

# Is the IBC losing its effectiveness?

On the contrary, it has the potential to change the behaviour of investors, lenders and borrowers to create a more healthy ecosystem for India Inc



**RAISINA HILL**

A K BHATTACHARYA

There is a growing concern that the Insolvency and Bankruptcy Code (IBC) has taken a bit too long in resolving cases of corporate indebtedness — much beyond the stipulated outer limit of 270 days. The fear, therefore, is whether the IBC will soon be rendered as ineffective as some of the similar laws like the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, the Securitisation and Reconstruction of

Financial Assets and Enforcement of Security Interest Act, 2002, the Sick Industrial Companies (Special Provisions) Act, 1985 or even the winding up provisions in the Companies Act.

A recent study, conducted by three researchers — Surbhi Bhatia, Manish Singh and Bhargavi Zaveri — provides a fresh perspective to this debate on whether the IBC is losing its effectiveness. According to the study, a resolution of a case within 180 days, the first deadline mandated in the IBC, is less than 5 per cent. The probability of resolution of cases increases significantly within 270 days, the second deadline under the IBC, upto between 10 and 30 per cent. And within 360 days of a case being admitted, the chances of resolution are even better at 30 to 70 per cent.

These findings are certainly reassuring, compared to what the earlier studies had indicated. A 2018 study, led by Josh Felman and others had concluded that the 12 large cases, referred to the IBC by the Reserve Bank of India in 2017, could

take more than 500 days and smaller cases could take up to 350 days for resolution. At around the same time, Ajay Shah and Susan Thomas came out with a study that suggested there was an 80 per cent chance that a case might not be resolved even after 270 days.

Clearly, the study conducted by Bhatia, Singh and Zaveri has presented a more optimistic picture as far as the IBC's effectiveness is concerned. Notably, this is also borne out by the data that the Insolvency and Bankruptcy Board of India (IBBI) put out early this year.

According to the IBBI data as on December 31, 2018, as many as 1,484 cases have been admitted so far. Of these, 142 cases or 10 per cent have been closed on appeal or review. Sixty-three cases have been withdrawn, indicating how the borrowers' behaviour has become more compliant once the cases are taken up under the IBC process.

Seventy-nine or about 5 per cent cases have been closed after resolution. And 302 cases or about 20 per cent, have

been closed after liquidation. Almost three-fourths of the cases that have been closed after liquidation are about companies that were either defunct or were languishing at the Board for Industrial and Financial Reconstruction, set up under the Sick Industrial Companies (Special Provisions) Act. This is also a reflection of how the earlier law had failed to bring about quick resolution and the IBC has succeeded in securing a relatively earlier closure for them.

About 61 per cent of these cases — 898 in all — are under different stages of the corporate insolvency resolution process (CIRP). The IBBI data shows that about 30 per cent of them have been registered with the IBC process for more than 270 days. Another 18 per cent of the cases under CIRP have been registered for a period between 180 and 270 days. In other words, almost 48 per cent of the cases under different stages of CIRP have already crossed the second deadline for resolution under the law. This is what should cause concern.

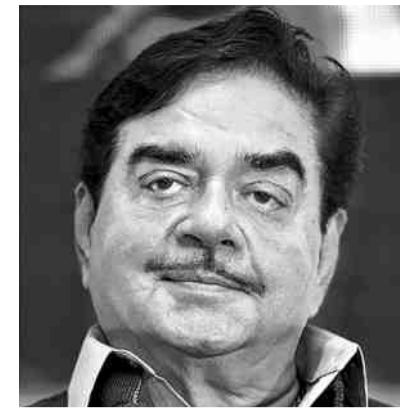
Yet, there are several positive signals emerging from these numbers. One, the IBC process is certain to help India improve its ranking under insolvency resolution process in the 2019 edition of the World Bank's *Ease of Doing Business* report. In 2018, the World Bank report had mentioned that resolution of insolvency in India usually takes about 4.3 years. The data now shows there is an improvement and whatever it is worth, India's ranking in the World Bank *Ease of Doing Business* index should improve a few notches in 2019.

Two, the IBC process is helping create greater certainty in the minds of investors as also lenders on the timeline for exiting businesses when they become unviable and have to be shut down. This is good news for a country where capital is scarce and needs to be freed up from unviable projects as early as possible. And three, the IBC process has already seen a positive change in the behaviour of borrowers, leading to greater compliance.

It is reasonable, therefore, to suggest that the functioning of IBC so far has not got the kind of credit that is due to it. Not only has it outdone similar laws of earlier years, it has the potential of changing the behaviour of investors, lenders and borrowers to create a more healthy ecosystem for India Inc.

## CHINESE WHISPERS

### Gunning for attention



Is the Bharatiya Janata Party's (BJP's) Patna Sahib lawmaker Shatrughan Sinha (pictured), who has an acrimonious equation with the leadership of his party, finally ready to quit? In a series of sharply-worded posts, he took on the government over what he alleged were "unfulfilled poll promises". In one of the posts, he said, "You may be having many admirers but I won't be one of them." In another, he sent out a warning that he might not stick around for long. In January, too, he had said he was ready to quit the BJP "at once". He, however, had one condition — the party "high command" must ask for his resignation.

### Hot seat



All of a sudden, the Pauri Garhwal (Uttarakhand) Lok Sabha seat is the cynosure of all eyes. Manish Khanduri, who is a son of former Uttarakhand chief minister B C Khanduri (pictured) and has

joined the Congress over the weekend, is expected to be fielded from the seat, which his father, a retired major general, represents. There are at least three hopefuls from the Bharatiya Janata Party (BJP) side. National Security Advisor Ajit Doval's son Shaurya has been campaigning in the district for over a year now. Col (ret) Ajay Kothiyal is also seeking the BJP ticket. Rear admiral (ret) Om Prakash Singh Rana is a potential candidate listed by the BJP for contesting from the constituency. Khanduri senior has refused to contest the seat this time, citing poor health.

### Room for appeal

During a recent hearing in the National Company Law Appellate Tribunal (NCLAT), Chairperson Justice SJ Mukhopadhyay expressed his anguish at the state of infrastructure provided to him. He went on to ask why, at the age of 70, he should work so hard when the government was refusing to provide adequate support. The NCLAT functions from a small office building in the CGO Complex. Despite many requests from lawyers and even directions from the Delhi High Court, there has been little progress on upgrading the NCLAT infrastructure.

# \$5 bn swap smartest move of RBI gov

The new instrument could be a permanent fixture in the RBI's liquid management toolkit, the level of the rupee determining the frequency of use



**BANKER'S TRUST**

TAMAL BANDYOPADHYAY

India's banking regulator's decision to hold a \$5 billion three-year US\$/Indian rupee buy/sell swap auction (on March 26) is driving forward premia down, paring the hedging cost of corporations for their overseas borrowings.

This is one of the many outcomes of the Reserve Bank of India's (RBI) latest liquidity infusion move through a unique instrument. Indeed, in the past too, the RBI had infused rupee liquidity using this route but that had been done (last time in 2013) in difficult times, when the local currency was under attack.

This diversifies the liquidity management toolkit of the RBI. A cut in the cash reserve ratio (CRR) or the portion of deposits commercial banks keep with the central bank (on which they don't earn any interest) is the conventional way of infusing liquidity on a durable basis. The RBI's preferred way, in recent times, has been the so-called open market operations (OMOs): Buying bonds from the banks and releasing money.

Through this auction, the RBI will

buy dollars from banks and release equivalent amount of money — close to ₹35,000 crore into the system for three years after which the banks will buy back the dollars from the central bank. To hedge against the likely depreciation of the rupee during this period, the banks will pay the swap cost to be decided at the auction. Even if the local currency depreciates more, the banks' liability is fixed and the RBI too runs no exchange risks as it holds enough dollar assets and won't need to buy dollar from the market three years later.

In 2013, when the rupee was fast depreciating against the dollar and India was staring at its worst current account deficit, the banking system mobilised \$26 billion through foreign currency non-resident bank account (FCNR-B) deposits to shore up India's foreign exchange reserves. The RBI encouraged the banks to aggressively mop up such deposits (and get rupee in exchange of that) by offering a hefty discount to the prevailing \$/Re swap rate in the market at a special window, kept opened between September 10, 2013 and November 30, 2013. These deposits matured in November 2016.

We need to wait till March 26 to know the cut-off swap rate at the auction. Since the local currency is doing fine and there is no urgency to pile up foreign exchange reserves, the RBI is unlikely to offer any sops to the banks this time. In 2013, it had subsidised the swap cost as the context was different: We needed foreign exchange and the rupee liquidity was an offshoot of that.

During the current fiscal year, the RBI



has so far infused close to ₹3 trillion in the system through the OMO route. Why has it chosen the new tool and what are the benefits?

The liquidity is being kept lubricated through regular bond buying by the RBI but the liquidity deficit will intensify as typically in the run-up to a general election more and more currency seeps into circulation, leaving the system. Besides, corporations are paying their advance tax for the March quarter now. The currency in circulation was ₹19.87 trillion in January, far more than the ₹16.6 trillion a year ago. The credit deposit ratio in the banking system has been hovering around 78 per cent for months. This is high but even higher is the incremental credit deposit ratio — more than 100 per cent for quite some time.

For every ₹100 deposit, banks are to invest ₹19.5 in government bonds and keep another ₹4 with the RBI as CRR. But since deposit growth is tardy, they are using their entire fresh deposit and capital to lend. If this continues, the cost of money cannot come down despite a rate cut by the RBI.

The timing of this experiment is apt

as foreign currency has started flowing in through the newly opened voluntary retention route or VRR. The RBI in October 2018 announced this channel to facilitate foreign portfolio investment in the Indian debt market but the scheme, which is pretty liberal, was finalised in early March and it is attracting good flow. Besides, the National Company Law Appellate Tribunal giving the go-ahead to ArcelorMittal's ₹42,000 crore bid for the debt-laden Essar Steel will ensure another \$6 billion flow. This will push up RBI's foreign exchange reserves, currently at \$402 billion.

While the new tool will infuse rupee liquidity in the system, it will also bring down the hedging cost for Indian corporations raising money overseas. In other words, apart from generating liquidity, the new tool will also open up alternate source of funding for capital-starved Indian corporations, particularly those that want to make investments in new projects but not getting money from the local banking system.

This may, however, stiffen the yield curve of government bonds at the longer end even as there should be a

liquidity-driven rally at the shorter end. The RBI's continuous bond buying through OMOs has been keeping the long bond yield low. When the RBI sells dollars to stem the volatility in the foreign exchange market, it sucks out liquidity from the system (for every dollar it sells, an equivalent amount of rupee goes out of the system). And, when it buys bonds through OMOs to infuse liquidity, the yield drops. Why? Purely, a demand-supply game. When the demand for the bonds comes from the RBI, prices increase and yields drop. The OMOs help banks as they are able to get rid of illiquid securities without paying the price for it and make money.

Incidentally, banks' holding of excess government bonds has come down and many of them may not have enough securities to participate in OMOs. Indeed, they hold close to 26 per cent of liabilities in bonds against regulatory norm of 19.5 per cent but they need a large part of the cushion to conform to the so-called liquidity coverage ratio, leaving little to sell to the RBI.

Given a choice, I think, the new instrument will be a permanent fixture in the RBI's liquid management toolkit, the level of the rupee determining the frequency of use. The Indian currency is now trading at a level (closed at 69.09 to a dollar on Friday), far stronger than its historic low of 74.48 seen in October 2018. On the metric of real effective exchange rate, it is over-valued, making it an ideal situation for such a cool experiment. I'd say this is the smartest move of new RBI governor Shaktikanta Das since he has taken over.

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## INSIGHT

# GST on real estate: Transition is key

Tomorrow's GST Council meeting, which is expected to finalise the transition provisions, will be keenly watched



M S MANI

Both consumers and builders were delighted with the reduction in the GST rates announced by the GST Council in a recent meeting. The reductions were quite impressive as the erstwhile rate of 12 per cent was brought down to 5 per cent and more importantly, the reduced rate of 8 per cent applicable to affordable homes was slashed to 1 per cent. There was expectedly a condition that the reduced rates would disentitle builders from taking input tax credit (ITC) on their purchases.

The condition that ITC cannot be availed of by builders has led to some predicting an increase in real estate prices, especially in the case of affordable homes, instead of the expected reduction. At this stage, it is necessary to understand that, even earlier, in case of restaurants, the rate reduction was accompanied by a condition that no ITC was permitted. However, in case of restaurants, a large portion of the inputs such as grains, vegetables, fruits and milk do not attract any GST and hence the loss of ITC is only on some expense items such as rent and franchise fees. In the real estate sector, a significant portion of the inputs such as steel, tiles, sanitary fittings etc. attract GST at 18 per cent and cement attracts 28 per cent. The denial of ITC

would certainly have an impact on builders. We also need to understand that a large part of the project cost would be attributable to the cost of land (which does not attract GST), which in some large cities could be as high as 50 per cent of the total cost. Hence the impact of the ITC denial would vary across projects with estimates putting the quantum of ITC anywhere between 3 per cent and 8 per cent. There are reports that some states would like to have an option of continuing with the earlier higher rates with input tax credit.

There is also a need to consider the manner in which builders and home buyers would be taxed after April 1, when the new rates come into force. To finalise the transition provisions, a GST Council Meeting is scheduled for Tuesday, March 19. Home buyers, who have booked an apartment and have made part of the payment, would expect that the builders charge the lower rates of GST on invoices raised and payments made after April 1. Builders will have to grapple with challenges such as dealing with ITC on purchases of inputs made before that date where a large part of the inputs have already been used in the projects. For projects where effective construction is completed by March 31 but occupancy certificate (OC) is obtained after that date, there could be an ITC loss on instalments collected after April 1. A formulae to avail of ITC in case of under-construction projects could figure in the discussions of the GST Council tomorrow.

There has been a renewed focus on affordable homes, this time from a GST perspective, clearly in line with the government's plans of housing for all by 2023. The carpet area limits have been increased to

60 sq mt in case of metros and 90 sq mt for others, with a common value cap of ₹45 lakh for all affordable housing projects. In these cases, while a rate of 1 per cent would be attractive for the buyer, the quantum of denial of ITC would determine whether there has been a significant dent to the builder and whether the builder would be compelled to marginally increase the price of the apartment, if permitted, to overcome the ITC loss.

It is necessary for builders to pass the benefits of the rate reductions to the home buyers in terms of the mandate of Section 171 of the CGST Act, 2017, and his failure to do so would bring him in the crosshairs of the National Anti Profiteering Authority (NAA). In earlier cases, the NAA has consistently refused to permit netting off expenditure increases against rate reductions and has reiterated the intention that the benefit of a tax rate reduction has to be passed on to the consumer, even if other costs have increased. These principles would now be tested if builders do not bring down prices commensurate with the rate reduction made, on the plea that ITC denial does not allow them to pass on the entire benefit.

The real estate sector has faced significant headwinds in the past few years in the form of RERA, demonetisation, working capital pressures etc. in addition to GST. While GST is one element in the overall picture, it is an important tool to revive an employment intensive sector like real estate and hence the Tuesday meeting of the GST Council, which is expected to finalise the transition provisions, will be keenly watched.

*The author is partner, Deloitte India Views expressed are personal*

## LETTERS

### Interpreting Modi



This refers to "Modi and the Liberals" by TCA Srinivasa Raghavan (March 16). Both, the Congress and the country, are paying the price for not cultivating a proactive Opposition in politics and in the Parliamentary system of governance we adopted, post-independence. The piece suggests some action points that can be considered by Narendra Modi (pictured) if he is serious about retaining the Bharatiya Janata Party (BJP)-led National Democratic Alliance in power for another term and beyond.

The Congress would have done much better in 2019 if the party had come out of the illusion that British had handed over India to one family. The party seems to believe that the absence of family control in governance is just an aberration, off and on, and India can ill-afford to displease the Nehru hierarchy in the long-term. This belief is preventing the party from accepting new ideas or professionalising leadership at different levels.

To prove that an alternative to the Nehru-Gandhi legacy is pos-

sible, Modi and the BJP will have to wake up to the need for upholding secularism and prove that Hindutva was just a stepping stone and that they are not averse to building a consensus about upholding the spirit of the Constitution.

What Modi does and speaks during the few weeks left before the elections will be crucial in deciding India's fortunes in the next decade, irrespective of who wins or loses in the election.

**M G Warriar** Mumbai

### A bridge too far

That was the title of the movie and book on Operation Market Garden — the largest paratroopers cum ground force operation in military history carried out in 1944. The Allies needed to capture three bridges but they failed. But in India, particularly in Mumbai, every suburban train commuter needs to "capture" bridges at least four times in his daily sojourn. The first issue is that when an accident takes place, all authorities compete to point out who is not responsible. If the bridge belongs to and is the responsibility of the Indian Railways, then will the municipal authorities also cede the mandatory 25 metres

space in the periphery as in the case of rail lines? How about a board on each bridge that this bridge is under this authority and if there are borders within the bridge, that is, at which point the responsibility of one authority ends and the other takes over, that too should be demarcated on the floor of the bridge.

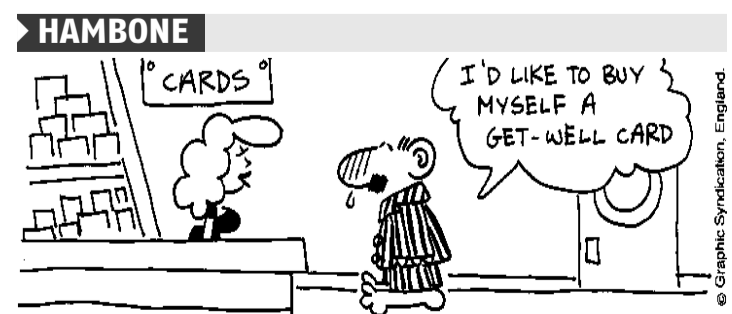
The same can be applied for flyovers, sky walks etc. How about a special "bridge insurance" with only those who hold suburban train passes eligible for a claim in case of a mishap?

