out of compulsion. Though some lack of mutual trust remains — the NCP was formed a result of a split in the Congress in 1999 — both parties know they need to fight unitedly. In the 2014 Lok Sabha elections, which the two parties had fought together, the combine got 34% of the vote. In the state polls that year, when they fought separately, the

Congress ended with 18% and the NCP with 17%. The Congress's vote share declined from the national elections. Contesting separately worked against them, because both parties appeal to identical voter segments. In North Maharashtra, Vidarbha, and Mumbai, the NCP is comparatively weak and ended up spoiling the Congress's prospects. In Western Maharashtra and Marathwada, the NCP is stronger but the Maratha and minority vote split, helping the NDA.

What is at stake for the NCP?

It needs seats to stay relevant. For Sharad Pawar to flex his muscle at national level, NCP leaders feel they need at least 10-12 from Maharashtra. Last time, the NCP had four. If neither the BJP nor the Congress has the numbers to form the government, the NCP will hope to have enough seats for Pawar to be able to play kingmaker, and bag a good deal for the NCP.

Since the 2014 polls, the NCP has suffered the highest number of defections, followed by the Congress. Past voting trends also show that the Muslim and the Dalit vote, traditionally with the Congress, is more likely to be transferred to the NCP when they contest together.

In rural Maharashtra, leaders of both parties, NCP in particular, draw their clout from government-promoted cooperatives sector. Returning to power in Maharashtra is essential for them to keep their flock together; they will need the alliance to continue in the Assembly elections.

Which other parties are in the alliance?

The Congress and the NCP are wooing Dr Bhimrao Ambedkar's grandson Prakash Ambedkar, and negotiating with former NDA



On December 12, Sharad Pawar's birthday, in 2017 in Nagpur, (from left) Prithviraj Chavan, Radhakrishna Vikhe-Patil, Ashok Chavan, Ghulam Nabi Azad (all Congress); Pawar, Praful Patel, Sunil Tatkare, Supriya Sule, Dhananjay Munde, Vijaysinh Mohite Patil (all NCP); Jayant Patil (PWP); Abu Azmi (SP) Express Archive

constituent Swabhimaani Shetkari Sanghthana, the Bahujan Vikas Aghadi, the CPM, the Samajwadi Party and others.

The tie-up with Prakash Ambedkar, who leads the Bharip Bahujan Mahasangh (BBM), is important because neither the Congress nor the NCP has a Dalit face. While no Dalit leader has risen from the Congress in the state after former CM Sushilkumar Shinde, the NCP hasn't projected a face at all. For two decades, Dalit leader Ramdas Athawale helped fill this void with his association with

the Congress, but he is now a Union minister in the NDA government.

The BBM's presence, however, is limited to a few Vidarbha districts. It has no representation in the current Lok Sabha, and has just one MLA. Prakash Ambedkar last won a parliamentary election in 1999. Yet both the Congress and the NCP believe his presence will help them counter the BJP, which repeated invokes the Ambedkar legacy.

Congress leaders agree that seat-sharing talks with the BBM, which has been de-

DIVIDED THEY FELL

2014: WHEN CONG, NCP FOUGHT SEPARATELY

	Seats won	Vote share (in %)
Cong	42	17.95
NCP	41	17.24
BJP	122	27.81
Shiv Sena	63	19.35

2009: WHEN CONG, NCP FOUGHT TOGETHER

	Seats won	Vote share (in %)
Cong	82	21.01
NCP	62	16.35
BJP	46	14.02
Shiv Sena	44	16.26

288 Assembly seats in Maharashtra; Cong-NCP split after 2014 LS polls

many seats they can afford to shed from the respective quotas for the likely smaller allies. Leaders of the two parties are not keen to leave more than seven seats, in all. Also, in several districts, local Congress and NCP leaders are rivals. Infighting and the possibility of rebel candidates will hurt the alliance.

Having ceded considerable ground in Maharashtra's urban belts, the alliance will have to depend mainly on the rural segments. Out of the 60 Assembly segments in the Mumbai Metropolitan Region, the Congress and the NCP hold just four each. In Nagpur district, 10 of the 11 segments are with the BJP. In 2009, a substantial chunk of the Sena's Marathi vote bank had swung towards Raj Thackeray's party MNS, benefiting the Congress-NCP. The MNS sway over this Marathi vote bank has declined since, and the failure of the Congress-NCP to tap into this vote has swung most of it towards the BJP.

Can anyone play spoiler for the alliance?

The Congress is wary of an AIMIM impact on the Muslim vote bank, 14% of the electorate. After inroads into Maharashtra through the Nanded urban body poll in 2012, AIMIM has been gradually increasing its presence. It has two MLAs, but hadn't contested the last national election from the state. In the Mumbai Metropolitan Region and Nashik, the Congress will be hoping the MNS does not split the anti-BJP vote among the Marathi community.

NEXT #8 How is the newly introduced EWS quota playing out in Bihar?





Visa crackdown

Students should be made aware of the risks of falling afoul of U.S. immigration laws

The arrest of 129 Indians on the charge of wilfully violating immigration laws to stay and work in the United States sends a stark message to youth looking for better prospects abroad: their efforts should begin with due diligence and strictly follow the letter of the law. In the sting operation carried out by the U.S. Department of Homeland Security, which threatens to encompass many more Indians in the 'University of Farmington' case, the contentious issue is whether they fell victim to unscrupulous recruiters who offered to secure an I-20 student document that allowed them to undertake paid work using the provision for Curricular Practical Training, or knowingly engaged in fraud. Going by the indictment of eight recruiters of Indian origin, they knew they were violating U.S. immigration law when they enrolled students using fraudulent and unlawful means, and their profits included negotiated referral fees paid into their accounts by undercover agents. The prosecution has alleged that each student who enrolled in the 'university' was aware that there would be no classes, credit scores or academic requirements, and the intention was merely to "pay to stay" and gain access to employment. These statements are, of course, subject to scrutiny during the trial of the alleged recruiters. The Ministry of External Affairs has made the correct distinction between students who may have been duped and the recruiters. Students who are eligible to pursue studies at an authorised university in the U.S. should, therefore, get a further opportunity and not be subjected to summary deportation or humiliation. It must also not prejudice the prospects of such students who may apply in future for legal entry.

The University of Farmington case in Michigan is not the first instance of Indian students falling foul of U.S. immigration laws, although it stands apart as a racket exposed by a sting operation. Others such as Tri-Valley University and Herguan University were degree mills run by individuals that used false claims and documents to enable youth to unlawfully stay in the U.S. and, in many cases, pursue employment. These trends reinforce the need for good communication that would help students identify credentialed institutions that meet the requirements of the Student and Exchange Visitor Program, and highlight the serious nature of visa fraud. If the averments in the Michigan case are correct, the prospect of working in America attracted many of the 600 students who were recruited. This should serve as a reminder to India's policymakers that access to higher education, job-creation and raising of living standards to meet the aspirations of youth must receive priority. Talk of an impending demographic dividend is meaningless without creating opportunities at home.

The peace holds

A harsher penalty in the 2008 Assam serial blasts case could have led to wider trouble

Blocked by protests against the Centre's proposed Citizenship (Amendment) Bill, Assam's Bodo-populated areas were on edge for another reason last week. Over a decade after nine serial bombs ripped through four towns, the clamour for the death penalty to be awarded to the perpetrators had put the State on alert, after a district and sessions court set up for the CBI case had convicted 14 of them. The October 30, 2008 bombings exacted a severe toll. Eighty-eight deaths, 53 of them in Guwahati, with 540 injured, it was argued, passed the Supreme Court's 'rarest of the rare' test. And yet, mindful of the "entire facts and circumstances of the case", the judge on January 30 sentenced 10 of the convicted, including Ranjan Daimary, to life and handed out limited terms to the others. Most of the convicts belong to a faction of the National Democratic Front of Boroland, of which Daimary is the chairman. The NDFB(R) has had a ceasefire agreement with the Assam and Union governments since May 2005. The NDFB (Progressive), led by Gobinda Basumatary, is also in peace talks. Recent incidents in Bodo areas – including the May and December 2014 attacks against Muslim migrants and Adivasis, in which over 100 civilians were killed – have been attributed to the rebel NDFB faction, led earlier by I.K. Songbiji and now by B. Saoraigwa.

