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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 hundreds of litres of fresh water, and the latter, brewed from the modern, secular, humane religious 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. It is dispiriting news.

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 unfunded 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-

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AHMED AL BANNA

MEANING OF A VISIT

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

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

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 characteristic 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

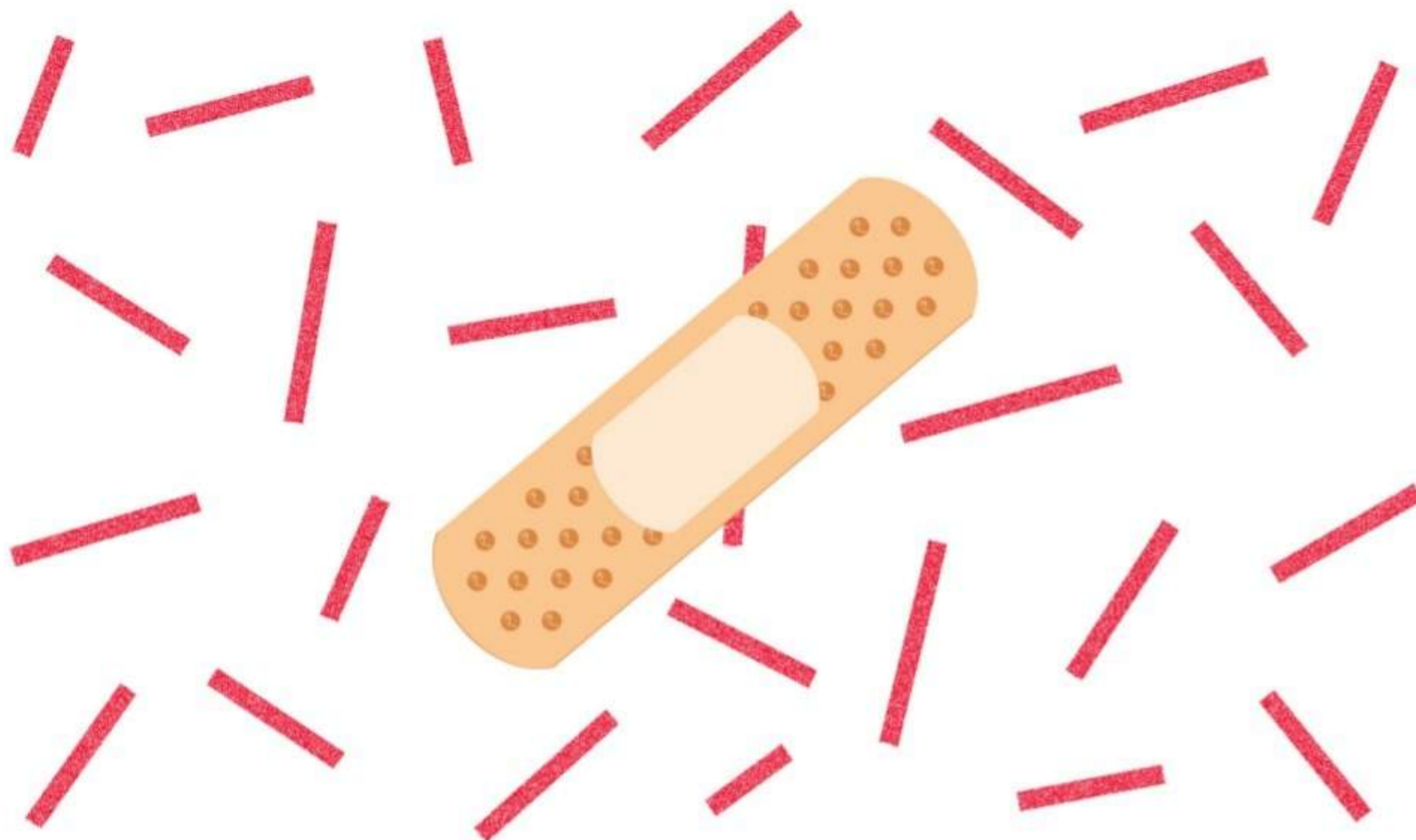
plans for Iran but expressed doubts about the religious leader's vision of an Islamic republic. "This Islamic republic is incomprehensible to me," Bakhtiar said.

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.

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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

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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



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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.

infinite 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 Sinha, 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?