Again, the unnecessary load contribution by hawkers and other unauthorised stuff that one always finds on these bridges should be cleared at once.

To evenly spread the load, there must be a central barrier and pedestrians must keep to the left in both directions. Can the bridges take the load that has increased by more than three times since they were built? These are questions that need to be answered.

**T R Ramaswami** Mumbai

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## Anaemic exports growth

Trade deficit hits a new low, but that's small consolation

According to the trade data released by the Union ministry of commerce on Friday, India's trade deficit is at the lowest it has been for more than a year. The deficit — the difference between how much India exports and how much it imports — reached \$9.6 billion in February 2019, as compared to the \$14.7 billion deficit registered in January 2019. Yet, this cannot be seen as a sign that stability has returned to the external account. In fact, the data reveals that India's structural weaknesses continue, and thus macroeconomic stability cannot be taken for granted. In particular, weak exports growth shows that India will continue to struggle to pay for imports if the demand for those recovers.

Exports rose just 2.4 per cent year on year in February 2019, lower than the 3.7 per cent increase registered in January. Crucial sectors such as engineering and gems & jewellery saw low or negative growth. Gems & jewellery exports, for example, contracted by 2 per cent. It is clear that any hope that was raised earlier this financial year of a rebound in exports was illusory. Indeed, the withdrawal of the Generalised System of Preferences trading programme from Indian exports by the United States administration will only make it tougher for certain export sectors to recover. This is particularly true of Indian engineering exports, which will have to deal with tighter competition from zero-tariff countries. There has been some improvement on the ground in terms of permission and ease of doing business over the past few years, but not enough to ensure competitiveness. It is not realistic, therefore, to expect a sharp upturn in the short or medium run for Indian exports in these sectors. The Federation of Indian Exporters has blamed global conditions for this poor performance. But this claim does not stand up to scrutiny. According to Deutsche Bank, for example, the weekly Harpex Shipping Index tells the opposite story — that global trade began to improve in January. Though the shipping index is not necessarily an index of either world trade or the global economy, it is an indicator.

The reason that the trade deficit has narrowed is thus not a robust performance from exports but a fall in imports. This is driven partly by a decrease in the oil import bill. As has been seen in the past, such a decrease can hardly be relied upon to keep India's external account stable — in fact, quite the opposite. Gold imports also fell, puzzling many observers. But non-oil, non-gold imports contracted for yet another month — falling 3.7 per cent in February, following on from a 0.8 per cent fall in January. This is a disquieting trend, as it suggests sluggish industrial demand within India. It is also hard to reconcile with the overall data on economic growth. If growth in Indian gross domestic product (GDP) is at an all-time high, it is hard to see why import demand would be falling. It is also difficult to see how exports growth can be so anaemic if the Indian economy is seeing record economic growth. This underlines the continuing concerns about data that are being raised by economists at this time.

## Brexit in limbo

Ms May has not served UK's best interests

As the UK gets ready for yet another vote on Brexit on March 19, the only certainty that can be predicted is more uncertainty. With a mandate from Parliament to extend the Brexit deadline from March 29, Prime Minister Theresa May is bracing herself to bring her third Brexit deal to vote. This vote is required ahead of the European Union summit of March 21-22, where she will appeal for an extension of Article 50, the withdrawal notification. The outcomes of both events on the Brexit timetable are, however, open questions. It is hard to see why she should win another vote on the same deal when many Conservative MPs defied the party whip to hand her one of the largest defeats in parliamentary history just last week.

Indeed, nothing seems to have materially changed. The "Irish backstop", which keeps the UK in the EU until a new agreement, remains the point of fierce contention. The backstop has created turmoil because it potentially commits the UK to a customs union with the EU without any say in rule-making — that is, if the UK and the EU do not reach an agreement by December 2020, when the pre-negotiated transition period ends. This defeats the purpose of Brexit in the first place. Ms May insisted that the new deal she negotiated with the EU — after her first deal was defeated in January — offered assurances that the backstop would not be imposed indefinitely, only to be contradicted by the Attorney General.

The short point is that Ms May has not served the UK's best interests, as she claims. The country is in a bind, more so now that MPs have voted strongly against a second referendum. First, she set an extremely challenging deadline for Brexit — just two years. Then she inexplicably called elections, which whittled the Conservative majority so drastically that she is forced to depend on the Irish Democratic Unionist Party (DUP) to stay in power, which has led to the complication of the backstop. Third, she has refused to accommodate cross-party talks with the Opposition, which may have won her more support.

Much now hinges on the upcoming EU summit. By one interpretation, the extension can last only till May 23; any delay beyond that would require the UK to participate in the elections for the European Parliament (EP), which begin on that day. By another, the deadline could extend to July 2, when the new EP members take their seats. Ms May appears to be banking on the latter date, assuming it will give her more time to sell her unpopular deal. On the whole, the issue is now so wide open that no one can say with any assurance where Brexit is headed. Meanwhile, the Centre for European Reform has shown that the British economy is 2.5 per cent smaller than it would have been had the Remainners won the Brexit vote. The chancellor of the exchequer has revealed that the country is scheduled to spend a stupendous £4.2 billion on Brexit negotiations. All economic modelling has shown that the UK will be worse off outside the EU. It's literally Mayday for Europe's second-largest economy.

## Journalism's advocate



### BOOK REVIEW

PREET BHARARA

For many Americans, the greatest reason to cheer during the sleepy, low-scoring game that was Super Bowl LIII was not the Patriots' victory. In certain circles, it was the highly anticipated, multimillion-dollar commercial produced by the *Washington Post*, featuring the voice of Tom Hanks and heroic footage of journalists from various outlets that proclaimed, over a soaring score, these simple truths: "Knowing empowers us, knowing helps us decide, knowing keeps us free."

It was a good ad, inspiring even. Who doesn't love Tom Hanks? But you could find *The Washington Post* commercial uplifting and also saddening, insofar as it was deemed necessary.

It was an astonishing thing to witness — an iconic news organisation feeling the need to hawk not the quality of its writing and reporting, but the most fundamental virtues of its entire industry's mission. Like truth. And knowledge. Values thought to be long settled. Merely having your business model enshrined in the First Amendment to the Constitution is no longer sufficient; now you need airtime during the Big Game to respond to crude and corrosive attacks on the free press by a president and his supporters with their incessant charges of "fake news!"

Fake news. It is a juvenile epithet, but it has power because it is both thoughtless and memorable. It is also a debate stopper. When uttered with a contemptuous smirk, it's the equivalent of "shut up!" No intelligent response can suffice, no evidence-based retort can win. "Fake news" has the charm of comedy, the ease of a sound bite and now the imprimatur of the president of the United States of America.

In his fine new book, *Truth in Our Times: Inside the Fight for Press Freedom in the Age of Alternative Facts*, the *New York Times* deputy general counsel David E McCraw thoughtfully (and entertainingly) addresses this state of affairs as he takes us behind the scenes of the venerable (or failing, depending on your perspective) *New York Times*. A self-professed "raving moderate," McCraw is in prime position to provide this backstage view as he draws equally on his experience as a writer and a lawyer. He excels at both, explaining legal issues in lay terms and unspooling the stories that propel the book.

But McCraw's job was far more interesting than assisting in occasional ad-making. He faced the challenge of vetting articles for libel, obtaining blockbuster documents through the Freedom of Information Act, greenlighting the publishing of purloined secret information and standing up to intimidation from unhappy subjects of stories, one of whom is the current president. There is plenty about Donald Trump here, whose danger to the free press McCraw concedes he was slow to acknowledge. His professional experience with Trump went back many years, and he adroitly tells the story of how Trump, in 2004, threatened

to sue over the one slight he truly could not bear — that he was less wealthy or successful than he claimed. The *Times* had reported that his boast on "The Apprentice" that he was the "largest real estate developer in New York" was plainly false, by every objective measure. This was an intolerable slight, and it drew the future president's wrath. But Trump's outlandish claim was indefensible, and the matter was dropped.

Then there was the occasion when a portion of Trump's 1995 tax returns showed up one day in a reporter's mailbox during the heat of the 2016 campaign. McCraw describes the warring that ensued. Belligerent Trump lawyers threatened legal action, as usual. In the end, as in every other instance of high-decibel Trumpian legal threats, the dog barked but never bit.

McCraw also takes time to meditate on journalistic practices and ethics. He is candid and clear-eyed about the lean of his paper's readers and its opinion writers. He says that by the "time of Trump's election there was no doubt about the politics of our core readership: it skewed left, and, in any measure of its opposition to Trump, it went off the charts." He concedes, moreover, that *The Times's* "Op-Ed columns and contributors are overwhelmingly anti-Trump, every day." But he is insistent about

the overall political objectivity of the news people, the beat reporters. He argues that the everyday news folk, at *The Times* and elsewhere, are not generally partisan. He doesn't claim that they are perfectly detached, disinterested, nonideological chroniclers. He acknowledges a certain lean on their part too. "Many journalists are biased," he concedes, but "just not in the way that most people think about it."

By McCraw's reckoning, reporters tend to champion the underdog, and it is this worldview that skews their coverage. "The easy rap," he writes, "is that most reporters lean liberal (true), and that dictates how they cover a conservative like Trump (false). ... They believe, all other things being equal, that the little guy is getting screwed. ... The reportorial default is to think that most regulations are good, the rich and connected don't need more money or more power." He insists, therefore, that any bias "is not a left or right thing."

McCraw is rightly proud of his role in defending *The Times* in so many controversies. But there is also a whiff of helplessness in his telling about the degradation of truth and of people's trust in the press, neither of which is really a matter of law or legal policy. The law, it turns out, is in good shape.

Legal freedom, as an attorney might say, is necessary but not sufficient. Just as important, McCraw explains, is public trust: "It doesn't really matter how much freedom the press has in a society if the press is not believed. A distrusted press is little different from a shackled press." This is the crisis, well identified. One need not literally shutter press outlets in the manner of Recep Tayyip Erdogan or Xi Jinping or Vladimir Putin to render the press irrelevant and impotent.

But occasional and understandable bouts of pessimism aside, *Truth in Our Times* is not dire. It is spirited and hopeful and even, at times, lighthearted. It is, in a way, a love letter to the First Amendment. McCraw captures the mood best in one early sentence: "It was a hell of a time to be a lawyer for *The New York Times*." It sure was.

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**TRUTH IN OUR TIMES**  
Inside the Fight for Press Freedom in the Age of Alternative Facts  
David E McCraw  
All Points Books; \$28.99; 304 pages

ILLUSTRATION: AJAY MOHANTY



## Self-reliance in defence

The design, development and production of defence equipment must be indigenised for strategic independence

Over the past few weeks we have heard a lot about the Rafale deal in the political playground and the media. The focus of the arguments is mainly around the cost of the present deal as compared to the earlier one which was under negotiation and about the role of the Prime Minister's Office (PMO) in the negotiating process. This particular football will continue to be kicked around during the election campaign and after. This is par for the course for a major international arms acquisition deal.

The real problem is being bypassed in this debate. It is our heavy dependence on imported arms supplies. According to the SIPRI (Stockholm International Peace Research Institute) database, the volume of international arms transfers to India was around \$3 billion in 2017.<sup>1</sup> The other major claimants to global or regional power status<sup>2</sup> do not depend on arms imports except from close allies, the arms transfer to all of them being just \$4 billion in 2017. In fact, many of them are major exporters of sophisticated arms.

No country that depends heavily on others for critical weapons systems can hope to have strategic independence. From a long-term perspective, the arguments voiced about the Rafale deal do not really address what should be our core concern — our continuing dependence on other powers not just for sophisticated systems like fighter planes but even for basic things like rifles. Our defence acquisition process has failed to stimulate long-term investments in armaments research, precision engineering, new materials, sophisticated electronics and other such areas that are the foundation for the manufacture of sophisticated weapons.

A defence equipment industry has to rest on a

diverse and substantial manufacturing capacity and research competence in the economy as a whole if it is to keep up with its competitors. That is why Pandit Nehru's note on defence policy written more than 70 years ago in 1946 states: "No country which is not industrialized can carry on war for long, however good the army might be. No country which has not got its scientific research in all its forms and of the highest standing, can compete in industry or in war with another."<sup>3</sup> This strategic perception, rather than the

Mahalanobis model, lay behind the drive to promote the rapid development of basic industries and the strong commitment and support given for the establishment of defence-related R&D capacities like the Defence Research and Development Organisation (DRDO) and the Atomic Energy Commission.



NITIN DESAI

How well have we done on these twin objectives of building manufacturing capacity and research competence?

At the macro level, the share of manufacturing in GDP did rise in the first phase of planning from around 11 per cent to nearly 16 per cent by the mid-seventies. But since then this proportion has hovered around the 17 per cent mark. This aggregate number of course does not capture the definite change in the degree of sophistication in the manufacturing sector. Moreover, we must recognise that developments outside the manufacturing sector, for instance, in information technology, also have substantial strategic value. Yet if one compares India to China, one cannot escape the conclusion that in most sophisticated products we are still dependent on imports for production technologies, specialised materials and precision-engineered components.

With regard to science and technology (S&T), the

## Repo-linked deposit rates: A tiny half-step

On Friday, March 8, State Bank of India (SBI) announced that starting May 1, savings bank account deposits and short-term loans (overdraft and cash credit) above ₹1 lakh would be linked to the Reserve Bank of India's (RBI's) repo rate from. (Repo is the rate at which the central bank lends money to banks when they face shortage of funds.)

Every single commentator I read has hailed the move as a logical next step, after the RBI asked the banks in December last year to link all new floating rate retail loans like home loans with an external benchmark from April 1, 2019. Any careful observer will immediately notice that what the central bank wanted and what SBI has done are far apart.

SBI has linked *deposit* rates to repo rates (thereby making them floating, from fixed). But it has not announced the linking of *lending* rates of longer-term loans for businesses and retail customers of home loans, personal loans, auto loans, etc. to make these true floating rates. For borrowers affected by the opaque and discriminatory practices of banks, the loot will continue. Remember that under Urjit Patel as governor, the RBI had announced that banks would have to link lending rates to an external benchmark, but, under the new governor, it is showing no hurry to take this forward. In fact, it almost seems certain that April 1 will come and go and banks will be left off again. That would be in line with RBI's repeated failure to ensure a proper transmission of interest rates where a reduction in the interest rate by the central bank would ensure lower rates across the system and vice versa. Will SBI's move help the RBI's objective of improving transmission? Consider this:

**1.** Banks have been claiming that since the bulk of the deposits is fixed, they do not have the flexibility for transmission. How much of bank deposits are in savings accounts? For SBI, savings account deposits make up 38 per cent of the total. Of this 20 per cent are below ₹1 lakh. This means that only 80 per cent of 38 per cent, that is 30 per cent of deposits, will be floating. So, 70 per cent of deposits will remain fixed, which would continue to hamper the ability of banks to implement a true floating rate regime.

**2.** What would be the impact on the bank's marginal cost of lending rate (MCLR)? A 25 bps reduction in the interest rate on these deposits could lead to a reduction of only 7 bps in the bank's MCLR with this move. It is better than before but only a very tiny step.

**3.** In any case, SBI taking a tiny half-step forward won't mean much for the system as a whole, unless the rest of the banks follow SBI. According to media reports, most other banks are not likely to do so.

**4.** According to one interpretation, after the savings account is repo-linked, part of such deposits will get converted into fixed deposits. If so, even less of the deposits would be repo-linked, reducing the transmission even further.

### Deposits: The false bogey

There are two critical factors being missed in this debate. One, while banks are making a song and dance about the fact that their liability side is not floating, the real issue is the spread. In the debate on transmission, there is surprisingly no discussion on what other factors go into deciding the spread, and thereby the lending rates of banks. For the MCLR, the RBI

picture is not much better. India accounts for about 4 per cent of global R&D spending, according to the authoritative Batelle assessment. For comparison, China accounts for 21 per cent, more or less equal to the share of Europe and only a little short of the share of the USA. Our R&D spending as a proportion of GDP is just 0.7 per cent, according to official statistics.

Clearly we have a long way to go in meeting the challenge of creating world-class manufacturing and S&T capacity. A determined effort to develop a sophisticated defence equipment industry by providing long-term assurance of demand can play a crucial role not just for strategic independence but also for upgrading the civilian part of the economy because of the potential spin-offs. Much of the United States' strength in civilian technology areas rests on heavy investments in defence research and production, both by the government and the private sector. The internet and information technology are prime examples of this spin-off.

As far back as 2004-05, the Kelkar Committee report on strengthening self-reliance in defence preparedness laid out a glide path for moving from import dependence to building genuinely Indian weaponry. A key part of this was the identification of champion companies which could undertake long-term research, development and production in the private and public sectors.<sup>3</sup>

Unfortunately, this has not happened. On the one hand, public sector units like Hindustan Aeronautics Ltd (HAL), which have built substantial technical competence, are being bypassed for perceived shortcomings in performance, particularly with regard to timely delivery. On the other hand, the effort to build competence in the private sector has not gone much beyond contract manufacturing. Long-term commitments of assured demand to promote research and competence building in private sector companies are still unknown, perhaps because of a fear about crony capitalism accusations. The DRDO has been funded and accounts for about one-third of public spending on S&T. It has some significant achievements to its credit, but there is still a big trust deficit between the user services and the DRDO. Yet another factor is the pressure to quickly match the capabilities of potential foes by importing rather than waiting for an indigenous option. As for "private incentives" from suppliers, the less said the better.