These groups and their predecessors, many of which have given up arms and joined the formal political process, espouse causes ranging from secession to a Bodo-land State carved out of Assam. The violent phase peaked in the late 1980s and early 1990s, but ebbed with the creation of the Bodoland Territorial Council in 2003. It absorbed the likes of Hagrama Mohilary, formerly a Bodo Liberation Tigers militant, whose Bodo-land People's Front has been an alliance partner of both the erstwhile Congress-led State government and the current BJP regime of Sarbananda Sonowal. While NDFB(R) supporters chanted slogans demanding Bodoland to protest against the judicial order, a death sentence for Daimary could have sparked wider convulsions, and pushed some of the fringe groups back into militancy, creating a 1990s redux. The BJP has backed the creation of smaller States, but Bodoland is unlikely to be realised any time soon. The Bodo case for statehood is also hamstrung by the fact that non-Bodos account for nearly 70% of the population in the Bodoland Territorial Area Districts that will comprise the core of such a State. New Delhi is focussing instead on devolving more powers with its constitution amendment Bill – likely to be introduced in Parliament this week – to bring 10 autonomous district councils under the purview of the Central Finance Commission. Along with ideologically agnostic partnerships with the State government in Dispur, this is the way forward for now.

A national register of exclusion

There are few parallels anywhere else of the state itself producing statelessness in the manner that it is doing in Assam



HARSH MANDER

By requiring long-term residents of Assam to prove their citizenship by negotiating a thicket made up of bewildering and opaque rules and an uncaring bureaucracy, the Indian state has for the past two decades unleashed an unrelenting nightmare of wanton injustice on a massive swathe of its most vulnerable people.

Distressing cycle

The official presumption that they are foreigners has reduced several million of these highly impoverished, mostly rural, powerless and poorly lettered residents to a situation of helplessness and penury. It has also caused them abiding anxiety and uncertainty about their futures. They are required to persuade a variety of usually hostile officials that they are citizens, based on vintage documents which even urban, educated, middle-class citizens would find hard to muster. And even when one set of officials is finally satisfied, another set can question them. And sometimes the same official is free again to send them a notice, starting the frightening cycle afresh.

On February 2 and 3, I was in Guwahati listening to heart-breaking accounts from 53 people from 13 districts of Assam. This was as part of a people's tribunal on the National Register of Citizens (NRC), along with Justice Venkate Gopala Gowda, Colin Gonsalves,

Monirul Hussain and Sanjoy Hazarika. What emerged were numbing stories of unyielding official bias and arbitrariness, of the denial of elementary "due process" and, above all, the complete absence of public compassion. Even old men frequently broke down as they spoke of all that they had endured.

It emerged that the names of many persons were dropped from the draft NRC only because of minor differences in the spelling of Bengali names in English in different documents. We encountered several instances where the variation of a single letter, for example between Omar and Onar, was enough to rule that a person is a foreigner. Likewise, the rural unlettered are typically vague about their dates of birth. A person could be excluded from citizenship if she told the tribunal that she was 40 when her documents recorded her to be 42.

Tougher on women

Women are especially in danger of exclusion from the citizenship register. Typically, they have no birth certificates, are not sent to school, and are married before they become adults. Therefore, by the time their names first appear in voters' lists, these are in the villages where they live after marriage, which are different from those of their parents. They are told that they have no documents to prove that they are indeed the children of the people they claim are their parents. There were cases of being excluded from citizenship on this ground alone.

Impoverished migrant workers often travel to other districts of Assam in search of work, as construction workers, road-builders and coal-miners. In the districts to



which they migrate, the local police frequently record their names as illegal immigrants from Bangladesh. The police then mark them out as illegal immigrants. They receive notices from foreigners' tribunals located in districts where they might have worked years earlier, far away from their home districts they have to travel to for every hearing, adding further to their costs.

The NRC is not the only institution through which the state challenges them to prove their citizenship. A second process began in the mid-1990s when the then Chief Election Commissioner T.N. Seshan, as a one-time measure, directed officials to identify "doubtful voters" by marking a "D" against their names on the voters' list. This would temporarily bar them from voting or standing for elections, until an inquiry was completed.

But this temporary measure became permanent. The power was vested permanently with junior officials who could doubt the citizenship of any person at any time without assigning any reason. Those with the dreaded "D" beside their names had no recourse for appeal under the rules, with years passing without any inquiry.

The "D" also debarred them from being included in the draft NRC.

A third process empowers the Assam Police to identify anyone it suspects to be a 'foreigner'. Again, all that the police claim in most cases is that the person was unable to show them documents establishing his or her citizenship. People consistently deny that the police even asked them for documents. Why would they not show them these, when they all know the dangers of not allowing the suspicions of the police?

Opaque processes

All cases referred by the police are heard by Foreigners' Tribunals (FTs). Earlier, retired judges were appointed to these tribunals. The Bharatiya Janata Party government has appointed many lawyers (often members of the ruling party or the Rashtriya Swayamsevak Sangh) who have never been judges. There are now FTs in which not a single person has been declared an Indian citizen over several months. Many allege that both the police and presiding officers in FTs work to fulfil informal targets to declare people foreigners.

Even if a person finds her name in the NRC, the police can still refer her case to an FT; an election official can even deem her to be a "D"-voter. Article 20 of the Constitution includes as a fundamental right that "no person shall be prosecuted and punished for the same offence more than once". But this principle has been waived for FTs. We found that even after an FT had confirmed a person to be an Indian citizen, another FT and often the same FT can again issue notice to the same person to prove her legitimate citizenship once more. A person is never allowed to feel secure that the

state has finally accepted that she is an Indian citizen.

In this way, the sword permanently hangs low over their heads. Who will be challenged before which institution to prove that they are Indian citizens? Will they or their loved ones be stripped of their citizenship rights, and by processes that are opaque, unreasonable and discriminatory?

No person in any one of the testimonies that we heard was given legal aid by the state, which is bound to deploy lawyers paid by the state to fight their cases in the FTs and higher courts. People instead spoke of panic spending, of enormous amounts of money to pay lawyers, as well as for costs of travel of witnesses who they bring with them to testify in their favour. For this, they have had to sell all their assets or borrow from private moneylenders. The large majority of them are poorly educated and very impoverished, doing low-paid work such as drawing rickshaws, or working as domestic work or farm labour.

With the entire burden of proving citizenship on their shoulders and the arbitrary and opaque multiple forums to which they are summoned, people deprived of both education and resources are caught in a Kafkaesque bureaucratic maze from which they find it hard to emerge.

Trapped at the crossroads of history, their destinies depend on institutions that treat them with undisguised hostility and bias. There are indeed few parallels anywhere in the world of the state itself producing statelessness on the scale and in the manner that it is doing in Assam.

Harsh Mander is a human rights worker, writer and teacher

An appeasement Budget

The Interim Budget makes clear the class hierarchy in the Modi government's scheme of populism



PUJA MEHRA

Interim Budget 2019 has sought to make amends for all the wrongs of almost five years of the Narendra Modi government. For example, the debilitating impact of demonetisation on the informal sector that employs nearly 90% of the workforce had long been suspected on the basis of anecdotal evidence. The findings of the National Sample Survey Office's surveys – leaked last week after they were approved by the National Statistical Commission – show that unemployment rose to a 45-year high in the demonetisation year. The note ban, these findings suggest, has caused severe distress.

Some social security

To reach out to the segment worst hit, the Interim Budget announced the Pradhan Mantri Shram Yogi Mandhan for unorganised sector workers with monthly incomes of less than ₹15,000. With a token allocation of ₹500 crore, a direct benefit transfer of ₹3,000 a month as old-age pension has been proposed. Pensioners will receive the payments once they attain the age of 60. To be eligible, workers will

have to start contributing ₹55 every month from the age of 18. Those over 29 will have to contribute ₹100 every month. The government will match these contributions. The scheme targets workers in sectors such as leather, handloom and construction which took a body blow from demonetisation.

A possible inference can be that the Modi government does not expect – nor is it promising – upward mobility for this class to better quality jobs over the span of their working lives.

For the farmer

The Modi government's tenure has been marked by acute rural distress. Among the reasons to which it can be ascribed are legacy farm sector policy issues which no government has addressed in a meaningful way. In this, Mr. Modi's government has been no different. The minimum support prices and procurement policies it followed were more ineffective than is normal. In fact these policies reversed some of the corrections made by the previous United Progressive Alliance (UPA) government in the terms of trade for agriculture. The Modi government has also failed to respond adequately to the back-to-back droughts of 2014 and 2015. The import-export policy errors it made added to the gluts caused by bumper harvests in 2017 and 2018, which further depressed market prices and increased farmer



GETTY IMAGES/STOCKPHOTO

losses.

The non-farming classes did profit to an extent from these policy failures. Falling food prices spelt losses for farmers but benefited kitchen budgets in middle-class households that had suffered from severe inflation under the UPA.

The Interim Budget offers farmers a peace offering in the form of income support of ₹6,000 a year, or ₹500 a month, financed fully by the Central government. The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) – inspired by Telangana's Rythu Bandhu – targets only landed farmers who own up to 2 hectares, while bypassing landless cultivators, the most vulnerable class in the agriculture sector.

In handing out these fiscal giveaways, Mr. Modi has bitten the bullet by reaching out to a class of voters who are traditionally not a constituency of the BJP. But these giveaways suffer from the same populist, rather than reformist, approach seen earlier with demonetisation which was planned as a

big bang intervention to downsize the black economy, and the design and implementation of the Goods and Services Tax (GST). These measures, which were not thought through properly, led to perverse consequences.

The downside

In a similar way, the PM-KISAN scheme is likely to encourage further fragmentation of already much fragmented landholdings. Farming households holding larger land parcels will try to split holdings to try to qualify for the benefits under the scheme. Had the scheme been dovetailed with a replacement of the highly distortionary fertilizer subsidy with a direct benefit cash transfer, not only would a long-pending reform have been accomplished but the income support offered to farmers could have been nearly twice as much as has been announced. Bureaucrats had made a case for adding the fertilizer subsidy as a cash component to the income support, but Mr. Modi showed no appetite for the reform.

Even so, the Interim Budget leaves no doubt about which class of voters Mr. Modi is most eager to please. The gifts showered on the middle class outstrip those to the poorer sections who have borne the brunt of demonetisation and an incompetently designed GST. The income-tax rebate for individuals drawing incomes of up to ₹5 lakh will leave nearly ₹1,000 a

month more in their wallets. This is twice the amount farmers will receive from the PM-KISAN scheme.

And, middle class Indians will not, unlike unorganised sector workers, have to wait till they are 60 to receive the rebate or the other tax benefits announced, such as on fixed deposits and two self-owned houses.

There was something for the rich too. The most positive, and the only reforms-oriented announcement, was reserved for them – a promise of a complete digitalised experience in their dealings with the income-tax department. This could end the excessive harassment and the tax terror that have been unleashed in the past couple of years.

Compromising economics

Finally, apart from making clear the class hierarchy in Mr. Modi's scheme of populism, the Interim Budget provides evidence, if any more was needed, that Indian electoral politics is dependent even more now on schemes involving handouts and fiscal goodies. That the need to spend money on the voting classes is felt by successive governments confirms that no serious gains from economic reforms are reaching the non-rich. Politicians appear to be compromising good economics with increasing ease and relish.

Puja Mehra is a Delhi-based journalist

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Protest in Kolkata

West Bengal Chief Minister Mamata Banerjee has taken her political hostility towards the Bharatiya Janata Party to a dangerous level (Page 1, "Mamata goes on stir after CBI tries to quiz Kolkata police boss", February 4). The action of stopping Central Bureau of Investigation officials from discharging their duties is a serious breach of constitutional propriety because she has interfered in the due process of the law. It appears that she has embarked on a dangerous brinkmanship because of her inability to distinguish between Central agencies and the ruling party at the Centre. Victimhood loses its legitimacy when it turns into paranoia.

V.N. MUKUNDARAJAN, Thiruvananthapuram

politics. Leaders such as Ms. Banerjee and Arvind Kejriwal, being the street fighters, subsequently continue to behave like what they were. In a democratic system, State governments should work within the framework of the Constitution and respect the Central government irrespective of party affiliations. Otherwise, it will result in anarchy and chaos. Why is Ms. Banerjee shying away from the Central Bureau of Investigation? Has she forgotten that this is an investigation into activities that siphoned off life-long earnings from the poor?

SHALINI MURTHY, Bengaluru

■ If one knows Ms. Banerjee well, her reaction causes no surprise. When she was in the Opposition there were often calls for 'strikes' on even the flimsiest reasons, in turn disrupting normal life.

One feels sorry for the people of West Bengal. V.S. GRI, Chennai

■ While Ms. Banerjee's angry response was a needless over-reaction to what is being made out to be a routine attempt to initiate an inquiry, one is left wondering why a little more decorum and protocol was not shown by the CBI. Had the Kolkata police commissioner cooperated with the inquiry, much of the sting in the action would have been taken out too. It is also very odd that a large posse of CBI officers landed up unannounced at the commissioner's residence late on Sunday evening. The ponzi scheme scam is certainly not one that warrants such dramatic action by the CBI. This oddity makes the episode appear to have been hatched at the behest of the Central

government, especially in the face of recent snubs that the TMC has inflicted on the BJP. One waits to see what the Supreme Court will have to say.

ANAND ARAVAMUDHAN, Chennai

■ As can only be expected, the Opposition has quickly rallied around Ms. Banerjee and wasted no time in lambasting the Central government for using agencies like the CBI to further its own ends. What supports the Opposition claim is that in almost all the cases so far, the targets have been States where the Opposition parties are in power and the spotlight is on leaders who could pose a threat to the BJP.

C.V. ARAVIND, Bengaluru

■ A tradable commodity Beginning with "the caricaturing of scientific

inquiry" that took place at the Indian Science Congress recently, the article on the crisis in public education (OpEd page, "Imagining alternative futures", February 4) tells us how fictionalised data are attempting to lull us into a dream of development from which we may never wake up. That education, far from being a right reinforced and guaranteed by a constitutional amendment, continues to be "a tradable commodity" is a nauseating truth being fed to young people, as public education buckles under the pressure to privatise being imposed by transnational capital. The implications for the quality and credibility of knowledge created in India are as unpalatable a truth as the subversion of facts being churned out to suit a regressive social agenda.

VASANTHA SURYA, Bengaluru

Derailment

It is disconcerting that the derailment of the Delhi-bound Jogbani-Anand Vihar Seemanchal Express happened just a few days after Union Minister Piyush Goyal said in his Budget speech that Indian Railways "experienced the safest year in its history" (Page 1, "Seemanchal Express derails in Bihar; 6 dead, 30 injured", February 4). Funds must be devolved to restore and upgrade tracks, which is a basic necessity, instead of expending on luxuries such as bullet train projects. The accident, which took place in Vaishali district, Bihar, highlights the amount of work that still needs to be done to make train journeys accident-free and safe across the vast rail network in India.

Y. MEENA, Hyderabad

MORE LETTERS ONLINE: www.hindu.com/opinion/letters/

America has lost the Afghan war

Once U.S. troops leave, the Taliban is sure to challenge Kabul one way or the other



STANLY JOHNY

The Remnants of an Army, a famous oil on canvas by Elizabeth Butler, is a lasting image of the First Anglo-Afghan War (1839-1842). It depicts William Brydon, a medical officer in the British Indian Army, arriving in Jalalabad from Kabul on horseback in 1842. Both Brydon, who was wounded, and his horse look exhausted. Brydon was the only survivor of the 16,000 soldiers and camp followers who were retreating from Kabul after the British invasion went awry.

One hundred and thirty-seven years later, the Soviet Union sent troops to Afghanistan to bolster its client communist regime. A decade passed before the Soviet troops too withdrew in ignominy. And again in 2001, the U.S., the sole superpower of the post-Soviet world, sent troops to Afghanistan launching its 'War on Terror'. Now, after 17 years of the war, with the U.S. and the Taliban agreeing 'in-principle' to a framework for peace that would provide the Americans a face-saving exit from Afghanistan, it's hard to miss the echoes from history.

Repeating mistakes of the past Afghanistan has historically been a difficult place for external invaders, thanks to its complex tribal equations and its rugged mountainous terrain. It's a classic example of a country whose geopolitical destiny is defined by geography. The British Empire sent troops to Afghanistan in 1839 as part of the 'Great Game'. They feared that the Russians would take over Afghanistan and be at the border of India, "the jewel in the British Crown". To pre-empt that, they conquered Kabul, toppled the Emir of Afghanistan, Dost Mohammad Khan, and installed their protégé Shah Shujah Durrani in power. When the invasion became unsustainable in the wake of the violent resistance by tribal fighters, mainly the faction led by Dost Mohammad's son, Akbar Khan, the British decided to withdraw. But while withdrawing, all their troops but Brydon were mas-



"After 17 years of fighting, the war has reached nowhere." An injured American soldier in Arghandab Valley, Afghanistan, in 2010. •REUTERS

sacred, and Dost Mohammad went on to recapture Kabul.

The Soviets made the same mistake. They sent troops to Afghanistan after an intra-party coup in the country. The Soviets were wary of Hafizullah Amin, who captured power and assassinated Nur Mohammad Taraki, the leader of the 1978 communist coup. In December 1979, Leonid Brezhnev deployed troops to Afghanistan. The Soviets staged another coup, murdered Amin, and installed Babrak Karmal, a Moscow loyalist, as President.

Given their defeat in the Vietnam War and their loss of Iran following the 1979 Revolution, the Americans saw the Soviet intervention in Afghanistan as an opportunity. They began supporting the mujahideen, the tribal warriors who were fighting both the communist regime and its Soviet backers, with help from Pakistan and Saudi Arabia, which were worried about the expansion of communism to the Muslim world. A decade later, the Soviets realised that the occupation had become unsustainable and pulled back.