These fault lines need to be erased. We must now aim at bringing together the user services, the researchers and the chosen producing companies together in national missions for specific defence systems. We must short-circuit the political jousting by creating a multi-party security council that will be asked to endorse these national missions. We must be ready to live with some short-term risks for stronger and more reliable long-term security. Only then will we have the strategic independence that we need to protect our national interests.

<sup>1</sup>SIPRI values transfers at a standardised price, which for the Rafale, for instance, is \$55 million per aircraft, way below what India will actually pay

<sup>2</sup>This includes the present and potential aspirants, other than India, for permanent membership of the UN Security Council: The USA, Russia, China, the UK, France, Germany, Italy, Japan, Brazil and South Africa

<sup>3</sup>For more on this, see Ajai Shukla "Why Defence Indigenisation Fails", Business Standard, July 30, 2018

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# Opinion

MONDAY, MARCH 18, 2019

**SHOBHANA SUBRAMANIAN**

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## Modinomics's showing won't draw votes

Lacklustre jobs growth, falling agri-growth drive the narrative on NDA-2's performance on the economy front

**PRIME MINISTER NARENDRA** Modi could well lead his party to another win in the 2019 general elections. But if the BJP is back in power, it won't be because Indians are feeling better off today than they were in May 2014. They are not, really. The multitude of welfare and support schemes notwithstanding, at least two large sections of society—farmers and the youth—must feel less financially secure. Agriculture has slowed considerably to sub-3% under the NDA from 3.1% and 4.3% under UPA-1 and UPA-2, respectively, and bumper harvests have seen output prices crash. It is not just farmers, though; not too many others would say 'achhe din' are here. This is despite the fact that India's macro-fundamentals today are much stronger, and not shaky as they were back in mid-2013. Moreover, while the over-leverage by banks and companies hasn't been fully overcome, they are undoubtedly in better shape.

But, while the twin balance sheet problem is being resolved, there are not enough jobs going to keep people gainfully employed. It may not be as bad as CMIE makes it out to be; CMIE says there are eight million jobs less today than there were in December, 2016. But it is also unlikely to be as good as the Ghosh & Ghosh claim that 5.2 million jobs were created in 2016-17 and another 6.2 million in 2017-18. That this data has been revised downward several times, on one occasion by 90%, makes it clear that extrapolating from EPFO and ESI subscriptions is simply not a good enough way to estimate employment. Most of the 'new jobs' are probably new subscribers having come into the EPFO fold as the result of increasing formalisation of the economy. Indeed, had so many jobs been created, consumption would not have slowed the way it has; car sales have been virtually flat in 2018-19 while two-wheeler sales have seen a modest increase.

So, the truth probably lies somewhere in between. But that is bad news because there are a million people looking for jobs every month. Not only have large companies reined in hiring, the organised sector today prefers to hire temporary workers. One can't blame them. They want to keep a check on costs, which is becoming difficult given the bargaining power with the unions. Also, rising wage bills make it harder for exporters to compete in the global market. Companies may have been willing to take on permanent workers had the government made it easier for an enterprise to hire and fire, but labour laws remain rigid. Proposals that would have allowed companies with employees up to 300 to shut down without permission and would have disallowed outsiders from becoming office bearers of trade unions in the organised sector haven't become law.

To be sure, one reason there are fewer jobs on offer is because weak corporate balance sheets have limited capital expenditure by the private sector in the last five years. Reliance Industries may have spent close to ₹2.5 lakh crore on the telecom rollout, creating thousands of jobs, but business houses like the Tatas and Birlas have invested through acquisitions where new workers were not needed. In fact, there would have been some shrinkage in the manufacturing workforce thanks to increasing automation. Also, over the past ten years or so, India has attracted less FDI in manufacturing than in services. But even easing the rules for areas such as defence has had little impact. Make-in-India remains grounded. The government is nowhere close to achieving its unrealistic target of a 25% share of GDP for the manufacturing sector—it is now 16.7%. The loss of traction in Indian industry is all too visible with growth plunging from 6.3% in November 2017-October 2018 to an average of 1.5% in the three months to January 2019. The January industrial production of 1.7% is the lowest since July 2017 save for the 0.3% in November 2018. Credit to industry grew at just 4% or lower in the 12 months to November 2018.

It is the IT and e-commerce sectors that continue to throw up high-end opportunities for engineers, computer scientists and marketing professionals. The e-commerce sector has created jobs at the lower end too—there are many more delivery boys driving around these days. But, seen from the perspective of the pool of people waiting to be hired, this is the proverbial drop in the ocean. Had the government not been so stubborn about easing the rules for multi-brand retail and instead adopted the very benign approach towards the space that it has for e-commerce, the job markets may have been buzzing because a lot more FDI would have found its way into India.

Not only would more professionals have been absorbed, a workforce dominated by people not so skilled, too, would have found more work. In fact, thousands of idle construction workers could have made a living for themselves had the government eased the FDI rules for real estate and also sorted out the mess in the sector by forcing defaulting promoters to sell out and auctioning the incomplete projects to solvent builders. The Awas Yojanas will do their bit but it won't be enough.

The headline GDP data simply doesn't square with much of the high frequency data. The economy may be clocking 8% but this could be an impact of benign commodity prices or belt tightening—including limited hiring—which are driving up profitability. So, rising GDP may not always throw up more job opportunities. Creating these will be a challenge for whichever party comes to power.

## Imperfect SOLUTION

Electoral bonds may be flaws, but they are still a better than black money funding politics

**GIVEN HOW POLITICAL** funding has been a route to whitewash illegal money, the government is right when it says that switching to electoral bonds was a quantum leap in ensuring clean political funding. With electoral bonds, the identity of a large donor is captured by the issuing bank. This means illegal wealth can be traced if it is being ploughed into political funding. But, keeping the identity of a donor 'secret' means the electorate will never be able to check for any quid pro quo that a donor-political party indulge in. Electoral bonds do introduce an element of traceability, but are an imperfect solution.

Petitions at the Supreme Court filed by CPM leader Sitaram Yechury and the Association for Democratic Reforms highlight some new concerns. While the donors remained anonymous in the public domain, parties are also not required to disclose the names of donors who have taken the corporate bond route. At the same time, the government has removed the earlier donation cap of 7.5% of average of three-year net profit for corporate donors. This means a firm can donate unlimited money to party without the public ever getting to know. This surely doesn't help the cause of transparency. Besides, the fact is that, while it was argued that the donors will remain anonymous, with most of the bonds issued and encashed at public-sector banks, the ruling party can always access these particulars since it is the promoter of the PSBs. This means the ruling party can always arm-twist a donor to an opposition party into submission. But, returning to the older system is unacceptable since it will mean giving up even the partial check that is there on black money funding politics in the country.

**There has been some traction on resolving the twin balance sheet problem and the GDP is clocking 8% growth. But, the NPA problem still looms and rising GDP has not created jobs**

## FROM PLATE TO PLOUGH

FURTHER, THE FOOD SUBSIDIES NEED TO BE REVISITED TO TARGET THEM TOWARDS THE BOTTOM 20-25% OF THE POPULATION RATHER THAN PROVIDING 90% OF THE SUBSIDY TO 67% OF THE POPULACE

# Remove consumer bias in prices to increase agri-investment

**ASHOK GULATI & RITIKA JUNEJA**

Gulati is Infosys chair professor for agriculture and Juneja is consultant at ICRIER



scheme), Odisha (KALIA scheme), West Bengal (Krishak Bandhu), and Jharkhand (Krishak Aashirwad Yojana). Each one has its pros and cons, and can be improvised in due course. But we welcome all of these, especially if they continue for at least 3 years towards alleviating farm distress.

In any case, it may be worth pointing out that such a policy of DIS is not a substitute, but a complement, to agri-marketing reforms on the one hand and raising investments in agriculture on the other to make Indian agriculture more productive, competitive, inclusive, and sustainable.

One of the key variables that influences the performance of any sector in the medium- to long-term is investments and capital formation in that sector. The attached graphic suggests that gross capital formation (public plus private) in agriculture, forestry and fishing (GCFA) as a percentage of agri-GDP (in current prices) dropped to its lowest level of 6.6% in 1994-95 but gradually increased thereafter, touching a peak of 18.2% in 2011-

12, and then started declining and stood at 13.8% in 2016-17. With incremental capital output ratio (ICOR) hovering around 4:1, this level of investment cannot give more than 3-3.5% growth rate in agriculture, and can never double farmers' incomes by 2022-23, an ambitious target set by the prime minister. Another interesting fact that the graphic shows is that, of the total capital formation in agriculture, the share of public investments has gradually declined from 43.2% in 1980-81 to 18.8% in 2016-17 at current prices and, consequently, the share of private sector investments in agriculture has risen.

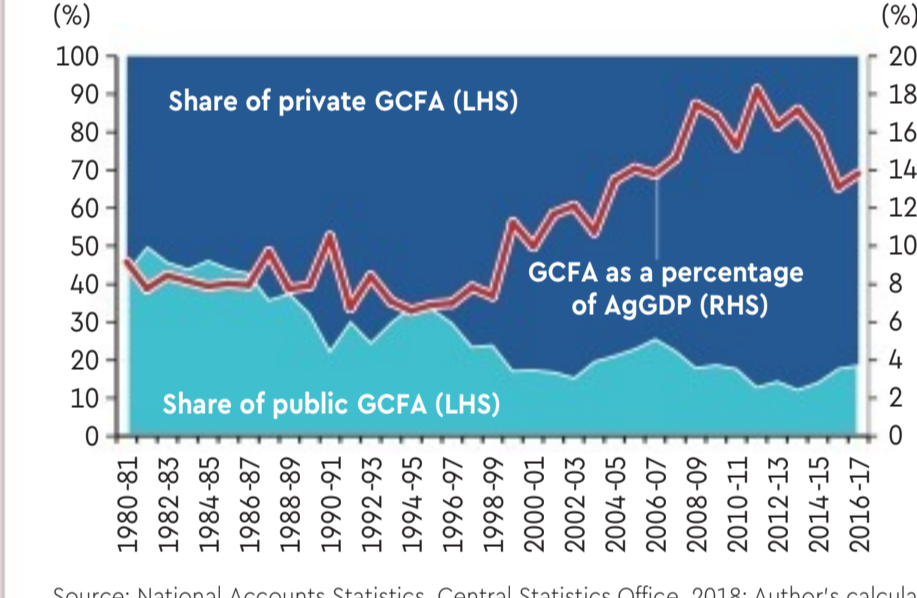
While share of private investments in agriculture is overwhelming (81%), they need the right incentives to go up further as a percentage of agri-GDP. This is critical if the annual growth rate in agri-GDP is to be put on a sustainable trajectory of 4+% range. The incentive structure in Indian agriculture, however, is perverse. For the triennium ending 2016-17, the Producer Support Estimate (PSE), a measure that

captures farmers' incentives from the output price front as well as budgetary allocations for input subsidies or any income support, was negative to the tune of 6.4% of gross farm receipts. In contrast, China and OECD countries had PSEs of 15.5% and 26% respectively, as per OECD estimates released in 2018.

Looking at these figures, it appears that the income support of ₹75,000 crore that the PM has announced under the PM-Kisan scheme is only a small step to improve incentives for farmers. A more sustainable solution will be to carry out large-scale reforms in agri-marketing and trade policies, along the lines of GST with states, and incentivising the private sector to build more efficient and inclusive value chains for agri-commodities from the farm gate to consumer end.

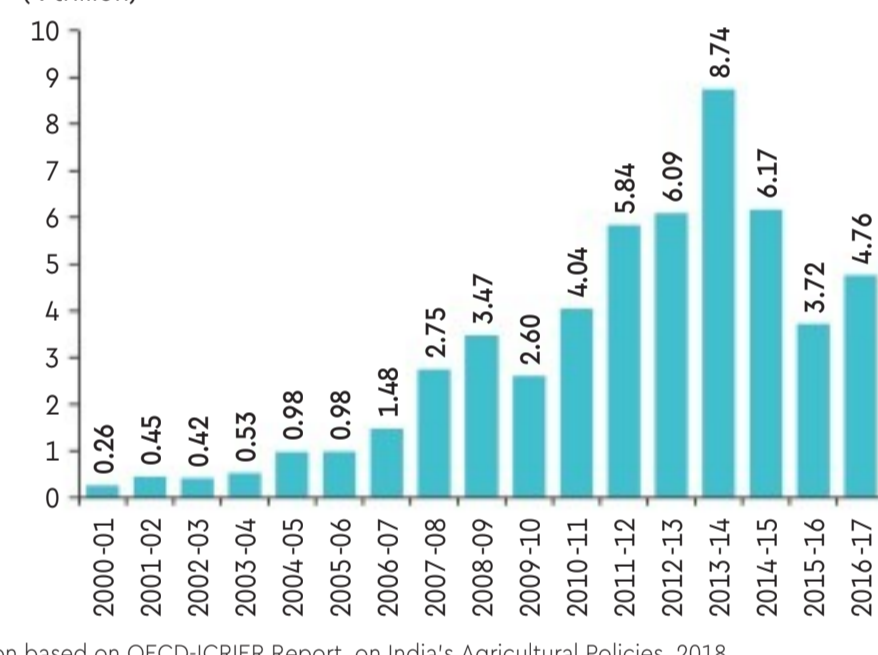
The first step in that direction will be to change the policy mindset, and eliminate the in-built consumer bias in our food and agri-policies. This requires stopping subsidising consumers by suppressing food prices through archaic laws of the 1950s (such as the Essential Commodities Act, 1955). As per OECD, the Consumer Support Estimate (CSE) for India for the period 2000-01 to 2016-17 is about ₹3.13 trillion lakh crore per annum at 2017-18 prices, and about 81% of this comes from farmers who cannot realise best prices for their produce due to restrictive trade and marketing policies. Further, the food subsidies of ₹1,84,220 crore as provisioned in the current budget (plus a minimum of ₹1,20,000 crore of pending FCI bills) need to be revisited to target them towards the bottom 20-25% of the population rather than providing 90% of the subsidy to 67% of the population. This would then provide a level playing field to farmers, improve their incentives, and propel private investments in agriculture, taking a step towards augmenting farmers' incomes on a sustainable basis. The investments need not be restricted to just augmenting agricultural production but also can be towards fixing the sector's marketing infrastructure, logistics, as well as the linking of production by farmers' groups to organised processing and retailing with a view to minimising market risks, saving wastages, and augmenting farmers' price realisation.

Share of public and private capital formation in total capital formation and ratio of gross capital formation in agriculture (GCFA) to agricultural GDP (at current prices)



Source: National Accounts Statistics, Central Statistics Office, 2018; Author's calculation based on OECD-ICRIER Report on India's Agricultural Policies, 2018

Consumer support estimate (CSE) at 2017-18 prices (₹ trillion)



## Why children are right to go on strike

With the United Nations warning that we have only 12 years to fix the crisis, kids aren't inclined to hang around

**JOHN LANCHESTER'S NEW** novel, *The Wall*, imagines Britain after "The Change". Following a dramatic shift in temperature and sea levels, the UK has barricaded off what remains of the coastline; in Lanchester's dystopia, there aren't any beaches left. Young citizens bore no responsibility for any of this, but they are the ones who must guard the wall and violently repel increasingly desperate migrants, known as "The Others". If they fail, the young are themselves cast out to sea as punishment. Not surprisingly, they are pretty unhappy about their lot.

"None of us can talk to our parents", says Kavanagh, the novel's protagonist. "It is guilt: mass guilt, generational guilt. The olds feel they irretrievably f\*cked up the world, then allowed us to be born into it. You know what? It is true. That is exactly what they did. They know it, we know it. Everybody knows it." It is a sentiment shared no doubt by the schoolchildren protesting around the world on Friday to demand far more decisive action on climate change. Inspired by 16-year old Greta Thunberg's weekly vigil outside Sweden's parliament, the movement has expanded to dozens of countries, including the US. Thunberg has been nominated for a Nobel Peace Prize. Can you really blame the kids? The planet has warmed by "only" about 1 degree Celsius (1.8 Fahrenheit) since pre-industrial times and yet the destructive effects of climate change have become frighteningly apparent. The heatwaves, floods, deadly wildfires and violent hurricanes we have experienced lately are mild compared to what our children will contend with. The world is on track to heat up by more than 3 degrees by 2100 and the warming won't miraculously stop then. "The climate system that raised us, and raised everything we now know as human culture and civilisation, is now, like a parent, dead", writes David Wallace-

Wells in *The Uninhabitable Earth*. Unfortunately, this isn't another Lanchester-like work of speculative fiction. It is non-fiction.

Wallace-Wells's book documents the horrors and chaos that those cutting class on Friday want to avoid: Tens of millions of climate refugees, trillions of dollars of economic damage, deadly heat, fresh-water scarcity (the glaciers of the Himalayas will lose at least 40% of their ice by 2100, he notes) and "much more fire, much more often, burning much more land". A single California wildfire can undo all the emissions gains made that year via the state's environmental policies, just one of several terrifying climate feedback loops he describes. Wallace-Wells's writing is of course more vivid than the conservative, consensus-driven reports produced by the UN's Intergovernmental Panel on Climate Change. A journalist, not a scientist, he makes no attempt to hide his alarm nor pull his punches about who to blame. Why should he? More than half of fossil fuel-related emissions have occurred in the past 30 years, during which humans have known this will make the earth far less hospitable. Thanks to Asian demand, we consume 80% more coal today than in 2000. Destroying the environmental conditions that gave rise to the human species "has been the work of a single generation", Wallace-Wells writes.

We adults are proud of the progress we've made in other areas—life expectancy, equal rights, education and poverty, to name a few. But when later historians write about this period, that isn't what they'll remember. Despite the rapid adoption of wind and solar power, big improvements in energy efficiency and electric vehicles, our carbon emissions are still rising. We're locking in more destruction for our kids to cope with. Linking the Fridays For Future movement and young people's enthusi-

asm for policies like the Green New Deal is the belief that the time for incrementalism is over. Yet, governments and corporate bosses continue to drag their heels. Even those, like Germany's Angela Merkel, who support the kids' right to protest, are guilty. Supposedly a climate leader, Germany is recklessly phasing out nuclear power but plans to continue burning coal for another two decades. Car manufacturers like Fiat Chrysler Automobiles NV tout their electric plans while gorging on US truck and SUV sales. In mining, Glencore Plc is committed to capping coal production at current levels to appease climate-concerned investors, yet it expects fat profits from coal this year, and probably will for years to come. Airlines talk about carbon offsets but they're banking on so much growth that their emissions might rise seven-fold by 2050.

Telling teenagers to be patient or realistic, as US Senator Dianne Feinstein tried to do, won't wash. With the United Nations warning that we have only 12 years to fix the crisis, kids aren't inclined to hang around. It is even more reprehensible that some adults are trying to stymie even our insufficient climate change efforts, by maligning experts and retreating from international cooperation. President Donald Trump, who wants to withdraw from the Paris climate accord, happily expresses his skepticism about the science, but often demonstrates his total ignorance of the subject in the process.

His rise showed the oncoming cataclysm still wasn't a big enough priority for many Americans of voting age in 2016. If he is re-elected in 2020, the die casting today's adults as climate villains will have been cast. Three cheers for the kids, then.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.

**CHRIS BRYANT**

Bloomberg

## LETTERS TO THE EDITOR

Need for action

Although the Chinese verdict on the listing of Masood Azhar prohibits a conclusive action, an absolute, though not total, majority strengthens the sovereign's stand on international forums and renders the much-needed empathy to the regime's view. While it is important to establish a balance-of-power in the UNSC to attain a democratic representation, a greater focus must be levied on resolving issues and building a robust consensus, especially when it comes to overcoming a chronic global problem. Discussion forums and multilateral groups have achieved very little success hitherto as recurring cease-fire violations reflect upon a greater need to act stringently. With maintenance of international peace and security being a prime responsibility of the council, prioritisation of a befitting action against a hostile entity is the need of the hour

— Girish Lalwani, Delhi

Well-deserved success

Team Karnataka deserves encomiums on coming out with flying colours in the Syed Mushtaq Ali Trophy tournament and going on to bag their maiden T20 title. After their bowlers did well to restrict rivals Maharashtra to 155, Manish Pandey and company got home with an over and a half to spare. Opener Mayank Agarwal continued his impeccable showing with the willow, blasting an unbeaten 85 and young Rohan Kadam also showed great flair in making a wonderful 60. The well-deserved success must come as a shot in the arm for Karnataka cricket

— Ravi Chander, Bengaluru

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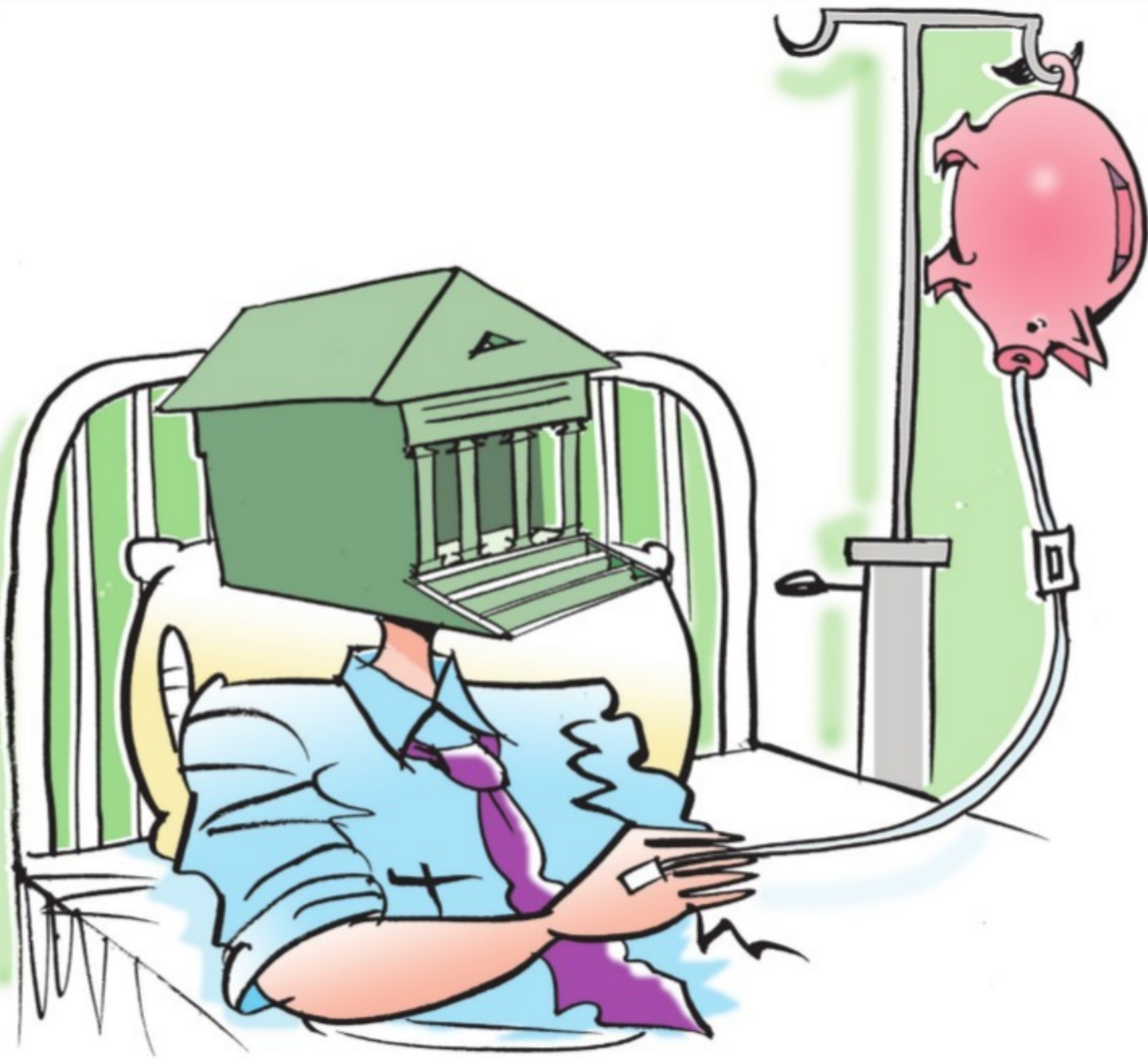


ILLUSTRATION: ROHNIT PHORE

## SIGNIFICANT ECONOMIC PRESENCE

## Some unanswered questions

VINTI AGARWAL AND VIDUSHI GUPTA

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Views are personal

Many aspects of the amendment need to be clarified, including who is a "user"

**I**N THE LAST FEW DECADES, business operations have seen a paradigm shift because of digitalisation. This has led to the development of new business models that depart from the traditional practices, and rely largely on technology. The unique features of businesses in this landscape pose significant challenges in taxing their income. While income tax laws impose levies based on the place of residence of taxpayers and/or their source of income, such laws were conceptualised with brick-and-mortar businesses in mind. Given that, in the digital economy, these conventional concepts are blurred, businesses have opportunities to circumvent tax laws, and set operations to minimise tax liability.

Since most cross-border transactions are governed by Double Taxation Avoidance Agreements (DTAAs) that override domestic laws, there isn't much that countries can unilaterally do to bring these digital businesses under their tax net. There is global consensus regarding the need for a comprehensive mechanism to tax cross-border transactions in the digital economy and OECD, the UN and the EU are working on a resolution. The Centre amended the Income Tax Act in 2018, and introduced the concept of 'Significant economic presence' ('SEP') which is effective from April 1, 2019.

The Indian income tax framework currently taxes income that accrues or arises through a business connection in India. The amendment widens the scope of 'business connection' and includes SEP within its ambit. SEP has been defined as:

■ Transactions in respect of goods, services or property carried out by non-resident in India including the provision of download of data or software in India, if aggregate payments from such transactions during previous year exceeds such amount as may be prescribed; or

■ Systematic and continuous of business activities or engaging in interaction with such number of users as may be prescribed.

An amendment to the domestic law of a country will not have an impact on DTAAs as the latter override the former. However, if the amendment in question is, indeed, made applicable from April 1, 2019, its application will be limited to countries with which India does not have DTAAs viz. the Bahamas and Hong Kong.

India attempting to tackle the problem of taxing the digital economy is a welcome step, but the implementation of the SEP provision, in its current form, will create more problems.

A primary concern is the absence of rules, or other supplementary guidance to help interpret the provisions and define its scope. It is relevant to note that income tax can be levied in India on the transactions mentioned in the first part of the definition only if the non-resident provider generates a certain revenue. However, there is no such corresponding revenue requirement under the second part.

Despite its deviation from the OECD's suggestion, the sheer scope of the definition may not have been such a concern, had it been supplemented with guidance on the interpretation of crucial phrases such as 'systematic, continuous soliciting', and 'users'. While the introduction of an exhaustive definition, or a straitjacket formula could be difficult, given the dynamic nature of businesses in the digital economy, at least an illustrative list of activities that the government seeks to include within this definition is imperative. Without any indication as to the intention with which these amendments are introduced, they would not satisfy the intended purpose and would lead to potential taxpayer harassment and litigation. 'User' is a crucial concept, and its interpretation would result in the inclusion of fresh businesses in the tax net. However, there are no guidelines regarding the level of engagement at which one would qualify as a user. For instance, would merely visiting the website once qualify one as a user, or would one have to click on certain links to fall within its ambit? It is relevant to note that the government had invited comments as well as suggestions from stakeholders on the revenue threshold and the user threshold. However, comments on the scope and interpretation of the provision were not sought.

Lastly, the provision states that only that income that is attributable to the transactions or activities constituting significant economic presence will be said to be deemed to accrue or arise in India. However, no mechanism has been devised for attribution of profit. Before the provision becomes effective, rules must be framed for its effective enforcement.

In order to facilitate compliance, and enable a smooth transition for businesses, the SEP provision should be made effective only after investing sufficient thought into its nuances.

SOUMYA KANTI GHOSH

Group Chief Economic Advisor, State Bank of India  
Views are personal

is running more than 100% now, with CD and repo rate spread at more than 150 basis points. Thus, the existing liquidity framework may not be a complete indicator of liquidity tightness in the system. The logical corollary of this argument is then "Why call rates are not showing up in this liquidity tightness?"

Before we explain such an anomaly, to be fair to RBI, in the February 2019 issue of the RBI bulletin (Contours of Liquidity Management: Developments During 2018-19), there is a succinct summarisation of the liquidity operations by RBI during FY19. The article articulates how RBI managed the liquidity in the situation where fears of global trade tensions intensified and faster-than-anticipated normalisation of the US monetary policy led to capital outflows that exerted depreciation-pressure on rupee. We believe the market may be well advised to take cognizance of such communications from RBI to understand the nuances of liquidity management.

We believe the lacunae in current liquidity management by RBI is that, presently, frictional liquidity injection (repo transactions to compensate for government cash balances) is substituting for durable liquidity (injections through OMO to compensate for currency leakage and liquidity impact of RBI foreign intervention), and, hence, this is resulting in an imbalance between effective mix of durable and transient liquidity injection resulting in market imperfections.

Experience suggests that the provision of short term/frictional liquidity does not substitute fully for durable liquidity, though durable liquidity can substitute for short term/frictional liquidity needs (RBI monetary policy statement: April 2016). For example, when the currency leakage was combined with the liquidity outflows/forex sales which took place this year, the FII outflows, then RBI was able to just compensate 51% through the durable liquidity method till January 2019. On the other hand, till December 2018, the total amount of repo injections has more than fully compensated the variation in government cash balances.

Now, coming to the weighted average call rate (WACR), over the years, the share of call money has declined significantly (currently around 10% compared to

60% share of TREP market and remaining 30% of market Repo). Additionally, the movements in WACR could be liquidity-agnostic as it has hardly moved even when deficit has been as large as ₹2.6 trillion. The WACR is highly skewed. In the morning (the first hour of trading in the inter-bank call money market usually accounts for about 75-80% of the day's volume), the call rate is high, and in the evening, it is low as some banks dump their excess liquidity in the call market after netting their positions in other markets. This is a regular feature and distorts the WACR. Also, most of the co-operative banks are not participants in the NDS-Call trading platform. The absence of uniform market hours across all money market segments which are not in sync with RTGS timings often have a destabilising impact on the WACR.

Clearly, issues relating to market microstructure need to be addressed to have a holistic assessment of the WACR being used as a proxy for liquidity management tool.

So, what next? We believe RBI could also use, as risk spreads, incremental credit deposit ratio to have a comprehensive assessment of systemic liquidity and not only call rate. First, we suggest that banks may be allowed to use the full mandatory SLR for maintaining or allowing CRR in the computation of HQLA. This will release around ₹5 lakh crore worth of G-secs into the system that could be used for on-lending. Second, the unspent cash balance of the government is now being auctioned by RBI through repos. Such cash balances of government can become a part of permanent liquidity if transferred to banking system and can be put to productive use. It will also provide a clear picture of the money available within the system, which will not get distorted by government borrowing. Third, can we think of a futures market for the uncollateralised call rate trading that would give an indication of future market expectation on rates as in the US?

Before we end, one suggestion for markets. In recent times, RBI communication has shifted from speeches to more rigorous research articles that underlines subtle policy changes. The market could take a cue from such publications and, thereby, tactically be in sync with RBI policy shifts. This could in effect reduce volatility in financial markets.

# Using call rates as a proxy for systemic liquidity

Issues relating to market microstructure needs to be addressed to have a holistic assessment of the WACR being used as a proxy for liquidity management tool

**R**BI NEEDS TO BE COMBINED for several ingenious and bold steps that it has taken recently to address market microstructure and improve communications with market by engaging in constant interactions. Recently, RBI expressed its intent to inject liquidity through swap transactions. While this move has been welcomed by the markets, it has also raised an important question: How far the existing liquidity management framework is an adequate reflection of liquidity?

We estimate that all scheduled commercial banks currently have only 2.55% of excess SLR (0.55%, if we net out the G-Secs for daily transaction and cash needs)

that they can use as a collateral to borrow from RBI or that can be used by RBI for OMO purchases. Hence, the question 'why did RBI have to take the swap route for injecting durable liquidity?' arises

The issue of not having adequate collateral brings us directly to the current working of RBI's liquidity management framework as it is exactly based on this premise. Specific banks (mostly having a strong retail franchise) can borrow from RBI only against their collateral (that is less than 2% of bank liabilities), and there are instances where banks (wholesale) cannot borrow and must specifically mobilise public deposits to meet their funding requirement. Thus, it is no wonder that incremental credit deposit ratio

## CRUISE TOURISM

## Get taxation right for Indian players

The govt must give Indian players a favourable tax regime; else, they will lose out to foreign operators

PANKAJ BAGRI &amp; NAMAN SHAH

Bagri is partner, and Shah is manager, Deloitte Haskins &amp; Sells LLP Views are personal

**C**RUISE TOURISM IS regarded as an integral part of the tourism industry of major coastal countries globally.

With a coastline of more than 4,600 miles along with great heritage and culture, a diverse terrain and, a variety of flora and fauna, India has a great potential for the cruise-tourism sector. However, cruise tourism in India is still less explored and mostly untapped due to various factors such as regulatory approvals, taxation, etc.

In the recent past, leading cruise liners have been targeting India as a prospective market and the Union government has been encouraging these cruise liners to increase their operations in India. However, due to a unfavourable regulatory and tax environment in the past, the growth of cruise industry hasn't matched its potential so far.

Recognising cruise tourism's potential (in terms of employment generation, economic revenue, etc) and to address the issues faced by cruise liners, the government of India has taken various steps in recent times to promote cruise tourism in India. The Indian government also appointed global consultants to set a roadmap for the development of cruise tourism in India, focusing primarily on the international best practices in relation to infrastructure development along with changes required in policy, regulatory environment and tax laws.

The ministry of shipping, in conjunction

with other stakeholders, has taken various steps like development of cruise terminals, relaxation of port charges, relaxation of ship licensing requirements, etc. However, in addition, necessary tax reforms must be announced to ensure a level playing field for cruise operators from India compared to foreign operators. In this regard, it is relevant to note that in major port countries, cruise companies enjoy a tax holiday or their income is subject to a favourable tax regime. These tax benefits offered, in turn, have played an important role in the growth of cruise sector in those countries.

In India, foreign-based cruise liners, plying in India, are either not subject to tax in

India in light of Article 8 of the Double Taxation Avoidance Agreement or are subject to presumptive taxation under section 44B of the Income-tax Act, 1961 ('the Act') with an effective tax rate of around 3.3% on India-sourced income. Further, in many cases, the taxes paid in India are also available as a credit in their resident countries.

On the contrary, Indian companies operating cruise vessels in India are not eligible for favourable tax treatment under Section 44B of the Act. As regards the Indian tonnage tax provisions are concerned, a clarity is required that a cruise ship would be covered under the definition of 'qualifying ship' and not as 'pleasure craft'. An ambiguity in the



definition of qualifying ships under the Indian Tonnage Tax Scheme could lead to tax litigation and, consequently, negatively impact the ease of doing business in India.

Further, it is relevant to note that apart from revenue from sale of tickets and on-board sale of goods and services, cruise companies earn revenue from a variety of activities like casino and gaming, shore excursions, entertainment shows, telecommunication services including internet facilities, gift shop items sales, photography services, spa/salon and fitness services, art auctions, renting of space for meetings/shops, etc. However, under the existing Indian tonnage tax provisions,

there is no clarification whether these specific activities carried out by the cruise companies are covered under the 'core activities' of a tonnage tax company. Considering the fact that the aforesaid activities are integral part of the cruise tourism, it is important to clarify that income from such services forms part of core activities.