When the U.S. decided to attack

the Taliban regime in Afghanistan in 2001, President George W. Bush said the 'War on Terror' would not end "until every terrorist group of global reach has been found, stopped and defeated". This was a tall order. The U.S. toppled the Taliban quickly and Afghanistan eventually got an elected government under President Hamid Karzai. But after 17 years of fighting, the war has reached nowhere. Since 2009, when the United Nations started documenting the casualties of the war, nearly 20,000 Afghan civilians have been killed in conflict and another 50,000 wounded. The U.S., which has spent some \$877 billion on the war, has lost at least 2,000 military personnel in Afghanistan since the war began.

An unsustainable war

And what did it get in return? The Taliban, which retreated in 2001, is on the comeback trail. Some estimates suggest that nearly half of Afghanistan, mostly the mountainous hinterlands, is now controlled by the Taliban. In the east, a small cell of the Islamic State is well-entrenched and has carried out a series of sectarian

attacks in recent months, killing hundreds of Hazara Shias. The government is grappling with chronic corruption, and regional satraps call the shots outside Kabul.

U.S. President Donald Trump has made it clear many times that he wants to bring American troops back home. Yet he decided to send more troops to Afghanistan in 2017 to step up the fight against the Taliban. Since then, the U.S. has carried out large-scale air operations in Afghanistan, but it has failed to arrest the Taliban's momentum. The group continues to hold sway in rural Afghanistan and retains the capability to strike anywhere in the country. Just since 2014, Afghanistan has lost some 45,000 soldiers in battle. Amid mounting losses and an inability to break the stalemate in the conflict, the Americans, like the British Empire in the 19th century and the Soviets in the 20th century, seem to have realised that the first major war of the 21st century is no longer sustainable.

The role of the Taliban

The question is, what next? The U.S. says it has got assurance from the Taliban that the group won't provide a safe haven to terror groups in Afghanistan. It will also push for a ceasefire and intra-Afghan talks. But the fact remains that the U.S. has already conceded a lot to the Taliban. The Taliban said it would not talk to the Afghan administration; it does not acknowledge the government's legitimacy. The Americans accepted this and held direct talks with the insurgents, who negotiated from a position of strength. The U.S. has also agreed, in principle, to pull out troops, the biggest Taliban demand, without any clear agreement on the future role of the Taliban. This shows how desperate the U.S. is to get out of Afghanistan, a war it has lost badly. It will be exiting on terms largely dictated by the Taliban. It would be naive to say that the Taliban fought the war for 17 years only to reach an agreement with the Americans. It fought for power, which it lost with the arrival of American troops in 2001. And it's certain that once the Americans leave, the Taliban will challenge Kabul one way or the other.

stanly.johny@thehindu.co.in

Wrong on the Rohingya

Deportation of refugees is legally and morally problematic



THULASI K. RAJ

In January, the UN High Commissioner for Refugees (UNHCR) called for a report from India on the deportation of a group of Rohingya refugees to Myanmar in October 2018. India's repatriation of the refugees contravenes international principles on refugee law as well as domestic constitutional rights.

Global framework

Refugee law is a part of international human rights law. In order to address the problem of mass inter-state influx of refugees, a Conference of Plenipotentiaries of the UN adopted the Convention Relating to the Status of Refugees in 1951. This was followed by the Protocol Relating to the Status of Refugees in 1967. One of the most significant features of the Convention is the principle of non-refoulement. The norm requires that "no contracting State shall expel or return a refugee in any manner whatsoever to the frontiers of territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion." This idea of prohibition of expulsion lies at the heart of refugee protection in international law.

It is often argued that the principle does not bind India since it is a party to neither the 1951 Convention nor the Protocol. However, the prohibition of non-refoulement of refugees constitutes a norm of customary international law, which binds even non-parties to the Convention. According to the Advisory Opinion on the Extraterritorial Application of Non-Refoulement Obligations, UNHCR, 2007, the principle "is binding on all States, including those which have not yet become party to the 1951 Convention and/or its 1967 Protocol."

Article 14 of the Universal Declaration of Human Rights provides that everyone has the right to seek and enjoy in other countries asylum from persecution. Moreover, Article 51 of the Constitution imposes an obligation on the state to endeavour to promote international peace and security. Article 51(c) talks about promotion of respect for international law and treaty obligations. Therefore, the Constitution conceives of incorporation of international law into the domestic realm. Thus the argument that the nation has not

violated international obligations during the deportation is a mistaken one.

Domestic obligations

The chapter on fundamental rights in the Constitution differentiates citizens from persons. While all rights are available to citizens, persons including foreign citizens are entitled to the right to equality and the right to life, among others. The Rohingya refugees, while under the jurisdiction of the national government, cannot be deprived of the right to life and personal liberty.

The Rohingya are "among the world's least wanted and most persecuted people," according to a BBC report. In Myanmar, they are denied citizenship, the right to own land and travel, or to even marry without permission, says the report. According to the UN, the Rohingya issue is one of systematic and widespread ethnic cleansing by Myanmar.

Therefore, the discrimination that the Rohingya face is unparalleled in contemporary world politics. In *National Human Rights Commission v. State of Arunachal Pradesh* (1996), the Supreme Court held: "Our Constitution confers... rights on every human being and certain other rights on citizens. Every person is entitled to equality before the law and equal protection of the laws. So also, no person can be deprived of his life or personal liberty except according to procedure established by law. Thus the State is bound to protect the life and liberty of every human-being, be he a citizen or otherwise..."

India lacks a specific legislation to address the problem of refugees, in spite of their increasing inflow. The Foreigners Act, 1946, fails to address the peculiar problems faced by refugees as a class. It also gives unbridled power to the Central government to deport any foreign citizen. Further, the Citizenship (Amendment) Bill of 2019 strikingly excludes Muslims from its purview and seeks to provide citizenship only to Hindu, Christian, Jain, Parsi, Sikh and Buddhist immigrants persecuted in Bangladesh, Pakistan and Afghanistan. The majority of the Rohingya are Muslims. This limitation on the basis of religion fails to stand the test of equality under Article 14 of the Constitution and offends secularism, a basic feature of the Constitution.

The American philosopher Ronald Dworkin argues that if we claim international law to be law, we must understand it as part of the greater morality. In such a conception, the deportation of refugees by India is not only unlawful but breaches a significant moral obligation.

Thulasi K. Raj is a lawyer at the Kerala High Court

SINGLE FILE

The danger of cash transfers

It might incentivise the state to shirk its constitutional responsibility of providing basic entitlements to all

AKRITI BHATIA & CHANDAN KUMAR



With the general election around the corner and NSSO data revealing that the unemployment rate has hit a 45-year high, there is a spike in concern for the economic security of the people. Several recent proposals – whether the Congress's pre-emptive announcement of a minimum income guarantee scheme, or the Interim Budget's promise of a range of income transfers to farmers (albeit as low as ₹3 per day for a family of five) and a pension scheme for workers aged over 60 years in the unorganised sector, or the government's announcement of a 10% quota for the "economically weaker sections" in the general category – might appear promising but raise questions about their impact on the working poor.

If uplift of the poor is a priority, why not provide decent employment opportunities, minimum wages and social security to all workers? Why not spend on universalising access to, and provision of, basic public services to all? Why, contrarily, are there periodic cuts in social sector spending, including on public education and primary health; amendments in labour laws in favour of corporates; and privatisation and contractualisation even within the public sector?

In this context, cash transfers to the "poor" – also subject to gross exclusionary errors of identification – do not ensure accessibility, affordability or even sustained economic security given falling real wages. The scheme also doesn't indicate where that money would be spent by the beneficiaries. More importantly, the concern is that these cash transfers could replace, rather than supplement, existing schemes that provide subsidised goods and services. This would imply that citizens could be left at the mercy of private, for-profit players to avail even basic services. This might incentivise the state to shirk its constitutional responsibility of providing basic entitlements to all.

Case studies around Direct Benefit Transfers have shown that they play an instrumental role in dismantling existing welfare schemes and deprive ASHA and Anganwadi workers of their wages. These workers have been pillars in creating an ecosystem for ensuring nutritional security to women and children. Even in Europe, wherever guaranteed basic income has been implemented, provision of services has increasingly moved towards greater privatisation.

Finally, it is surprising that the same government that earlier opposed cash transfer schemes as "doles" is now advocating them. Politically the scheme seems to be the most viable option now, given the unemployment catastrophe. Hurried income transfers before the election could be considered as "cash for votes", but the larger danger entails the state's diminishing accountability towards its citizens, of upholding their rights to basic entitlements and to work.