If a favourable tax regime (presumptive taxation or tonnage tax scheme) is not provided to Indian cruise operators, they will be liable to pay taxes at the normal corporate tax rate of 30% (plus surcharge and cess), which would make them unviable.

Another important aspect under the Indian tax regime is the applicability of

Goods and Service Tax (GST) law to the cruise liners. Currently, leading global cruise liners are seeking exemptions from GST stating that cruise companies will face difficulty to operate in a country where they have to pay GST on the ticket price and on-board supplies and services, which form a major part of the total income of the cruise company. This shall have a negative impact on the cruise industry in India. Even imposition of GST on fuel oil used for cruise services substantially increases the cost of cruise companies since it is one of their major cost component.

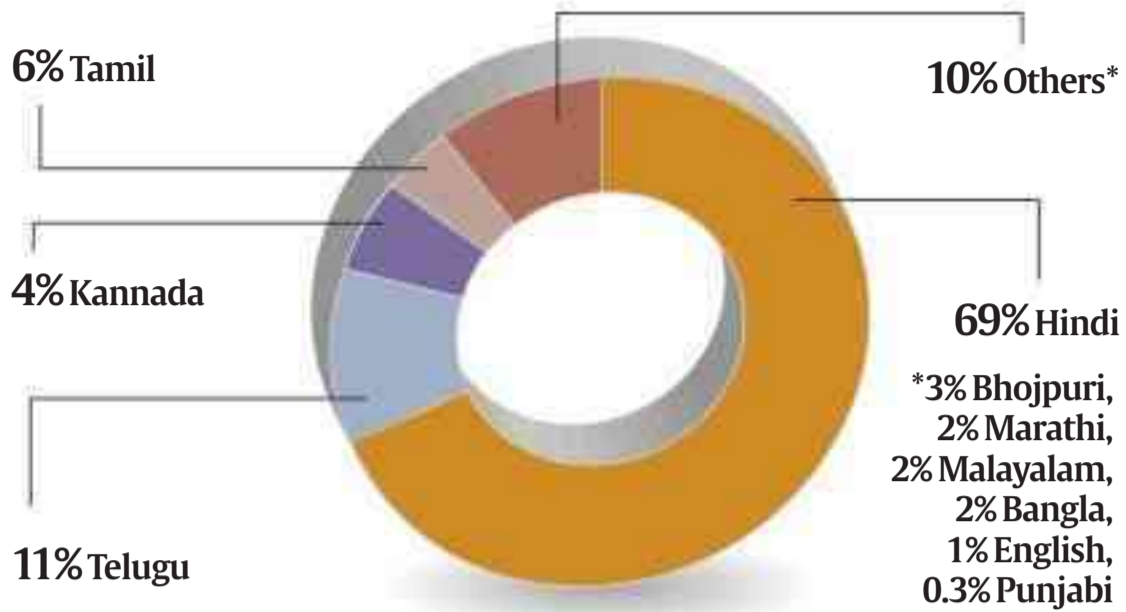
Further, GST is a destination-based consumption tax, and it is relevant to note that goods procured by cruise companies at various ports are not consumed in the state where they are procured. Various types of goods such as fuel, furnace oil, spares, ship stores, etc, are delivered at various ports and at locations where the cruise companies may not have any place of business or office. Accordingly, input tax credit on such goods may be denied, resulting in significant blockage of input tax credit in various states.

Accordingly, considering the potential of Indian cruise industry and to achieve the growth targets set by the government, it is necessary to adequately address the issues listed here and bring in the necessary tax reforms. These reforms would not only boost the Indian cruise industry but also have positive impact on various allied businesses, inflow of foreign exchange, etc.

**TELLING NUMBERS**

**Movie channels make up 1/4th of TV viewership, Hindi far ahead**

MOVIE VIEWERSHIP BY LANGUAGE



MOVIE CHANNELS account for almost a quarter (24%) of India's television viewership, according to the 2018 Yearbook of the Broadcast Audience Research Council (BARC India), a joint industry company of broadcasters, advertisers, and advertising and media agencies. Within the genre, Hindi-language movie channels lead the rest by far, accounting for 69%. The next three are movie channels in southern languages, with Telugu way ahead of other languages but a distant second to Hindi. The pie diagram is based on the average number of weekly impressions.

In terms of time spent per viewer, Hindi movie channels on an average (01:21:42) engage a viewer for 18 minutes more than Telugu channels (01:03:05). Next to Hindi, viewers spend the longest times on southern-language movies — 00:46:06 on Tamil, 00:45:20 on Malayalam, and 00:44:22 on Kannada channels. The shortest durations are on Punjabi (00:18:06) and English (0:21:17) movie channels.

These viewership times and weekly impressions do not correlate directly with the number of movie channels in a given language. While Hindi leads once again, with 33 movie channels,

**NUMBER OF MOVIE CHANNELS**

Hindi	33
English	19
Tamil	10
Telugu	9
Bangla	5
Kannada	4
Marathi	3
Malayalam	3
Punjabi	2
Bhojpuri	2

the next highest number is 19 English movie channels (see bar graph).

The gender breakup shows male viewership (53%) higher than female viewership, with slight variations depending on language. However, the urban-rural divide is starkest among southern-language movie channels, with a 61% rural viewership compared to 39% urban. While rural viewership is higher across the country, the gap is much narrower at the national level, and with Hindi-language movie channels. In terms of age, those between 15 and 50 years account for two-thirds of all movie viewership.

**VIEWERSHIP ACROSS LANGUAGE GROUPS**

	All India	South Indian	Hindi language
<b>BY GENDER</b>			
Male	53%	51%	54%
Female	47%	49%	46%
<b>BY TOWN CLASS</b>			
Urban	46%	39%	48%
Rural	54%	61%	52%
<b>BY AGE GROUP</b>			
2-14 years	20%	18%	22%
15-30 years	34%	32%	35%
31-50 years	31%	33%	30%
51 years or over	14%	17%	13%

Source for all data: BARC India 2018 Yearbook

**SIMPLY PUT QUESTION & ANSWER**

**What next for Brexit?**

With the deadline for Britain leaving the EU approaching, Prime Minister May's proposals have been rejected yet again by Parliament. Amid the uncertainty, a look at various possible courses of events.

**EXPRESS NEWS SERVICE**  
NEW DELHI, MARCH 17

WITH LESS than two weeks to go for the March 29 scheduled date, the nature of Britain's exit from the European Union, or Brexit — if it happens at all — remains uncertain as ever. A series of developments over the last one week has left a number of possibilities wide open. Will Britain and the EU be able to renegotiate an extended deadline? Will Britain eventually leave without a deal? Is it possible that British citizens will vote in a fresh referendum, and what would that be about? A look at where things stand, and what could possibly follow:

**What has happened on Brexit so far?**

In a referendum on Thursday June 23, 2016, those favouring Brexit (Leave) won by 52% to 48% (Remain). The "transition period" is scheduled to begin on March 29 and end on December 31, 2020. In November 2018, the UK and the EU agreed to the terms of the exit, known as the withdrawal agreement. However, the agreement has failed to clear British Parliament, with MPs voting against it twice this year. On January 15, they voted 432-202 to reject the deal. Prime Minister Theresa May renegotiated certain terms with the EU, but on March 12, MPs voted against the agreement again, this time by 391 votes to 242. The following day, the MPs rejected the idea of leaving the EU without a deal — an option called "No deal". Then on March 14, they voted 413-202 in favour of Prime Minister May asking the EU for a delay to carry out Brexit. That puts a question mark on whether Brexit will happen on March 29 after all.

**What is in the deal?**

An explainer on the BBC News website lists out various aspects:

**PAYMENTS:** This relates to payments that the UK makes to the EU budget. As its financial obligations for leaving, the UK has agreed to continue making these payments until the end of the transition period, and the bill is expected to be £39bn. The withdrawal agreement, however, leaves the option of the transition period being extended. If that happens, there will have to be additional payments, to be agreed later.

**IRISH BACKSTOP:** The backstop is among the most contentious of issues. It is part of the withdrawal agreement, meant to ensure that there is no hard border between the Republic of Ireland (which will remain in the EU) and Northern Ireland (which is part of the UK). The backstop will come into effect if the transition period ends without wider agreements being reached. Under the withdrawal agreement, it would keep Northern Ireland in the EU Customs Union. This has raised concerns about a part of the UK being trapped in the backstop.

**OTHER BORDERS:** During the transition period, EU citizens will be free to live and work in the UK, and vice versa. Once the period ends, it will be able to set its own rules on immigration. The PM claims the UK will be "taking back control" of its borders. If the transition period continues, EU citizens will be able to carry on moving to the UK.

**LAWS:** As of now, the European Court of Justice has the final say on disputes on matters of EU law. Brexit supporters want the last word to be with a UK court. During the transition, the UK will have to continue follow-



A pro-Brexit protester holds up a sign outside UK Parliament on March 14. Prime Minister Theresa May's were voted out in the House. Reuters

**THE LANGUAGE OF BREXIT**

Some of the terms in circulation, and what they mean

**'NO DEAL'**

UK leaves the European Union and cuts ties immediately, with no agreement at all in place.

The UK would follow World Trade Organization rules to trade with the EU and other countries, while trying to negotiate free-trade deals. Under WTO rules, each country sets tariffs on goods entering. If the UK chooses to put no tariffs on goods from the EU, it must also have no tariffs on goods from every WTO member, according to BBC.

**TRANSITION PERIOD**

From Brexit day (March 29, 2019) to December 31, 2020, which could be extended by up to two years if both the UK and the EU agree. This is to allow both time to agree their future relationship. All this is subject to Parliament accepting PM Theresa May's deal (already rejected twice). During this period, the UK would have to follow all EU rules, but would have no say in the framing of new ones.

**ARTICLE 50**

Part of the Lisbon Treaty among EU

**DIVORCE BILL**

This is the money that the UK has agreed to pay to the EU. The bill, expected to be about £39bn, will be paid over a number of years

member states. It covers how a member country can leave. This Article was triggered at the end of March 2017, hence Brexit Day in March 2019. To stop the Article 50 process, the UK may act on its own; to extend it, all EU countries must agree, BBC News explained.

**IRISH BACKSTOP**

As of now, there is free movement of goods and people between the Republic of Ireland (which will remain part of the EU) and Northern Ireland (which is part of the UK). The backstop is a measure in the withdrawal agreement, to ensure that this continues after Brexit, and comes into effect only if the deal deciding the future relationship between the UK and EU is not agreed by the end of the transition period. Until then, the backstop keeps the UK effectively inside the EU's Customs Union (a trade agreement that forbids trade negotiations with EU member states separately from the EU). It also means Northern Ireland conforms to some rules of the single market (goods, services, people and money move between EU member states and some other states).

ing EU rules and abiding by ECJ rulings.

**What happens next?**  
There are a number of possibilities, the

first of which is getting the EU to agree for an extension of Article 50 of the Lisbon Treaty (see 'The Language of Brexit'), which in effect means asking for more time. The request

would be taken up at an EU Summit on March 21-22. If Prime Minister May asks for a short extension and all EU member states agree, Brexit can still happen by the schedule. On the other hand, if May asks for a longer extension and all EU members agree, Brexit could be delayed beyond the EU Parliament elections in May (with Britain taking part). If the EU turns down either request, it could lead to a "No deal" Brexit.

**How does the "No deal" option work?**

It would be legal for the UK to unilaterally cancel Brexit, without the need for agreement from the other 27 EU countries, the BBC explains, citing an ECJ ruling. However, it is not clear what that process would be.

**When will the UK decide whether to ask for a longer or a shorter extension?**

The government reportedly plans to hold another vote this week. If the Speaker allows the vote, the PM can present it as a choice between passing the deal with a short Brexit delay or rejecting it and facing a longer extension. If successful, the PM could go to the EU Summit and request the short extension.

**What if the request is for a longer extension, and the EU agrees?**

The delay would keep open a number of possibilities. For one thing, the prospect of "No deal" would remain, but that would happen at a later date. If the EU agrees to renegotiate the deal, the UK Parliament would still need to clear it. If either of these does not happen, various possibilities (besides "No deal"), are listed out on the BBC News website:

**REFERENDUM:** When Parliament voted to ask the EU for a delay, it also rejected a fresh referendum. BBC News explains, however, that a referendum is possible, although not likely. It could be a non-binding referendum with the question to be determined. That would subject to Parliament approval, with a new piece of law to make a referendum happen and to determine the rules, the website quoted an BBC News analyst as saying.

**PARLIAMENT ELECTION:** If an election is held, the PM would hope for a mandate in the newly elected House. If she proposes an election, it will need the approval of two-thirds of the MPs.

**NO-CONFIDENCE MOTION:** If the government loses such a motion, it will open up new possibilities. It will set off a 14-day countdown. During this period, either the current government or a new one will face a vote of confidence. If either one wins, it takes over. If not, a general election will follow.

**If there is an election, what are the political leanings of the Leave and Remain camps, respectively?**

Theresa May is a Conservative, with Labour in opposition, but that may not reflect in how voters relate to Brexit. Although economic views have in the past helped predict British political support, Brexit is different, according to 'The Interpreter' column in *The New York Times*. It noted that on this issue, voters' social views are far more relevant. "People on the libertarian end of the spectrum tended to vote Remain, while those on the authoritarian end tended to vote Leave. The result is that Brexit views slice across people's party identity. Both parties' voters and legislators include a mix of Leavers and Remainers. There isn't a 'Leave' party and a 'Remain' party," it said.

**The Learning State: How information becomes insight**

Knowledge is not gathering mounds of information. It is processing that information and translating it into useable propositions that makes people and organisations learners. Two top development economists show the path to a genuine learning state.

**IN ELECTION YEAR**  
**EXPERTS EXPLAIN**  
PART 4

**ABHIJIT BANERJEE & SHRAYANA BHATTACHARYA**

**TOUGH DECISIONS** lie ahead for India's social protection system. How can unorganised workers be empowered to access pensions or other income support programs? How do we make sure that benefits from the new PM-KISAN are reaching the intended farmers? The ability of the state to process and consume information to answer such questions for program planning, monitoring, and reform has always been critical and never more so than now.

Program administrators need to be able to track program performance, learn quickly, and incorporate lessons into new designs. In the past 15 years, India has developed an enthusiasm to monitor schemes through hundreds of Management Information System (MIS) portals. In fact, in the past two years, the national Direct Benefit Transfer (DBT) Mission at the Cabinet Secretariat reports the development of 400 MISs for schemes to report payment progress on its national DBT portal. This is more than most middle-in-

come countries.

The vision is that these systems will enable citizens, government officials, and politicians to gain access to all the information that they need to play their individual roles in a democratic society and enable the necessary exchange of knowledge for effective program implementation. Those managing food subsidies can monitor the movement of grains via geo-tagged trucks, while the MGNREGS MIS informs administrators of payment delays, and citizens use online grievance portals to register complaints.

Such information has the potential to be extremely valuable. One reason why these investments are happening now is that the cost of collecting and sharing information has gone down enormously over the last decades, thanks to the IT revolution. It is possible now for a mother at work to watch her toddler at play in a playschool by connecting her cellphone wirelessly to a CCTV at the school through one of multiple available apps. And she might for the first couple of days, but the novelty wears off fast. And then? The app will sit unused, unless there is a specific concern (say, the child is sick).

The problem is that information by itself is not insight; it has the potential for insight. Knowledge is not gathering mounds of information. It is processing that information and translating it into useable propositions — for example, "my child really looks tired, perhaps

I should plan to leave early" — that makes people and organisations learners. The mother stops watching the CCTV feed because she needs to focus her mind on other tasks — she already has a tough time fending off the thousand other distractions that life throws at all of us. Processing the volume of information that a CCTV can generate every minute can clog the mind so fast that she needs to take defensive action.

Thus, so it is for organisations. It is not enough to generate information — someone has to process and translate data into something useable, and the more information you generate the harder that necessarily becomes — the more to sort through and discard. And if you have no guidance on how to do that sorting, then more information may actually hurt. Consistent with this, process evaluations suggest that in the wake of the MIS expansion, the local bureaucracy at the district and state levels is drowning in MIS data, with neither the capacity nor the inclination to process it.

With the growing complexity and sophistication of India's social protection systems and schemes, building the capability of the local state to learn and reflect on information

is critical. To build a genuine learning state — a state where everyone, citizens, bureaucrats and politicians use the information they need to generate insight and hold each other accountable, we need three building blocks.

■ First, we need to curate the information that gets highlighted. That does not mean censorship — citizens should be able to access any information that they could reasonably need — but some filters have to go into choosing what to give prominence and why, based on a clear theory of how the information would be used, by whom and why that would matter enough to deserve the priority.

This might seem obvious, but both of us have been witness to the many extremely far-fetched theories of change that get used to justify MIS interventions; in particular, the vision of a citizen who gets up in the morning and quickly files a MGNREGS problem report, then tweets about the policeman she observed taking a bribe on her way to work, spends her afternoon responding to a call from a government call-centre about PDS delivery and grain quality, followed by an evening reviewing the accounts of the municipality before turning in (to dream of accountability

we're certain), is far-fetched. Even the most committed citizens have many other life problems to deal with, and activism is at best a part-time activity.

■ Second, we need to have clear designation of how the information will be used to provide incentives to actors within the system — if the news is bad, responsibility for it has to be clear. The MLA report cards developed by Satark Nagarik Sangathan and published in various newspapers before state elections, are a good example of prioritisation (a small set of numbers, prominently displayed) and clear designation — it says, more or less explicitly, "you are about to vote for your MLA, here is what he did".

Research shows that this intervention changes how the voters vote, rewarding the best performers according to the report card, and hurting the worst. This example also makes clear that whenever we prioritise information there are hard choices to be made. The report cards, to be effective, left many things out and an MLA could potentially complain that this was unfair to her achievements. There is no perfect resolution here, but there is a clear trade-off between effectiveness and being comprehensive.

■ Third, it is important to test whether the information is doing its job, whether it is being used to provide the required intelligence and insight. Even if the information collected is salient, it may lead to no change

in behaviour or local action. For example, the government of Karnataka built an ambitious MIS to biometrically track real-time attendance of nurses at health centres. The pilot hoped to hold front line staff accountable by making their attendance transparent. However, the reform made limited long-run impact as state officials, local-level bureaucrats, and locally elected bodies were reluctant to use the better-quality attendance data for enforcement due to a fear of generating discord among the staff.

To summarise, learning is not a logistical task. We have too many examples now showing us that an MIS is not magic. The mere existence of call centres and information infrastructure does not mean much without effective use and design. Even with the best technology and information monitoring, local administrators may choose not to convert the data they produce and own into knowledge and a body of actionable evidence, unless they have the people, time, and training to do so. Without such resources in the design and use of MIS for social programs, information will become relentless noise, a nuisance rather than an opportunity.

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“THERE IS NO QUESTION THAT CLIMATE CHANGE IS HAPPENING; THE ONLY ARGUABLE POINT IS WHAT PART HUMANS ARE PLAYING IN IT”

DAVID ATTENBOROUGH

## The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

## A GREENER WAY

Global Environmental Outlook report encourages policymakers to establish links, break silos

**I**N 2014, 193 countries asked the UN Environment Programme (UNEP) to analyse how environmental degradation affects the social and economic well-being of people. In response, the UN's environment body roped in 250 scientists and experts from 70 countries to evaluate the state of the world's air, freshwater, oceans, and biodiversity. Their endeavour has produced a chastening report card, the Global Environmental Outlook. It was released last week at the UN Environment Assembly in Nairobi.

The “grow now, clean up later approach” in most parts of the world “has not factored in climate change, pollution or degradation of natural systems. This approach has also contributed to increasing inequality within and between countries,” the report notes. It directs attention to the human costs of “poorly enforced environmental regulations”. Most countries, for example, have laws to curb air pollution. However, poor air is responsible for more than six million premature deaths and an estimated \$5 trillion in welfare losses each year. The number of people succumbing to ailments caused by exposure to dangerous levels of PM 2.5 has increased by more than 10 per cent since 2010 — India accounts for nearly a fifth of such preventable deaths. Water pollution is responsible for nearly 1.5 million premature deaths, the report points out. “Antimicrobial resistance could become a leading cause of early death from infectious diseases worldwide by 2050 if countermeasures are not taken. In addition, the use of pesticides and the dumping of industrial chemicals have introduced pollutants that can disrupt hormonal functions into freshwater systems on all continents,” it says.

It would be a mistake, however, to read the Global Environmental Outlook as just another dire picture of the planet. It encourages policy-makers to recognise that global or regional action is often essential due to the transboundary nature of many environmental problems. This is a significant intervention because the ramifications of pollution are rarely seen beyond their local contexts. As a result, there is scarcely any conversation between the agencies responsible for bringing down the levels of particulate matter in air and those involved in curbing greenhouse gas emissions — even though the mandate of both concerns is mitigating the effects of fossil fuel burning. But by emphasising on “synergies” between “the efforts to meet climate change targets and policies to reduce air pollution”, the report offers a new pathway to policy-makers. This is particularly significant for India, whose Paris Climate Treaty commitments rely heavily on a shift to renewable energy (RE). But this transition could take at least 20 years and would also be subject to market vagaries. Meanwhile, aligning the country's pollution control imperatives with its climate change commitments could underscore the salience of far less risky measures like bolstering public transport. The Global Environment Outlook should be seen as a call for such creativity by breaking down the silos in environmental policy-making.

## RBI'S TEST

Central bank's challenge is not just to boost liquidity, but also to nudge banks to cut rates

**I**T IS DIFFICULT to believe now that well into the first two quarters of 2018, the commentary on moves by central banks globally was centered around unwinding the stimulus programme after the global financial crisis and the prospect of more interest rate hikes. It is a measure of the dramatic shift since then, following a deceleration in global growth over the last quarter, that central banks are now adopting a softer stance, a dovish tone. With the spectre of a recession in the Eurozone, the European Central Bank (ECB), which had lowered growth projections for this year sharply from 1.7 per cent to 1.1 per cent, has said that it will keep interest rates low through 2019 and will also launch a series of long-term refinancing operations which will run till March 2021 aimed at preventing a credit squeeze for banks in its jurisdiction. The Bank of England, too, has announced a new liquidity facility under which it offers to lend Euros on a weekly basis to provide extra flexibility and to support markets.

All these indicate the mounting challenges for central banks and the policy ammunition they need to have in their arsenal. In India, the test for its central bank now is ensuring not just adequate liquidity but also lowering of interest rates by banks, most of which are yet to revise their lending rates even after the RBI cut its repo rate by 25 basis points to 6.25 per cent last month. That appears to have been the motive for the RBI to unveil a new \$5 billion tool to boost liquidity and to nudge banks to cut rates. What the RBI has proposed is a three-year \$5 billion rupee-US dollar swap which would mean the central bank buying upto this amount from the market through an auction and simultaneously selling it back to counterparties effective March 2022. This could fuel rupee liquidity, lead to a lower forward premium and hedging costs for importers with the markets reckoning that it could also help prevent a sharp appreciation of the local currency.

The other liquidity tool employed by the RBI has been in the form of Open Market Operations to the tune of over Rs 2.36 lakh crore in 2018-19 with average daily liquidity being in surplus mode in February. Moral suasion on banks may work only up to a point, but from a transmission and signalling point of view, if banks do not bite this time and cut rates, it could cast a shadow on the RBI, especially with expectations of another rate cut in the upcoming monetary policy review. India's central bank will have to brace to face new risks.

## FREEZE FRAME

E P UNNY



MANISH SABHARWAL

PHILOSOPHERS WONDERING WHY a benevolent god created fear often hear from other philosophers that some fear is conducive — if not essential — to good behaviour. The response finds interesting support in the Vishnu Sahasranamam: Saha-srarchi saptai-jihvah saptai-dha saptai-vahanah, Amoori ranagho chintyo bhaya-krudbhayanashanah (Why has fear been created? So it can be taken away). Not creating the fear of immediate, automatic and borrower-blind consequences for default is one reason why India's credit to GDP ratio is a low 50 per cent (Arunachal is 1 per cent, Bihar is 17 per cent, 100 per cent is the average for rich countries). But over the last three years, the new Insolvency and Bankruptcy Code (IBC) and the RBI's Revised Framework for Resolution of Stressed Assets (RFRSA, issued on February 12 last year) have begun to show impressive results in recognition (we know the truth), deterrence (defaults are reducing), resolution (defaults are being cured) and speed (defaults are being cured faster). This is great news for financial inclusion of the small, honest, and non-politically connected.

The “willful defaulter” tag is a distinction without a difference; banks face pain irrespective of whether a default is caused by fraud (poet Sahir Ludhianvi's transposed quip “Jo baat teri tasvir mein hai, tujh mein nahin”; that which is in your image, is not in you), Competition (Schumpeter argued that capitalism works because successful businesses stand on ground that is crumbling beneath their feet), or Unsustainable Ambition (what Norwegians call Stormannsgalskap or the madness of great men). Current court petitions by defaulting sugar, shipping and power companies against the IBC and RFRSA should be dismissed because they want pre-IBC bank behaviour (discretionary bad loan recognition via restructuring or evergreening) that created our pre-IBC regime (Eagle's Hotel California, where you check in but never check out).

India's new policy regime for defaults — IBC plus RFRSA — ensures a time-bound exploration of all business, capital and owner-

# Deals to rules

India's bad loan policy is finally moving in the right direction

ship restructuring options before liquidation (an outcome in which everybody loses and therefore nobody wants). It is working; bad loans went from 2.4 per cent in 2007 to 11.6 per cent in 2018 but may now be down to 10.2 per cent. And the direct impact of RFRSA lies in annualised reduction in bad loans for recent quarters being the highest in recent years with a huge acceleration in two-way mobility between standard and non-standard loan classifications. Of the 82 accounts resolved by the IBC, the average realisation by financial creditors was 48 per cent and average time taken for resolution was 310 days (versus World Bank estimates of 27 per cent and 1,580 days). RFRSA fixed birth defects of past RBI interventions like SDR, S4A, JLF, CAP, etc by requiring weekly reporting by banks on all accounts in default anytime during the week with exposure greater than Rs 50 million, requiring all lenders to initiate steps to cure a default with any lender, requiring an independent credit opinion for resolution plans, and setting a 180-day implementation deadline for resolution plans in loans greater than Rs 2,000 crore. Contrary to myth, the February 12 RFRSA circular doesn't apply to small borrowers.

I don't want to oversell the current state of change; litigation has choked the pipeline with resolution for only three of the RBI's first IBC list of 12, only 63 of the total 1,484 cases admitted under the IBC have the highly desirable outcome of being withdrawn under Section 12A (withdrawal from insolvency prior to expression of interest stage with consent of 90 per cent of lenders), recovery rates are still lower than global averages, and 31 per cent of the 898 ongoing insolvency cases at the end of 2018 have breached the 270-day deadline.

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emerging, and more equity is being raised (not borrowed or stolen).

China can teach us a lot about labour markets but not about banking. Their share of bank lending to the private sector has shrunk by 80 per cent since 2013, total bad loans may exceed \$3 trillion, and total debt now exceeds 300 per cent of GDP (most loans went to construction because China produced three times as much cement between 2012 and 2016 as the US did in the entire 20th century). While China's treatment of defaulters is tempting — they recently expanded restrictions on travel, buying homes, holding high-level jobs, kids school eligibility, etc for defaulters — these practices are inconsistent with a democracy.

There is no dishonour in default and Machiavelli estimated “that fortune is the arbiter of half our actions”. But he also believed “she leaves the other half for us to govern. God does not want to do everything”. RFRSA represents the RBI's atonement for decades of irrational bad loan accounting norms and the IBC recognises that stupidity is not illegal. The Lok Sabha was told in 1969 that “bank nationalisation was being done to help farmers, self-employed and SMEs”. Few of them got credit because the politically connected captured loans and the financial inclusion was retarded because the due process, rule of law and fairness for bad loans created by RFRSA+IBC did not exist. Novelist Ernest Hemingway's quip — bankruptcy first happens gradually and then suddenly — suggests he was not familiar with pre-IBC India where bankruptcy happened gradually and then became even more gradual. Transferring information from your head to your heart happens via your arms but the long arm of the law has been missing in bad loans for decades.

Over the last three years, India's bad loan policy moving from deals to rules means the long arc of economic history is finally bending towards justice. This remarkable reform will not only recover Rs 3 lakh crore plus for banks but has hugely positive consequences for India's productivity, wages and prosperity.

The writer is with Teamlease Services



ANKITA DWIVEDI JOHRI

SOMETIME IN LATE 2016, following a controversy over the alleged use of “cow meat” by biryani sellers in Doha village, Haryana, a group of village elders gathered in Haji Shah's courtyard around noon. Journalists who had come down from the national capital began asking them questions, and soon, a heated argument broke out between members of the Meo-Muslim community and the Qureshis, who were being blamed for selling the biryani.

Rubiya, in her 20s, stood in one corner, watching the men quibble. A dupatta covering her head, she finally spoke softly. “The biryani sellers are all children between 16-17 years of age. They need education and jobs. They sell biryani because they have nothing else to do,” she said. With just that, Rubiya, mother of two and the sarpanch of Doha village, gave the men in that courtyard some food for thought. They calmed down and the discussion changed to the need for jobs and education for the village youth.

In reality, it was her father-in-law, Shah, who was considered “sarpanch” by most villagers. However, Rubiya's position as the head of the village gave her the agency to raise issues that mattered to the community, and to the hundreds of women in Doha village like her.

In this context, Odisha Chief Minister Naveen Patnaik's decision to field 33 per cent women in the Lok Sabha elections, and West Bengal Chief Minister Mamata Banerjee's allocation of 41 per cent of the TMC poll tickets to women, assume significance — measures that will help create women politicians who can represent the aspirations of 49 per cent of

## IN EQUAL MEASURE

Parity in political representation for women will help bring bigger, deeper change



ONE OF  
800  
MILLION  
A VOICE, UNDER 35

Why shouldn't women be allowed to fail, to make mistakes, and then be given the opportunity to prove their worth again, just like men? It is through the sheer rigour of their work, by getting the opportunity to be in the political fray, that Lata and Rubiya have become role models for many women, especially in rural spaces where there are none. And we need more like them.

India's voters.

It may well be that eight out of ten times Rubiya's voice gets drowned out by the men in the panchayat. But, for the sake of even those two occasions, when her decisions could bring about a small change on the ground, it is important for the government to ensure a higher level of political engagement by women. These are the small changes that will add up to a bigger transformation.

In Bhusli village, Haryana, where several women form the farming workforce, sarpanch Kusum Lata explains why farmers burn stubble: “We can get the harvester to cut the stubble, but it still leaves a 60-cm high stubble.” She also states why many women cannot help with cutting the stubble manually: “It is very time consuming. We have our home and children to look after too.” As a woman leader, Lata eventually urged the government to find solutions keeping in mind the many other responsibilities that farmers, especially women, had in her village. Through her demand, she became the voice of thousands of women in Haryana who worked tirelessly in their homes and fields.

Following the decisions by Patnaik and Banerjee, if we find political parties competing to ensure that women get an equal stake in politics, it will serve the political discourse of the country, which is now caught up in daily allegations and name calling. In June 2018, in Umaria district, Madhya Pradesh, Bhawna Devi, a former sarpanch in her 30s recalled to this reporter her fear of failure on being elected the village head. Subsequently, she did very well. Her most significant contribution was

the drive to encourage women to use sanitary napkins instead of cloth and straw during menstruation. In rural Madhya Pradesh, which fares the worst in the country in menstrual health, this was a major step.

Political parties have often cited “winnability” as an excuse to avoid fielding more women candidates. Some women may fail, or like Devi, fear failure. But to use this as an argument is akin to those discouraging women from taking up driving as a profession, or those who dismiss women reporters from more “challenging” beats such as politics, or even the misconception that women would struggle to succeed in the STEM sectors.

Why shouldn't women be allowed to fail, to make mistakes, and then be given the opportunity to prove their worth again, just like men? It is through the sheer rigour of their work, by getting the opportunity to be in the political fray, that Lata and Rubiya have become role models for many women, especially in rural spaces where there are none. And we need more like them.

In the past five years, many of the central government's schemes have been targeted at women: The drive to end open defecation under Swachh Bharat, Ujjwala scheme, Beti Bachao Beti Padhao. But any legislation put together by a group of men, with only a handful of women involved in shaping its contours, can never fully capture the aspirations of the women on the ground. Equal political representation is the first step in addressing the concerns of both genders.

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## MARCH 18, 1979, FORTY YEARS AGO

### BHUTTO CASE

THE PAKISTAN SUPREME COURT reserved its judgment on the revision petition of Z. A. Bhutto in the Kasuri murder case. Chief Justice Anwarul Huq said the court would take three or four days to examine the submissions of defence counsel. Yahya Bakhtiar, counsel for Bhutto, pleaded before the court that, while arriving at the judgment, introduction of Islamic laws in the country be also taken into consideration. He pleaded that Bhutto should get lesser punishment than the death sentence as he was not present at the spot of the crime, committed on November 10, 1974. Ahmed Raza Kasuri, 's political opponent, had escaped an ambush at Lahore on that date but his fa-

ther, Nawab Mohammed Khan, was killed.

### SAUDI-EGYPT TIES DIP

SAUDI ARABIA HAS warned Egypt that it will impose economic sanctions immediately after Egypt signs a peace treaty with Israel. Damascus Radio of Syria reported that the Saudi warning was given to the Egyptian vice-president, Hosni Mubarak. Saudi Arabia is Egypt's main financial backer and a likely cut-off of Saudi financing would be a very serious blow to the ailing economy. Meanwhile, the Palestine Liberation Organisation leader, Yasser Arafat said the “whole Middle East will explode” once the US-sponsored peace treaty between and Israel is signed.

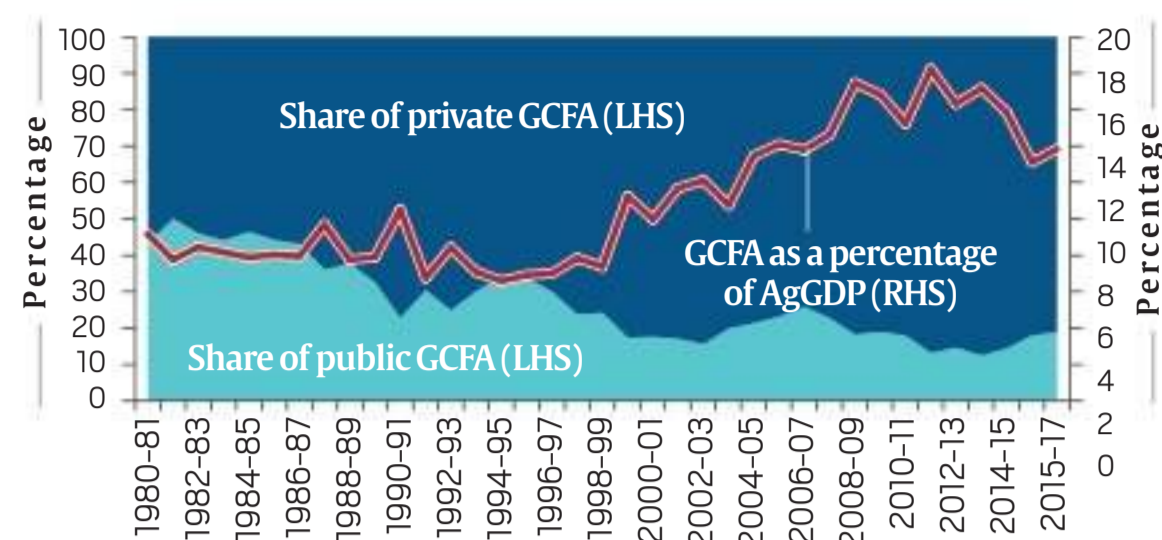
### URS FACES HEAT

THE GROVER COMMISSION is understood to have indicted Karnataka Chief Minister Devraj Urs on several counts. Justice A N Grover had submitted the final report of the commission recently. In his interim report submitted in January 1978, Justice Grover had upheld four of the seven charges he had inquired into by then. These included the charges of favouritism in the appointment of Kemparaj Urs (brother of CM Urs) as director of the Karnataka Film Industries Development Corporation, and the grant of 20 acres of land in Nelamangala taluk of Bangalore district to his son-in-law, M D Nataraj.