Akriti Bhatia is a Ph.D. Scholar at the Delhi School of Economics. Chandan Kumar works with the Working Peoples' Charter, a collective that works with informal labour across India



NOTEBOOK

'Why must we tell you?'

Often people revisit traumatic memories only to tell journalists their stories

MEERA SRINIVASAN

As journalists, we are often guilty of behaving like an entitled bunch. We ask questions, demand answers, call people at odd hours with or without an apology, or trouble a friend for a phone number we have lost.

It is one thing to pose difficult questions to those in power, those who are accountable to the people, or those who think privilege ought not to be challenged. But it is quite another to nudge people who are in the lap of danger or adversity to share their stories with us, so we can tell them.

It was late 2003, and I was in journalism school. A group of us were taken to Pappapatti, Keeripatti and Nattamangalam in Madurai district to try to understand, and report on the entrenched caste hegemony that was reflected in the periodic violence that mili-

tant sections of the dominant Thevar caste group unleashed on the oppressed Dalits. Despite the panchayats being reserved for Dalit candidates, most were forced to stay out of the contest. The few who took a risk paid with physical injury or, at times, life.

We approached a middle-aged woman in the Dalit village, hoping to get her perspective. "Why must we tell you?" she screamed. "Who are you? So many media folk come here and ask us questions, but has anything changed for us? Can you assure me that you can publish the truth and make a difference?" Obviously, we couldn't promise change, but we reported what we saw.

About a decade later, in 2012, I went to Idinthakarai in Tirunelveli district to report on how locals felt about the imminent commissioning of the controversial Kudankulam nuclear power plant. I walked

towards a woman seated in front of her house and even before I could say a word, she said: "What? Interview? We don't need the nuclear plant." Clearly she was in no mood to tell us. But after some time, when more women joined her, she began speaking with less anger, and explained in painstaking detail why they were opposed to the plant that, they believed, would endanger their health, community and village.

From time to time, I sense scepticism among some people I meet in the war-affected areas of Sri Lanka, especially those under continuing military surveillance. After speaking to them, we reporters might come back with a compelling human story, but the residents have to continue living there, at risk and experiencing anxiety every day. Invariably though, a few minutes into the conversation, they begin sharing very personal stories of

love, pain, loss and distress. Retelling them means revisiting traumatic memories but they still do. They let a complete stranger into their homes, serve tea, and are willing to trust sooner than we'd think.

For a decade now, Sri Lankan activist Sandya Eknaligoda has been campaigning for the truth about her disappeared husband, the dissident journalist-cartoonist Prageeth Eknaligoda. Sandya challenges powerful politicians boldly, turns up for every other protest on enforced disappearances – be it in Colombo or in the north. She has given many interviews to local and foreign media, meticulously sharing details of Prageeth's disappearance each time. Some time ago I asked her, "How do you agree to tell this story again and again, it must be hard." She said: "Yes, it is. But since giving up is not an option, I do it."

FROM THE HINDU ARCHIVES

FIFTY YEARS AGO FEBRUARY 5, 1969

Ajitha's bail application rejected

Mr. P.K. Lakshmanan, District and Sessions Judge, to-day [February 4, Calicut] rejected the bail application filed on behalf of Miss Ajitha, said to be one of the top Naxalite leaders, now under remand in connection with the attack on Pulpalay wireless station. The Judge, however, granted bail to another accused, Mohanan, on health grounds. The Judge observed that though the investigations in the case had not yet been completed, a prima facie case had been made out against Miss Ajitha in all the cases in which she was alleged to have been involved. Miss Ajitha was credited with being the "motive force or live wire" of the group which was alleged to have committed the offences. The Judge said that since several others alleged to be involved in the crimes were yet to be apprehended, the danger of the crimes being committed again if the accused was enlarged on bail, could not be over-ruled.

A HUNDRED YEARS AGO FEBRUARY 5, 1919

Tragedy in a Hotel.

About 1 O'clock this afternoon [February 4] a report of a revolver was heard in Taj Mahal Hotel [in Bombay]. The waiters, thinking that it must have been the sound of the bursting of a motor tyre at the taxi stand below, took no notice of it. A little later someone was heard calling out for help from room No. 442, and on a waiter peeping through the half-closed doors he found a gentleman lying flat on his chest on the floor. The waiter immediately rushed downstairs to the Manager's Office to obtain help. On his way down he was stopped by an officer who enquired of him as to what was the matter. On the waiter informing him that something serious had happened in room No. 442 the officer at once rushed upstairs to the room, picked up the gentleman and put him on his cot. Assistance came in promptly and the gentleman, whose name is Lt. H.R. Playfair, was placed in a motor ambulance and removed to Colaba War Hospital. He had a bullet wound on his right shoulder. Lt. Playfair has been staying at Taj Mahal Hotel for some time and he was alone in his room when the revolver was heard to go off. The police found a revolver in his room with an empty cartridge in one of its chamber. The matter is under investigation.

CONCEPTUAL Matching hypothesis

PSYCHOLOGY

This refers to the idea that people are more likely to be romantically attracted towards people who are as attractive as themselves than those less or more attractive. While physical attractiveness can determine the mating preferences of people to a significant extent, social and other non-physical forms of attraction can also determine mating patterns prevalent across various human societies.

MORE ON THE WEB

The Hindu explains: What is the polar vortex?

<http://bit.ly/Polarvortex>

The Tribune

ESTABLISHED IN 1881

NSC controversy

Data integrity is of vital importance

THE manner in which the government has dealt with the National Sample Survey Office's (NSSO) periodic labour force survey (PLFS) has left much to be desired. It courted controversy by not releasing the report of the National Statistical Commission (NSC), which resulted in the resignation of the last two non-government members of the Commission, PC Mohanan and JV Meenakshi, a few days ago. The two complained that the government was sidelining the organisation, and pointed out that they had approved the report in December. The suggestion that the survey had found that the country's unemployment rate was at a 45-year high of 6.1 per cent during 2017-18 has not been convincingly refuted so far.

Given the political sensitivity of the data that could be a reflection on the impact of demonetisation on the economy, the government should have ensured greater transparency and responsiveness. What it did was the opposite. It referred the report to the NITI Aayog, instead of releasing it, on the specious grounds that the data in the NSSO survey was 'not verified'. The argument does not cut much ice, and Opposition leaders naturally slammed the government on this issue. The NITI Aayog has yet to come out of the rough patch it found itself in over the delayed release of the GDP back series data.

The resignation of the NSC members is not the starting point of this avoidable controversy; rather, it is the inflexion point at which the matter has come into the public domain. It is also reflective of the current political atmosphere. The attempt to call the interim Budget a full Budget was another instance of the government's disconnect with the nuances that ought to govern its conduct. The vacuum left by the lack of officially released data has been filled by what is being termed 'not verified' data. The only way to counter that is for the government to release 'verified data'. The integrity of statistics released by the government must be unimpeachable. A pity that this has to be reiterated.

HAL takes a beating

Mirage crash raises question over upgrade ability

THE crash of the multirole fighter Mirage 2000 as it was taking off in Bengaluru and the death of two intrepid test pilots has dealt a heavy blow to the Indian Air Force and the ambitious Make in India initiative. It has also knocked the wind out of the sails of Hindustan Aeronautics Limited (HAL). What adds to the worries is the fact that the Mirage was freshly upgraded and serviced by HAL under a 2015 contract and was being test-flown by young ace pilots before its re-induction into the Air Force.

The horrendous crash rate of MiG-21 — dubbed 'flying coffins' — is still fresh in public memory. In recent months, there have been a slew of crashes, including a Jaguar aircraft, a MiG-29 and Sukhoi 30 MKI. Though the overall annual crash rate has come down after the induction of the British Hawk Advanced Jet Trainer (AJT), it hovers close to the red line, as the bulk of our air frames are, alarmingly, over two decades old. Some Sukhoi-30 squadrons are the exceptions.

Mirage 2000 was first inducted into the force in 1984 and proved its worth during the Kargil War with its accurate bombing runs that snapped the Pakistani supply line to intruders on mountain-top fortifications. The Friday crash was the 11th such, bringing down the three-squadron fleet of the IAF to 48. In 2011, India had inked a \$2.4-billion contract with the original manufacturers to upgrade the fleet. While two aircraft were upgraded in France, it fell upon HAL to pick up the baton for the rest.

The probe will establish the actual cause, but prima facie HAL stands humbled in public perception. The spotlight is back on its technical capabilities. Several of its projects, including the Mirage upgrade, are trailing behind schedule. As imports often lead to political fracas which delays replacements, India must pump in funds to reduce foreign dependence. It speaks of our national security commitment when the IAF is expected to fix-and-fly refurbished planes. The 'make do' approach comes at an exorbitant cost, of both man and machine.