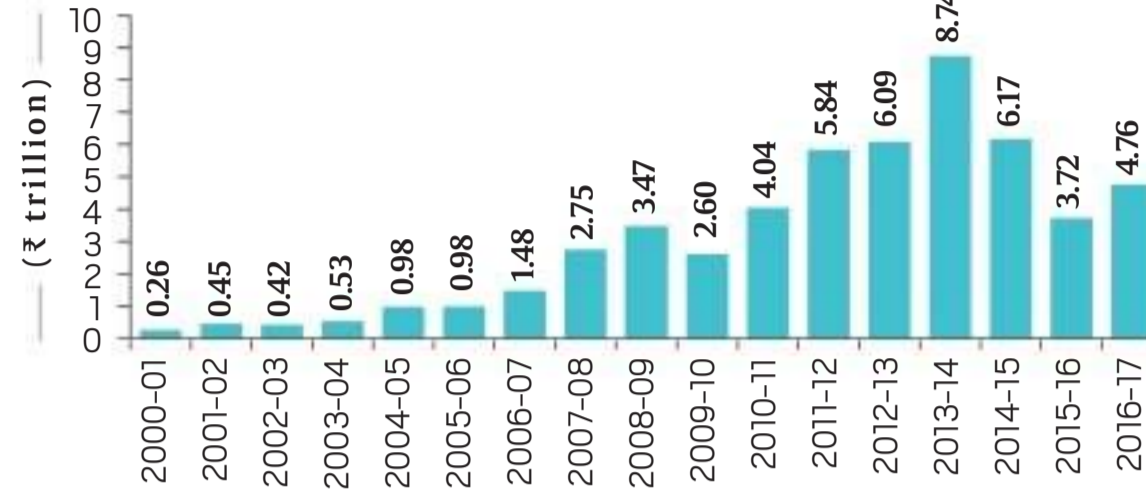


# 13 THE IDEAS PAGE

Share of public and private capital formation in total capital formation and ratio of gross capital formation in agriculture (GCFA) to agricultural GDP (at current prices)



Consumer support estimate (CSE) at 2017-18 prices



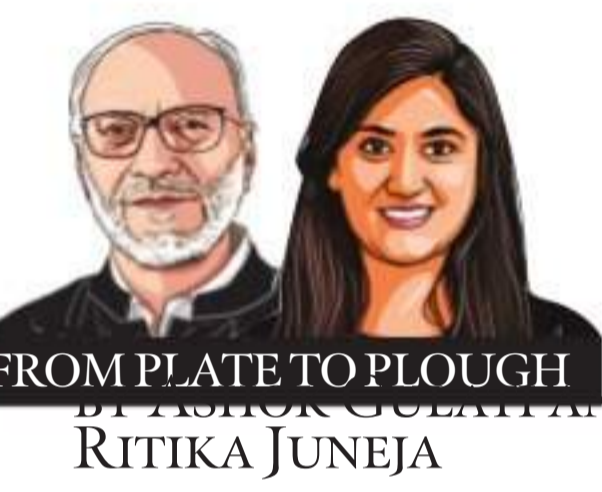
Source: National Accounts Statistics, Central Statistics Office, 2018; Author's calculation based on OECD-ICRIER Report on India's Agricultural Policies, 2018



C R Sasikumar

## Fielding the right incentives

Income support under PM-Kisan is only one small step. It must be complemented by large-scale reforms in agri-marketing and trade policies



FROM PLATE TO PLOUGH

RITIKA JUNEJA

JUST AHEAD OF the announcement of the 2019 general election dates, the prime minister launched the centrally sponsored 'Pradhan Mantri Kisan Samman Nidhi' (PM-Kisan) scheme of Rs 75,000 crore for small and marginal farm families. On February 29, 2019, he transferred the first instalment of Rs 2,000 crore (out of Rs 6,000 per annum) into the bank accounts of 1.01 crore farm families, amounting to Rs 2,021 crore. By March 9, 2.6 crore farm families had been given Rs 5,215 crore. The target is to cover about 12.6 crore farm families by the end of March 2019.

Although the amount involved per farm family is too little, and coming too late, yet direct income support (DIS) marks the beginning of a new policy direction. It can reach about 86 per cent of farm families compared to 30 per cent under PM-Kisan. It is just for one year or likely to continue for the next few years. If it is just for one year, it is more a bait for votes than a genuine step towards improving incentives for farmers.

Similar moves towards DIS for farmers have been made by a number of states, notably Andhra Pradesh (Krishak Bandhu), West Bengal (Kishak Bandhu), Jharkhand (Kishak Bandhu), Karnataka (Kishak Bandhu), etc. Each one has its pros and cons, and can be improvised in due course.

But we welcome all these, especially if they continue for at least three years to alleviate farm distress.

In any case, it may be worth pointing out that such a policy of DIS is not a substitute, but a complement, to agri-marketing reforms on the one hand, and raising investments in agriculture on the other, to make Indian agriculture more productive, competitive, inclusive, and sustainable.

One of the key variables that influences the performance of any sector in the medium to long term is investments and capital formation in that sector. Graph-1 suggests that gross capital formation (public plus private) in agriculture, forestry and fishing (GCFA) as a percentage of agri-GDP (in current prices) dropped to the lowest level of 6.6 per cent in 2016-17, but gradually increased thereafter, reaching a peak of 18.2 per cent in 2011-12, thereafter it started declining and stood at 6.6 per cent in 2016-17. With incremental accounts of 1.01 crore farm families, amounting to Rs 2,021 crore. By March 9, 2.6 crore farm families had been given Rs 5,215 crore. The target is to cover about 12.6 crore farm families by the end of March 2019.

Graph-1 shows that of the total capital formation in agriculture: The share of public investments has gradually declined from 43.2 per cent in 1980-81 to 18.8 per cent in 2016-17. The share of private sector investments in agriculture has risen.

While the share of private investments in agriculture is overwhelming (81 per cent), they need the right incentives to go up further. This is critical if the annual growth rate in agri-GDP is to be put on a sustainable trajectory of four per cent plus range. The incentive structure in Indian agriculture, however, is perverse. Over the triennium ending 2016-17, the Producer Support Estimate (PSE), a measure that captures farmers' incentives from output price front as well as budgetary allocations for input subsidies or any income support, was negative to the tune of 6.4 per cent of gross farm receipts. In contrast, China and OECD countries had PSEs of 15.5 per cent and

26 per cent respectively, as per OECD estimates released in 2018.

Looking at these figures, it appears that the income support of Rs 75,000 crore that the PM has announced under the PM-Kisan scheme is only a small step to improve incentives for farmers. A more sustainable solution will be to carry out large-scale reforms in agri-marketing and trade policies, along the lines of GST with states, and incentivising the private sector to build more efficient and inclusive value chains for agri-commodities from the farm gate to the consumer end.

The first step in that direction will be to change the policy mindset, and eliminate the inbuilt consumer bias in our food and agri-policies. This requires stopping of subsidies to consumers by suppressing food prices through archaic laws of the 1950s (such as the Essential Commodities Act, 1955). As per OECD, the Consumer Support Estimate (CSE) for India for the period 2000-01 to 2016-17 is about Rs 3.13 trillion (lakh crore) per annum at 2017-18 prices. About 81 per cent of this comes from farmers who cannot realise the best prices for their produce due to restrictive trade and marketing policies (Graph-2). Further, the food subsidies of Rs 1,84,220 crore as provisioned in the current budget (plus a minimum of Rs 1,20,000 crore of pending FCI bills) need to be revisited to target it to the bottom 20-25 per cent of the population, rather than providing 90 per cent subsidy to 67 per cent of the population. This would then provide a level playing field to farmers, improve their incentives and propel private investments in agriculture — it would be a step towards augmenting farmers' incomes on a sustainable basis. The investments need not be restricted to just augmenting agricultural production but also fixing its marketing infrastructure, logistics, as well as linking production by farmers' groups to organised processing and retailing, with a view to minimise market risks, save wastages, and augment farmers' price realisation.

Gulati is Infosys Chair Professor for Agriculture and Juneja is Consultant at ICRIER

## WHAT THE OTHERS SAY

"At a moment that calls for leadership from Washington, Mr. Trump is turning his back not just on the world but also on the United States' tradition of compassion for those in need."

— THE WASHINGTON POST

## Decoding the Priyanka gamble

It is strategically timed, a tacit admission of defeat by Congress ahead of the upcoming elections



AKHILESH MISHRA

"IT IS MY hope that you (Modi) become Prime Minister again." This was the parting wish of Mulayam Singh Yadav on the last day of the 16th Lok Sabha. How will this wish of the patriarch of Samajwadi Party resonate in Uttar Pradesh as the country officially enters poll season? It would be instructive to look at some of the recent developments to see how the two main political parties are positioning themselves.

On the BJP front, three big developments in recent weeks have strengthened the position of both Prime Minister Narendra Modi and the party. First, the announcement of 10 per cent reservation for the economically weaker sections in the general category has been a unique and unqualified success. It is to the credit of Modi, and the trust he generates, that he could get this done without any social tension. Second, the decision to completely exempt from income tax those whose taxable income is up to Rs 5 lakh has been met with uniform cheer. That this move is likely to benefit more than 80 per cent of the taxpayers and immediately contribute to an increase in their disposable income indicates how well-thought out this decision was. Third, the PM Kisan income augmentation amount has been rolled out at an unprecedented speed and unlike the hassles associated with getting farm loan waivers, this is directly reaching the farmers' accounts. These three recent announcements, along with the milestone of every home in India now being fully electrified, the remarkable success of Ayushman Bharat, the human story of more than 15 million families now having the security of their own homes through Awaas Yojana, the 70-million milestone of Ujjwala Yojana and the firm control on inflation make the development basket of Modi quite irresistible. Add to it, the bold and decisive action in Balakot and Modi has further strengthened his formidable image as a decisive leader.

On the Congress front, the Priyanka Gandhi Vajra card has finally been played. She comes with her strengths. Anecdotal evidence suggests that she is more natural than Rahul Gandhi when it comes to connecting with people, she has more flair than her brother and because she is fresh, she does not have the baggage of being labelled a failure like Rahul Gandhi. Arguably, Priyanka Gandhi Vajra is also less likely to make the gaffes that her brother has made a habit of. Of course, she has her own baggage of Robert Vadra to deal with.

If we consider India's electoral verdicts since the first elections in 1952, we would find that no government at the Centre, other than the Congress, has been re-elected. The Janata Party experiment in 1977 failed after three years in office. As did the experiments in 1989, 1996, and

1998. Atal Bihari Vajpayee did technically return in 1999, after getting elected in 1998. But that term lasted just a year; so 1999 was, for all purposes, a first term. In 2004, after five years in office, Vajpayee too lost.

The initial hope of the Congress, and the establishment it nurtures, was that Modi too will suffer the same fate in 2019 after a full term. But as 2019 approached, this hope quickly evaporated. Modi's popularity has, in fact, increased. His schemes have positively changed the lived experiences of people and have also paid dividends in terms of votes. All in all, Rahul Gandhi was staring at a second successive defeat. The Gandhi family survived the rout in 2014. But it feared that a wipe-out in 2019 may actually portend doomsday in so far as the family's hold on the Congress is concerned. No other Gandhi family member has, after all, lost elections successively and kept the Congress out of power for so long.

A defeat in 2019 would be like a double whammy for the family. First, there would be a strong possibility of a real revolt within the Congress for a change of leadership. It would be impossible to hold on by arguing that Rahul is fresh and hence needs more time to learn. And second, this could lead to the desertion of the permanent establishment the family has reared in Lutyens' Delhi. This establishment is of vital importance to the family — it is this that runs its legal, judicial, bureaucratic, academic and media empire, even while not in power. And while it is sometimes mistakenly referred to as the Congress establishment, the truth is that its only loyalty is towards the family. The scorn poured on Pranab Mukherjee by the members of the Congress establishment, after the Bharat Ratna was conferred on him, demonstrated the true loyalty of the establishment in real time. Permanent establishments need permanent anchors to survive in rough times, and the only permanent anchor is the family — not individual leaders who come and go.

A loss of family leadership of the Congress, with no new member of the family waiting to take over, would have meant this establishment would finally wither away. This is where the entry of Priyanka Gandhi Vajra was strategically timed. She has been given a responsibility which is not too small to go unnoticed and not big enough either for her to be blamed for the overall defeat. In a way, it is a tacit admission by the Congress that it has lost the 2019 elections. Priyanka Gandhi Vajra is an insurance policy that in case the rebellion against Rahul Gandhi becomes too hot to handle post-defeat, then instead of the leadership going to a non-family person, she would be there to step in.

The family would retain its hold and the Lutyens' establishment would continue to have its anchor to hold on to, in severely adverse times. The only way to assess the Priyanka Gamble, if we can call it that, is that the Congress party has already started to prepare for a post-Rahul Gandhi regime.

The writer is CEO, Bluekraft Digital Foundation and was earlier director (content) MyGov

## VIEW FROM THE NEIGHBOURHOOD

A weekly look at the public conversations shaping ideas beyond borders — in the Subcontinent. Curated by Asad Ali

### RECOGNISE RIGHT TERROR

AN EDITORIAL IN *Dawn* holds forth on the unchecked rise of white supremacist forces, especially in the context of the New Zealand mosque attacks. The New Zealand terrorism editorial says, just reaffirms "the pernicious spread of Islamophobia and other forms of racism, emboldened by the ascent of far-right parties across the developed world and the oxymoron of the (only barely latent) ideology of radical white supremacy embedded in the history and body politic of these nations." It goes on to list terror attacks against Muslims in Quebec and the Finsbury Park mosque attacks, as also the terrorism against African-Americans in Charleston, and, even the 2011 Norway attack perpetrated by Anders Behring Breivik. The editorial says that such ultra-radicalism has even been legitimised via legislation in many countries. In a pointed manner, the editorial says that "Investigative authorities have done little to address, and in many cases have, knowingly or inadvertently, mainstreamed by demonising groups and pitting communities against each other."

entirely in the dark about these networks that actively inspire and recruit individuals to carry out such attacks. Many, such as the alt-right, are hidden in plain sight, with their proponents using a platform on social media websites — including Facebook, on which one of the terrorism live-streamed his rampage against Muslims in New Zealand and live-streamed his rampage against Muslims in Quebec and the Finsbury Park mosque attacks, as also the terrorism against African-Americans in Charleston, and, even the 2011 Norway attack perpetrated by Anders Behring Breivik. The editorial says that such ultra-radicalism has even been legitimised via legislation in many countries. In a pointed manner, the editorial says that "Investigative authorities have done little to address, and in many cases have, knowingly or inadvertently, mainstreamed by demonising groups and pitting communities against each other."

### BAD AIR

AN ADVOCATE WITH the Dhaka Judge Court, Aman R Khan writes in *The Daily Star*, on the need to legislate on clean air in Dhaka: "Dhaka has been consecutively maintaining the highest position among the cities having the lowest air quality in the world... As decentralisation of Dhaka is not happening anytime soon,

the risk of a major population being exposed to air pollution becomes inevitable. It is indeed sad to say, the city full of life has also been ranked as the second least liveable city in the world by The Global Liveability Index 2018."

Khan talks of the efforts of the Department of Environment (DoE) under the Bangladesh government and how it is "working to keep such pollution in check by operating Clean Air and Sustainable Environment (CASE). CASE publishes monthly reports and charts on air quality. It has undertaken several ambitious projects such as the National Ambient Air Quality Monitoring Programme, Brick Kilns Emission management and vehicular emission standards." He mentions The Bangladesh Environment Protection Act 1995 and the Brick Manufacturing and Brick Kilns Establishment (Control) Act, which ordered Brick Kilns companies to "convert" the kilns into modern technology within two years' time. But both measures, he says, have failed to reign in air pollution. Therefore, he says, "imposing a strict liability is the only way to ensure cleaner air. The Act would need further push from the Ministry and DoE in order to be enacted. If that doesn't happen, the previous Acts would need general amendment."