A bagful of fiscal trouble

The new dispensation is sure to have a first-class problem on its hands



SUBIR ROY

SENIOR ECONOMIC ANALYST

EVERY Budget has a political context and the 2019 interim one is no exception. The ruling NDA is looking at the prospect of failing to get an absolute majority in the parliamentary elections due in a few months, a sharp reversal from the large majority it had secured in 2014. The Opposition is in a resurgent mood, regional parties (SP and BSP) have tied up for crucial UP and no one can call a reborn Rahul Gandhi 'Pappu' anymore. In this scenario, Narendra Modi could be expected to go the full political hog and has lived up to that expectation. First, the Budget seems to have breached convention by proposing major changes in tax laws, which an interim Budget does not. Second, it has done two things in one go — offered goodies to virtually every section of the electorate and simultaneously appearing to retain fiscal prudence.

The goodies come in the form of income support for farmers with small landholdings, a pension scheme for the workers in the unorganised sector with low incomes, and several measures to benefit the middle class — increase in the limits for rebates, standard deduction and the TDS threshold for interest income.

But this will not upset the fiscal balance. The fiscal deficit as a percentage of GDP has been projected for 2019-20 at the same 3.4 per cent as in the revised estimates for 2018-19. This key ratio, indeed, remained within the Budget estimates for three years (from 2014-15 to 2016-17), but exceeded it in 2017-18 (Budget estimate versus actuals)



ON SLOW BOIL: Negative statistics cannot be suppressed beyond a point.

Resources for the proposed big-ticket items will be hard to find while keeping the fiscal deficit in check.

as also in 2018-19.

How will staying within limits in 2019-20 be achieved? Corporation tax and income tax revenue are projected to go up by far more than they are expected to do in the current year (Budget estimate versus revised estimate). The difference in the case of income tax is, in fact, huge. In 2018-19, the Budget and revised estimates for income tax collection are likely to remain the same, but in the coming year the revenue is expected to go up by a massive 17 per cent over the revised estimates for 2018-19.

There are many ways of fudging the fiscal deficit, outlined by the CAG. One of them is by not passing on to public sector enterprises what is due to them within the financial year, notably in the case of the Food Corporation of India. Take the loss-making public sector banks. Instead of recapitalising them, the government has gone in for merging loss-making ones with profitable ones and also got one particular bank in the red to be taken over by the LIC.

If this is the way the interim Budget has managed to keep the fiscal deficit in check, what is it laying up in store for the final Budget to be placed later on in the year by whichever formation comes to power? The new government, by all accounts, will have a first-class fiscal problem on its hands.

It is not as if any of the key political formations are different from the others. Just before the interim Budget, Rahul Gandhi promised an income guarantee scheme. Now the NDA has come up with its income support scheme for farmers. These are very big-ticket items, resources for which will be hard to find while keeping the fiscal deficit in check.

What is fascinating is that the NDA under Modi had over the first few years of its tenure tried to abide by the fiscal balance dharma, symbolised by the refusal to go in for farm loan waiver, and succeeded. The Congress, on the other hand, has announced farm loan waivers immediately on coming to power in the three Hindi belt states. Clearly, the Assembly elec-

tion upsets have made the NDA government change its approach.

What is disappointing is that there is little in the interim Budget which addresses the root cause of the two most critical problems facing the economy — rural distress and lack of jobs. Not only is the income support scheme for farmers with small landholdings poorer than the schemes in the same genre announced by Telangana and Odisha (farmers' organisations have described the Rs 6,000 promised as a 'pittance'), but also there is nothing in the Budget to address the condition of tenant farmers and agricultural labourers who form the core of rural poverty. Additionally, there is no attempt to address the market inefficiencies which have led to farmers not getting a proper price. The main reason for not announcing things that really matter in addressing rural distress (income support is no substitute for adequate market prices) is that the NDA government does not have a sense of the farm crisis. It woke up to the issue once farmers' demonstrations hit the streets.

As for the job crisis, when the issue of the missing jobs that were promised first began to surface in public debate, it was argued that the jobs were there, but the numbers that say so were hard to find. Now we know that the report of a nationwide statistical exercise, which found unemployment at a historical high, has simply not been released.

George Orwell, in his novel *Nineteen Eighty-Four*, depicting a dystopia fashioned in the light of the excesses of the Soviet Union under Stalin, spoke of people who disappeared being 'unpersoned'. In India, we are seeing official statistics being 'unnumbered'. Again, negative statistics cannot be suppressed beyond a point. When the truth is out, the government of the day, after the next elections, will have to come to terms with it and pay for the populist sins of the political class across the board.

Poor me, don't pour that drink..

LAKHINDER JIT SINGH VOHRA

AP MP Bhagwant Mann put alcohol right, left, front and centre in our drawing rooms, chilled with guilt and drowned with apologies with a hangover of repentance. Better late than never. Alcoholism is a progressive disease of the mind, an allergy of the body, and a spiritual malady.

The first step in overcoming an alcohol addiction is admitting being powerless and that life has become unmanageable.

I am a recovered alcoholic. My date of sobriety, as it is called in Alcoholics Anonymous (AA), is the last time I took a drink — November 24, 2013. I distinctly remember

the time and place where I was, when I consciously put the glass down saying enough is enough. My body simply could not take the two or three double Patiala pegs of Double Black Johnnie Walker on the rocks every night. I am sure that if I had not stopped, like many others we hear or know, I would have been dead by now.

A big part of alcoholism, which we often lose sight of, is the people in your life, who aid and abet — the enablers. It could be a coterie of so-called well-wishers, the freely flowing booze at political fundraisers, weddings, bootleg brands behind closed doors, one-for-the-road Army brats. It could also be family members who turn a blind eye and

never acknowledge a drinking problem, or show tough love so the alcoholic gets help.

Mann, in a brave act, had showed up with his mother and announced that he was giving up. But for many alcoholics, the cause of drinking is deep-rooted in family and early childhood trauma, lack of an emotional connection with parents or siblings, or family pressures that justify an escape to solitude and drinking.

However, faith in the Almighty; seeking professional help, such as a mental health professional; staying away from booze-filled occasions; clearing out the liquor cabinet... is more tough than half-admitting at a political rally

that you are promising to quit, even though you claim you do not have a drinking problem.

In India, you have to be half-apologetic and give many explanations to near and dear ones why you stopped drinking or how bad the drinking problem had gotten! You are made to feel guilty even for quitting! What most people do not realise is that an alcoholic has to say no to the first drink because like most other normal drinkers, once he takes the first drink, he is powerless to say 'no'. For him, one is too many and one thousand is never enough.

Hope Mann was not trying to draw sympathy in the election season.

Like they say in recovery — poor me, pour me a drink.

THOUGHT FOR THE DAY

A budget takes the fun out of money. — Mason Cooley

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, SATURDAY, FEBRUARY 4, 1919

"New India" and the Congress.

WE learn from a Poona contemporary that *New India* has in a recent article described the Delhi Congress as being a popular crowd rather than a deliberative assembly as it used to be. In the most important matter that divided Mrs. Besant and her friends and followers from the rest of the progressive party, namely, the resolution on Provincial Autonomy our sympathies are entirely with the former. But that does not prevent us from reminding Mrs. Besant that angry words leave a most unpleasant memory behind. The Congress never was and never could be a deliberative assembly in the same sense in which the British Parliament or the American Senate is a deliberative assembly, for the simple reason that five thousand men cannot sit down to deliberate together. From the earliest years the real deliberation of the Congress has been carried on at subjects committee meetings while the open Congress has, generally speaking, only ratified the decisions arrived at by the committee.

Primary Education and Backward Classes.

THERE is one aspect of the new proposals regarding primary education which should not be lost sight of by those interested in the progress of the Province, namely, their bearing on the classes who have hitherto remained backward in education, and who constitute the bulk of the population. If, as is evident from the draft Bill as amended by the Select Committee, the fifth class is the bulk of the schools in the rural areas will go, will it not curtail the facilities existing at present and still further retard the progress of the backward classes? How are these classes then to make up the lee-way? Will not a larger period as proposed by the Punjab Educational Conference prove to their advantage?

LETTERS TO THE EDITOR

Can't take them for a ride

Apropos the editorial 'A poll-centric Budget' (Feb 2), the government's attempt to overwhelm the electorate with a multiplicity of schemes through the interim Budget is a clear manifestation of the realisation that citizens cannot be taken for a ride by merely hyphenating words in a juxtaposition disguised as reforms. It can mock the Opposition for its unenthusiastic response and inability to comprehend the heavy usage of economic jargon, but cannot shy away from the fact that the shadow of the underlying agrarian crisis and uncertainty over job creation falls squarely on its proposals. However, the fact that India stands out as the sixth largest economy, despite tumultuous international developments and radical domestic policy, shows that the macroeconomic stability continues to be the foundation of India's economic success.

SHREYANS JAIN, NEW DELHI

Crude bid for votes

Apropos 'A poll-centric Budget' (Feb 2), why did the government take so long to announce and implement these long-awaited welfare measures? These should have been initiated by the NDA dispensation in its very first Budget. At this late stage, it has all

makings of a crude attempt to placate various classes of the electorate. It is neither here nor there, as these measures will come into operation only when the final Budget is passed, by which time, the new government might well be holding the reins of power. The meagre amount proposed for farmers is humiliating. The nation might witness yet another episode of the 'Shining India' fiasco.

MK BAJAJ, ZIRAKPUR

No benefit in real terms

The proposed schemes in the interim Budget for the poor and tax incentives to the middle class will not benefit these groups in real terms. It is just a populist scheme ahead of the general election. The government should rather raise the expenditure in the health and education sectors by giving more scholarships and medical facilities at cheaper rates, respectively, which can't be availed by the poor with the Rs 6,000 annual dole. Cash benefits can be given to the workforce that can't go to the labour market, like pensions to the elderly, widows and the disabled. The best solution to poverty is enabling citizens to earn livelihood by providing quality jobs.

AMANDEEP SINGH DHILLON, BATHINDA

CM Window ineffective

The concept of 'CM Window' started by the Haryana Government is nothing but a hoax, as complaints are not taken seriously. A complainant is informed about the receipt of the application, but is not contacted. After a few days, officers of the department concerned send an action-taken report, but no action is taken on the ground. Then, data is published in newspapers, giving the number of complaints received and complaints resolved, which is fallacious.

YOGINDER SINGHAL, KURUKSHETRA

Obsession with religion

Refer to 'Mirroring Pakistan's obsession with religion' (Jan 26); the writer has blamed Hindus in truncated India for 'obsession with religion in public affairs'. Hindus of all shades, Sikhs and Buddhists have always suffered at the hands of Muslims, not only in the past, but in the present too. The country is only 75 per cent of the India before 1947. The rest has become the homeland for Muslim population, from Pakistan and Bangladesh, where Hindus and non-Muslims have no place, and have been reduced from 25% in 1947 to 1%, and 30% to 7%, respectively. The writer has shown victims as accused, and accused as victims. Such persons are having full

freedom only in truncated India to condemn people of their own country.

ANAND PRAKASH MADAAN, PANCHKULA

Let all pitch in

Every working person above 18 years of age and under 60 years should contribute Rs 50 per month to build schools, hospitals, etc., and their maintenance. Imagine the amount raised on a monthly basis. Let us do something and create ourselves also something for our coming generations, instead of gifting them with air, water and land pollution. Why do we always complain that the government is doing nothing? We can also share some responsibility directly. Now, please don't say we are paying taxes. It is not enough.

ARUNJIT S BUTALIA, FEROPZUR CANTT

Action needed

Reference to 'IAF moots action against two officers over Pathankot attack' (Jan 31); the Chief of the Air Staff has taken strict action and must be appreciated for turning this into a lesson for other senior officers. Top commanders accept awards with open hands, they should digest reprimands, too.

VISHAL SAPEHIA, KANGRA

Ensure women get equal share of party ticket



PREM CHOWDHRY
AUTHOR AND ACADEMIC, DELHI UNIVERSITY

parties for the passage of the Women's Reservation Bill. The participation of women is crucially related to political consciousness and political activism and also to their involvement in the decision-making process.

'Most delayed Bill'

The Women's Reservation Bill or The Constitution (108th Amendment) Bill is one of the longest pending legislations in Parliament. It has been introduced in Parliament several times since 1996, but its status remains undecided primarily due to lack of political consensus. Dr Ranjana Kumari, Director at the Centre for Social Research, has rightly called it "the most delayed Bill in the history of India".

However, the politicians have increased their outreach to women, having recognised that women's participation and work in political parties is becoming more crucial to the success of the party, especially in getting female votes. Three largest parties in India — the BJP, the Congress and the Communist Party of India — have fully functional women's wings, namely the Mahila Morcha (BJP), the All India Mahila Congress and the National Federation of Indian Women (CPI). This involvement of women in political parties has been instrumental in their increasingly articulated demand for equal rights and participation in decision-making.

Flawed arguments

This demand has hardly evoked enthusiasm from male politicians. The main argument against the Bill, voiced by several male MPs, is that



LAGGARD: India ranks 20th from the bottom in terms of representation of women in Parliament.

Significant indicators of the status of women in society are political participation and their say in the decision-making bodies. Women's dream of being equal citizens remains unfulfilled.

it would benefit only women from the privileged strata of society, so it is advocated that there should be 33 per cent reservation within the women's category for those belonging to the Scheduled Castes, Scheduled Tribes and Other Backward Classes; now, we may add 10 per cent from the general category as well. It is further pointed out that the Bill would only help female relatives of current politicians to enter public space and thereby defeat the purpose of the Bill. According to

them, women in modern India do not need reservation. Reservation, if need be, should only be at the level of distribution of the party ticket. Although it is acknowledged that nepotism exists, it exists regardless of gender. Most male politicians are relatives of others or the ticket is distributed on the basis of caste and community considerations.

It is also claimed that women are not winnable candidates. However, Tara Krishnaswamy, a civic activist and convener of an initiative to

bring more women into electoral politics, has quoted the Election Commission's statistics about women candidates winning at a rate 3 to 20 per cent greater than that of their male counterparts.

Fresh perspective

Women bring a fresh perspective to policy-making because of their being rooted firmly in the family structure and having experienced discrimination and injustice from childhood itself. Numerous articles on panchayats show that women leaders prioritise health, education and sanitation and deliver better projects with less corruption.

A UN study of more than 4,000 Assembly constituencies from 1992 to 2012 showed that women-led constituencies experienced 15 per cent more economic growth and contributed 1.8 per cent more per year to the GDP. In terms of qualification also, 53 per cent of the women candidates in India are graduates as against 48 per cent men.

The Indian republic had started its journey with the ideals of liberty, equality and justice. The significant indicators of the status of women in society are political participation and say in the decision-making bodies. Women's dream of being equal citizens, however, remains unfulfilled.

If women are not included in the political process, it may result in politics reflecting only the male perspective. It may also lead to the allocation of resources and decisions which may not be in the best interest of women. It is high time we rectify this anomaly and make women equal partners in nation-building.

Soldiers need user-friendly system to cast vote



LT GEN VIJAY OBEROI (RETD)
FORMER VICE CHIEF OF ARMY STAFF

ON the eve of Republic Day, President Ram Nath Kovind, in his address to the nation, urged all Indians to cast their vote as a 'sacred act'. Perhaps the President, who is also the Commander-in-Chief of the Armed Forces, is unaware that most serving military personnel do not vote!

Indian democracy has been remiss in providing serving military personnel a proper set-up for casting their vote. Consequently, the 14 lakh armed forces personnel and their approximately 10 lakh adult family members are unable to cast the ballot in any election. The present options for voting by them are impractical and not in sync with the spirit of the Constitution and the Representation of the People Act, 1951.

The major impediment to soldiers casting their vote is that the Election Commission of India (ECI) has classified them in a new category called 'service voters', while others are called 'ordinary residents'. The result is that only a minuscule number of serving military personnel vote and even their votes rarely reach in time for counting.

The ECI has given the 'service voter' three options. First, visit the constituency, which is a no-go option as no commanding officer can give leave of absence to the bulk of his command at a particular time.

The second option is postal ballot. It is hoped that it will reach within the tight time frame available to a voter. There is no guarantee that the ballot will reach its destination in time to be counted.



ANOMALY: The Election Commission of India has failed to evolve a registration system for soldiers at their place of service.

The postal ballot was designed for service personnel posted overseas during World War II. Unfortunately, the ECI continued with the concept even after Independence, when the Indian military was stationed within the borders of the country. The only personnel abroad now are the few thousand serving in UN Missions; those posted in our embassies/High Commissions; and those undergoing military training. So, why should personnel serving in India be forced to vote through postal ballot?

The third option is proxy voting, which assumes that the soldier will first find out from his village/city who all and of which party are in the fray; thereafter, he will request someone to cast his vote and then send him his proxy vote, duly

counter-signed by his commanding officer, with a request to cast it. Since time is at a premium, a proxy vote may meet the same fate as the postal ballot. In addition, extraneous factors of caste, creed, religion, unlawful inducements and vote-bank pressures may result in the soldier's vote being cast elsewhere without his knowledge.

None of the three options are really workable. They were probably formulated for the following reasons: First, our political leadership did not give much thought to voting by serving military personnel after Independence. Second, without any visible push from the political leadership or the military hierarchy, the ECI and the bureaucracy were blasé about changing it, although it was their duty

to ensure that all eligible adults take part in the electoral process.

Third, our military hierarchy is so wedded to the word 'apolitical', which was and continues to be an article of faith with the military, that they convinced themselves, naively, that voting by serving personnel would mean that the armed forces had become 'political'. This was a result of not fully understanding the meaning of being 'apolitical'. An individual, a group or an institution gets politicised when they align themselves to a political leader/party and then toe its line. Being aware of political events and/or voting does not make one 'political'.

Another reason cited is that 'security' will get diluted as candidates and political parties will want to enter military installations for canvassing. This again is an excuse dished out without application of mind. Many methodologies are available to overcome these impediments. In any case, now that the Defence Minister has opened all cantonments to the public, where is the problem?

In 1971, the Supreme Court had ruled that 'service qualification' cannot take away the 'right to be registered at the place of service, if residing there'. However, the ECI has failed to evolve a registration system for soldiers at their place of service. Despite these lacunae, bold military leaders who understood the importance of serving personnel casting their votes had successfully ensured that personnel under their command were accepted as 'ordinary residents' and did vote in the elections. Two cases come read-

ily to mind — 2008 (Uttar Pradesh) and 2014 (Punjab). In both cases, voting by serving military personnel at their place of posting went without a hitch. Yet, there has been a clampdown later for no understandable reason.

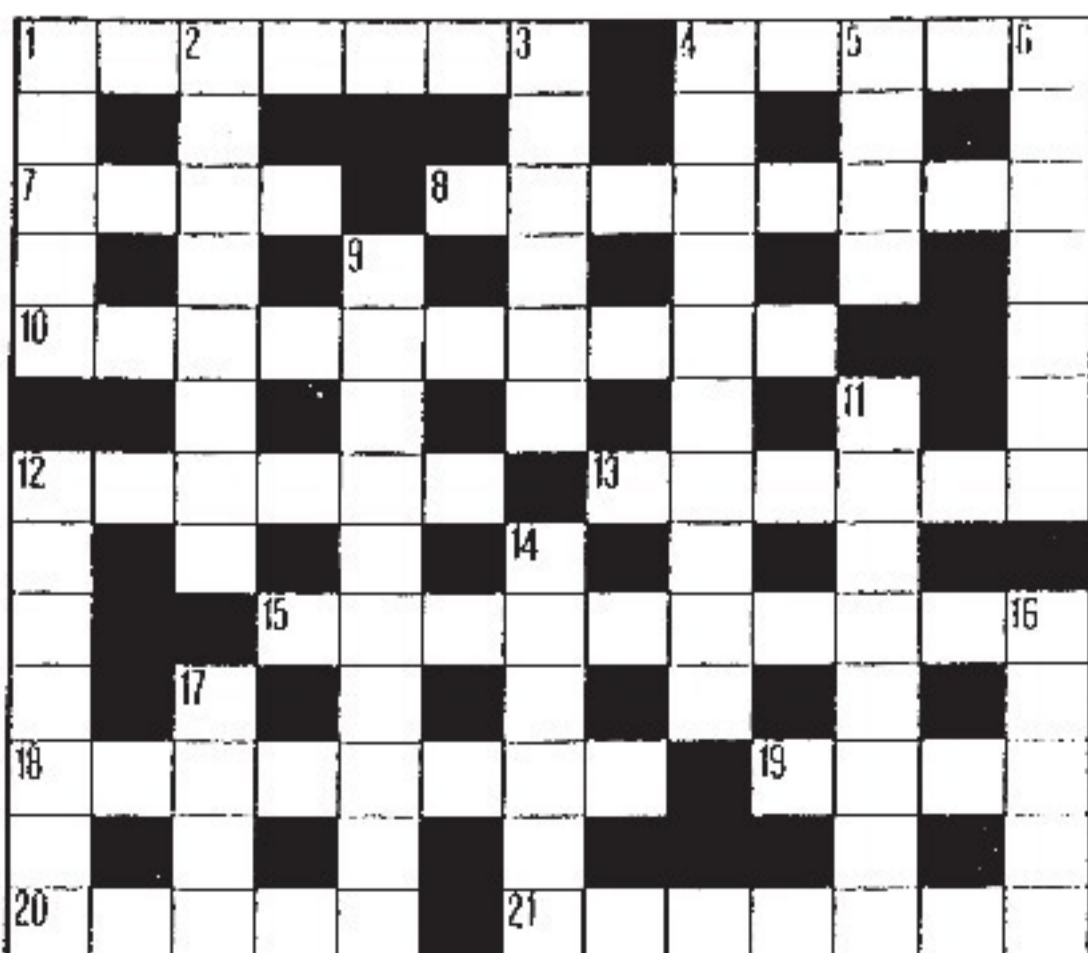
The major reason why political parties do not want serving soldiers to vote at their place of posting as 'ordinary residents' is their strong conviction that their 'vote bank' calculations will go awry, as soldiers are an unknown category, neither influenced by promises nor by doles and freebies. They vote as per their conscience.

When soldiers opt for voting at the place of their posting, the infirmities highlighted get removed. Administrative problems, such as the quantum of access to be given to candidates for canvassing, keeping in view security aspects, non-obstruction of training schedules and daily routine of the soldiers and related issues are resolvable in consultation with local officials of the ECI. In our cantonments, we do have the Cantonment Board elections and these are conducted smoothly, without disrupting the routine in the station.

Before the coming General Election, it must be the endeavour of the ECI and the military hierarchy to ensure that all military personnel as well as eligible adults in their families are registered as 'ordinary residents' at their places of posting so that they can cast their vote. Let the three Chiefs show the way by immediately registering as 'ordinary residents' at their place of residence (New Delhi). The rest of the defence forces will follow suit.

The major impediment to soldiers casting their vote is that the Election Commission of India has classified them in a new category called 'service voters', while others are called 'ordinary residents'. The result is that only a minuscule number of serving military personnel vote and even their votes rarely reach in time for counting.

QUICK CROSSWORD



SATURDAY'S SOLUTION
Across: 1 First strike, 9 Explain, 10 Ranch, 11 Onyx, 12 Wayfarer, 16 Tended, 18 Unawares, 19 Slog, 22 Slang, 23 Outface, 24 Forthcoming.
Down: 2 Imply, 3 Sway, 4 Sundae, 5 Rarefied, 6 Kindred, 7 Second-guess, 8 Third degree, 13 Straight, 15 Bravado, 17 Heroic, 20 Learn, 21 Stem.

ACROSS

- Prevent from speaking (7)
- To quibble (5)
- Wander (4)
- Throw doubt upon (8)
- Firearms smuggling (10)
- Of one's own accord (6)
- Large fish-eating bird (6)
- An exile (10)
- High praise (8)
- Search minutely (4)
- South Arabian country (5)
- Useful hint (7)

DOWN

- Gesture of indifference (5)
- Fragrant plant (8)
- Of horses (6)
- US Mafia (4,6)
- Unavailing (4)
- Protracted (7)
- US white supremacists (2,4,4)
- An escape from jail (8)
- Far-fetched notion (7)
- Short of money (4,2)
- A glowing fragment (5)
- Swindle (4)

SU DO KU

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

EASY

CALENDAR

FEBRUARY 4, 2019 MONDAY

- Vikrami Samvat 2075
- Shaka Samvat 1940
- Magh Shaka 15
- Magh Parvishite 22
- Hijari 1440
- Krishan Paksh Tithi 15, up to 2.34 am
- Sidhi Yoga up to 7.58 am
- Shraavan Nakshatra up to 6.01 am
- Moon in Capricorn sign
- Amawas

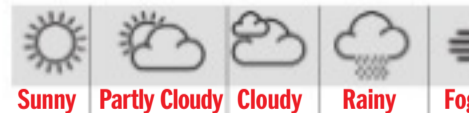
SATURDAY'S SOLUTION

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

FORECAST

SUNSET: MONDAY 18:00 HRS

SUNRISE: TUESDAY 07:12 HRS



CITY

Chandigarh 22 11
New Delhi 21 08

PUNJAB

Amritsar 21 08
Bathinda 19 07
Jalandhar 21 09
Ludhiana 22 10

HARYANA

Bhiwani 20 11
Hisar 18 10
Sirsa 19 08

HIMACHAL PRADESH

Dharamsala 14 04
Manali 11 -03
Shimla 13 04

JAMMU & KASHMIR

Jammu 20 08
Leh 01 -11
Srinagar 06 01

UTTARAKHAND

Dehradun 24 08
Mussoorie 14 03

TEMPERATURE IN °C