### CLOSING THE WAGE GAP

AN EDITORIAL IN *The Kathmandu Post* dis-

cusses the gender pay gap in Nepal's Makwanpur district and highlights how the women there rallied against such inequality, eventually ensuring local level officials formulate an equal pay policy. It says that "Raghu Nath Khulal, head of the coordination committee, made public his commitment to close the gender pay gap in Makwanpur. Chiefs and deputy chiefs of all 10 local units of Makwanpur were present at the programme signalling their willingness to support this initiative." The editorial states that, "Equal pay is a legal requirement. Article 18, Schedule 4 of the constitution prohibits gender-based discrimination with respect to remuneration. Meaning, there should be the same wage for the same work. But unequal pay is rampant throughout Makwanpur. For example, women masons get paid Rs600 per day while men get paid Rs800 for the same work." Even within the subset of unskilled workers, women are worse off, it says: "Unskilled women workers have been getting paid less than unskilled male workers. Perhaps the prevailing belief is that men work harder and produce more while women are weaker and take longer to do the same thing; hence, they should be paid less. But nothing could be farther from the truth. As poor working women keep getting paid less than men, in the long run this means more and more women will be retiring into poverty."

## LETTER TO THE EDITOR

### CHINA'S NO-SHOW

THIS REFERS to the editorial, 'After China's Veto' (IE, March 15). India needs to work out a multi-pronged policy to blunt Pakistan's proxy war. No country operates on moralistic grounds and geopolitical factors influence a nation's decision matrix. India should explore ways to leverage China's strategic interests elsewhere in exchange for its support against Pak-sponsored terror. India can take a cue from China's pro-India stance at the 2017 FATF meeting where China had agreed to put Pakistan on the grey list in return for an Indian vote supporting China as Vice President of FATF. **Rahul Kapoor, New Delhi**

### EDUCATION, POVERTY

THIS REFERS to the article, "Why education doesn't become a poll issue" (IE, March 15). Indeed, education yields no direct dividend in our electoral politics because it cannot be a burning issue like water, road, electricity and employment. It isn't seen as "needed" to win an election. It is unfortunate that we cannot assess the most urgent need of our life. **Tapomoy Ghosh, Purba Bardhaman**

THIS REFERS to the article, "Why education doesn't become a poll issue" (IE, March 15). One of the major reasons of education not being a poll issue is the presence of poverty in India. A population which is facing such immense

## 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](mailto: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.

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poverty cannot afford to think of education as a significant element of their lives in a situation where they are unable to get food for even once a day. Poverty is a major national concern which cancels the positive effects of many national schemes and projects like Swachh Bharat Abhiyaan, restricting the scope of education from becoming a poll issue. **Sambhav Mishra, Delhi.**



## Christchurch massacre

The attack on mosques is a wake-up call on the anti-immigration, white supremacist cult New Zealand was shaken to its core on Friday when at least 49 people were killed by a gunman in two mosques in Christchurch. Brenton Harrison Tarrant, the suspect, livestreamed the massacre on social media after releasing a white supremacist manifesto that called for removing the "invaders" and "retaking" Europe. The 27-year-old Australian, who the authorities said was not on any intelligence watch list, apparently travelled to New Zealand to carry out the attack. His targets were clearly Muslims, who make up less than 1% of New Zealand's population. The manifesto and the symbols he carried suggest that he was influenced by far-right terrorists and their anti-Muslim, anti-immigration and anti-Semitic ideology. He came in military fatigues, wore neo-Nazi emblems and was listening in his car to a song devoted to Bosnian war criminal Radovan Karadžić. The manifesto lauds Anders Breivik, the Norwegian far-right terrorist who killed 77 people in 2011 and released a 1,518-page racist manifesto. He saw President Donald Trump as a "symbol of renewed white identity and common purpose".

Right-wing racist terror, which has largely been on the fringes in the post-War world, is emerging as a major political and security threat, especially in white-majority societies. In recent years, mosques in Germany and France have been targeted; in Britain an MP was stabbed to death; and in the U.S. a synagogue was attacked, leaving 11 people dead. In most cases, the attackers were obsessed with immigration and the far-right ideas of Euro-Christian white racial purity, which is fundamentally not different from the ideology of the Nazis. The language these attackers use resembles that of mainstream anti-immigrant politicians in Western countries, such as Mr. Trump, who wanted to ban Muslims from entering the U.S.; Viktor Orbán, the Prime Minister of Hungary, who wants to defend "Christian Europe"; or Italian Interior Minister Matteo Salvini, known for his hardline views on migrants. Besides, a number of far-right parties known for their Islamophobic, white nationalist views are either in power in Europe or are on the rise, be it the Freedom Party of Austria, the AfD of Germany or the National Front of France. While they and their leaders set the broad contours of anti-immigrant, anti-Muslim and anti-Semitic politics as part of their nationalist narrative, neo-Nazis such as Breivik and the Christchurch shooter are killing common people. Societies worldwide should wake up to the growing danger right-wing racist terrorism poses, and not view it as mere isolated, irrational responses to Islamist terror. It has to be fought politically, by driving a counter-narrative to white supremacism, and by using the security apparatus, through allocation of enough resources to tackle all threats of violence.

## Lapse and collapse

Mumbai's creaking public infrastructure must be urgently upgraded

The pedestrian bridge that collapsed at Mumbai's Chhatrapati Shivaji Maharaj Terminus, leaving six people dead and several injured, underscores the irony of India's race to development on creaking urban infrastructure. It was only in September 2017 that there was a stampede at Mumbai's Elphinstone bridge that left at least 23 people dead, an incident that officials blamed on heavy rain and overcrowding on the rickety structure. Beyond such acute disasters, there is the chronic toll of eight people, on average, dying every day on the city's railway tracks. This is a dismal image for a metropolis that generates so much wealth, but cannot guarantee the safety of its public infrastructure. In the first response to the CST incident, the Maharashtra government and the Brihanmumbai Municipal Corporation (BMC) have launched action on the contractor who carried out repairs on the bridge five years ago, the structural safety auditor who had certified the bridge to be in 'good' condition among a total of 39 bridges, and some civic body officials. Such steps may serve to mollify public anger, and no one would argue against efforts to fix accountability for lapses. However, far-reaching administrative reform is necessary to raise public confidence in the way government works. It is extraordinary that the BMC is wiser after the fact, and has determined that the quality of repairs performed on the CST bridge was not 'up to the mark,' since it collapsed within six years. It has also closed several busy footbridges, virtually confirming prolonged neglect of maintenance.

In a city where eight million passenger trips are made daily on an overburdened railway system, besides other modes of transport, the highest priority should be to raise levels of safety. In the wake of the bridge disaster, the municipal corporation must explain how much of its annual budget of ₹30,692 crore for the coming year will go towards improving facilities and safety for the majority of its citizens who ride trains and buses or walk. Mumbai's badly need a new deal in the form of a modernised bus system, with expansion of services that can be funded through a levy on private vehicles or on fuel. The move to privatise BEST bus services may result in greater pressure on other systems, reducing access and adding to the stress faced by citizens. Mumbai's experience should serve as a warning to all fast-expanding Indian cities governed by municipal systems that have low capacity and capability to create people-friendly infrastructure. Distortions in urban policymaking in recent years are all too evident, marked by support for loosely defined smart cities and personal vehicles, at the cost of basic interventions that will make the commons more accessible – roads, pavements, pedestrian facilities and public transport. The safe mobility of people must be prioritised.

# An election that is not about one

For the Opposition parties, this is the time to enlarge democracy's base, not necessarily any one party's



GOPALKRISHNA GANDHI

In the extremes of our tropical climate, every summer seems the worst ever. But the Tamil 'kathiri' – literally 'scissors', and metaphorically the merciless sun of May-June – is truly upon us in the peninsula this year. And it is only March.

Likewise, in the multi-polarities of our democracy every election seems to be about the most crucial we have ever had. And though the candidates for the April-May elections are yet to be formally announced, the election's 'kathiri' is already in motion – sharp, cutting. And it is only March.

### Continuation vs. change

The elections this time are unusual, even unprecedentedly so, for they are not about how India chooses but about what India is about. For those many who want the present government back, the coming elections are a national referendum for an India that is rearing to be a Super Power under a leader who wants India to be exactly that with himself at the helm. One might say, and why not? True, why ever not, except that when that happens, everyone else becomes inferior, minimal, subordinate to the Supreme. Including the Constitution and the laws. And that is not what India has become a democratic republic for.

Those many – and it must be acknowledged they are many – regard the coming elections as presidential with but one candidate, Narendra Modi. And an occasion to re-affirm belief in his helming a strong Centre for nothing less than 15 more years, a golden era, when we will have Sanskrit proclaimed our Rashtira Bhasha, Veer Savarkar

a Rashtira Guru, Saffron a Rashtira Ranga, we will have the Constitution amended to provide for national emergencies under new circumstances, an executive presidency, with the Rajya Sabha abolished, appointments to the higher judiciary tempered by considerations of 'loyalty to national security', compulsory military service for one year with the liberal option of 'drill Yoga', the media self-disciplined into self-censorship, the bureaucratic and diplomatic echelons made colourless and comfortable rather than fearless and uncomfortable, the citizenry one merry choir well-practised in patriotic tunes and collective chants.

None of this is or will be in any Bharatiya Janata Party (BJP) or National Democratic Alliance (NDA) manifesto. And Mr. Modi will never, I think, subscribe to any of these 'goals'. In fact, he may be expected to deny that these reflect his views by a long shot. But these comeos do represent, broadly, the thinking of a kind of Modi-supporter, Modi-devotee who is to be encountered among many Indians, mostly from the educated urban and suburban middle-classes.

For the many others who want the present government dislodged, the coming elections are about the exact opposite. They are a non-presidential election where the many are against One Supremacy, and are in favour of an order in which every region, language and faith tradition is the equal of every other, where political opposition is valued for its own sake, dissent cherished as long as it remains non-violent, where the judiciary is respected for its stubborn independence, bureaucratic and diplomatic cadres for their professional integrity, technocrats for their rigorous professionalism, where the nation's natural resources, particularly those that lie within and beneath forests, mines and on the seafloor, are not looted, where prisoners do not live in



RITU RAJ KUMAR

sub-human conditions and where, above all else, the Constitution is seen as the dynamic, living guardian of the citizens' human rights pertaining to life, liberty, privacy and judicial remedy.

That being the reality or hard truth about the elections ahead, they are indeed the most important ever held in free India.

### Rhetoric and reality

And that being the case, when one hears Aradhana Mishra, a Congress MLA in Uttar Pradesh say, "Priyanka ji has reiterated that the INC (Indian National Congress) will contest all 80 seats in Uttar Pradesh," or the Congress's doughty veteran and chief of the Delhi Congress, Sheila Dikshit say about the seven Lok Sabha seats in Delhi, "It has been unanimously decided that the Congress will not go for an alliance with AAP (Aam Aadmi Party)", the election's results seem foregone.

The Congress, five years ago, contested not "all 80" seats but 67 seats in U.P. in those elections, winning only two, United Progressive Alliance chairperson Sonia Gandhi's seat in Rae Bareilly and Rahul Gandhi's in Amethi. And in Delhi, it was number three, after the AAP at number two, in terms of vote share.

"All 80 seats" in U.P. and "no alliance with AAP" in Delhi are great news for the BJP, whose vote-share

in U.P. for the 2014 Lok Sabha elections was lower than that of the Samajwadi Party (SP), the Bahujan Samaj Party (BSP) and the Indian National Congress (INC) combined (the combined vote share of the other three being 49.30%, a clear 7 percentage points above the BJP's 42.30%). In Delhi, too, the BJP was ahead of the AAP and INC when those two stood divided but was clearly behind them, in all but one (New Delhi) of the seven seats, if the vote-share percentages of those two were to be seen together.

### Weighing on the record so far

The jury is out on whether the nation's outrage over the killing of 40 Indian brave-hearts in Pulwama and its pride in the gutsy riposte by the Indian Air Force has changed the electoral math. Perhaps it has not, and given that Winston Churchill lost the elections after winning the war in 1945 and, nearer home, the NDA government lost the elections after Kargil, it will vote for change. But the Opposition has to accept the fact that an unmeasured percentage of vote-share has slipped from its anticipated scores into the BJP's.

The Congress showed statesmanship in Bengaluru last year. If reports are to be believed, not just Rahul Gandhi but Priyanka Gandhi had something to do with the Congress's decision to propose and then actively put in place a coalition government led by H.D. Kumaraswamy of the Janata Dal (Secular). That was highly realistic, prudent, sagacious. As is the Congress-DMK-Left alliance in Tamil Nadu.

That spirit needs to be shown now in U.P., Delhi and elsewhere if those who believe in India being meant to be democratic and a re-

public are not to be betrayed.

Is it too late? Late, yes, but not too late yet. Pride bolts the door to accommodation, prudence opens it.

### Contesting India's

This is the time to enlarge democracy's, not one party's base. Getting even with the AAP in Delhi, the Samajwadi Party and the Bahujan Samaj Party in U.P. and the Biju Janata Dal in Odisha can be a temptation for the Congress in ordinary times, not for this election summer when the 'kathiri' is out. Every party which believes in democracy as a natural ally of every other party believing in the same. Smaller confrontations must step aside in the face of the biggest contradiction that there can be, namely, of two contesting Indias – that of Gandhi-Nehru-Ghaffar Khan-Bhagat Singh-Ambedkar on the one hand and of a Hindu Rashtira on the other.

And this should be done in grim awareness of the fact that the 21st century autocrat is now to be seen not just in India but in countries as different and distant from one another as China, Russia, Saudi Arabia, Turkey, Venezuela, Egypt, the Philippines, Hungary, using traditional 'resources' as well as new, softer and deadlier technologies, to spot and immobilise dissent, create a sense of perpetual 'other', an eternal 'enemy', all in the name of a hyper nationalism.

But if there is gloom, there is also hope, as in the instance of New Zealand Prime Minister Jacinda Ardern, who, from the white heat of trauma spoke of the Christchurch victims of terror as "us" and of New Zealand being "home" to them.

Jayaprakash Narayan brought the democratic coalition together in 1977. There is no Jayaprakash today. But his spirit beckons the conflicted soul of India's democracy.

Gopalkrishna Gandhi is a former administrator, diplomat and governor

# Nehru, China, and the Security Council seat

Today's policymakers fail to understand Nehru's eminently sensible approach



MOHAMMED AYOOB

Finance Minister Arun Jaitley recently said that India's first Prime Minister, Jawaharlal Nehru, was the "original sinner" who favoured China over India for permanent membership in the UN Security Council. His assertion obviously refers to Washington's feeler sent to New Delhi in August 1950 through the Indian Ambassador in the U.S., mentioning the American desire to remove China from permanent membership of the UNSC and possibly replace it with India. The allegation that Nehru refused to take this suggestion seriously and thus abdicated India's opportunity to become a permanent member of the UNSC is the result of the critics' inability to comprehend the complexity of the international situation in the early 1950s and the very tentative nature of the inquiry.

### The Asian landscape

This episode took place in August 1950. The Cold War was in its early stages, with the two superpowers in eyeball-to-eyeball confrontation that threatened nuclear catas-

trophe. The People's Republic of China, which had just emerged from a bloody civil war and was seen at the time as the Soviets' closest ally, was prevented from taking its permanent seat in the UNSC because of American opposition premised on Cold War logic. Furthermore, war was raging in the Korean peninsula, with U.S. and allied troops locked in fierce combat with North Korean forces supported by China and the Soviet Union.

Nehru was trying to carve a policy that ensured India's security, strategic autonomy and state-led industrialisation in these very dangerous times. He was well aware of the fact that pushing China out, as the U.S. wished to do, was a recipe for perpetual conflict that could engulf all of Asia. To him, the Korean War appeared a forerunner to more such conflagrations in Asia that could even turn nuclear. The U.S. had dropped nuclear bombs on Japan only five years ago and many observers believed it would not hesitate to do so again in an Asian conflict, especially since nuclear deterrence had not yet become a recognised reality. Nehru did not want India to get embroiled in hazardous Cold War conflicts and become a pawn in the superpowers' great game risking its own security.

Nehru's approach to China was



THE HINDU PHOTO ARCHIVES

dictated by realpolitik and not wishful thinking. He understood that peace could not be assured in Asia without accommodating a potential great power like China and providing it with its proper place in the international system. Moreover, China was India's next-door neighbour and it was essential for New Delhi to keep relations with China on an even keel and not fall prey to the urgings of outside powers, the U.S. foremost among them, which were following their own agendas that had nothing to do with Indian security interests.

### A combustible context

The so-called American "offer" to India of a permanent seat in the Security Council replacing China was made in this combustible context. To be precise, it was not an offer but merely a vague feeler to explore Indian reactions to such a

contingency. The U.S. intended it to be a bait to entice India into an alliance with the West against the Sino-Soviet bloc, as it was then known, and lure it into becoming a member of the "defence" organisations it was setting up in Asia to contain presumed "Communist expansionism".

The enticement, as the correspondence between the then Indian Ambassador in Washington, Vijaya Lakshmi Pandit, and Prime Minister Nehru makes clear, was suggested during her conversations with U.S. Secretary of State John Foster Dulles and Ambassador-at-large Philip Jessup. When Pandit informed Nehru of these feelers, he responded, "India because of many factors is certainly entitled to a permanent seat in the Security Council. But we are not going in at the cost of China." In September 1955, Nehru stated categorically in the Lok Sabha: "There has been no offer, formal or informal, of this kind... The composition of the Security Council is prescribed by the UN Charter, according to which certain specified nations have permanent seats. No change or addition can be made to this without an amendment of the Charter."

Nehru refused to consider the American feeler not because he was a wide-eyed Sinophile but because he was well aware that all Washington was interested in was

to use India for its own ends. Had India accepted the American bait, it would have meant enduring enmity with China without the achievement of a permanent seat in the UNSC. The Soviet Union, then China's closest ally, would have vetoed any such move since it would have required amendment of the UN Charter that is subject to the veto of the permanent members.

It would have also soured relations between India and the Soviet Union and made it impossible to establish the trust required to later build a close political and military relationship with Moscow that became necessary once the U.S. entered into an alliance relationship with Pakistan. The Indo-Soviet relationship paid immense dividends to India during the Bangladesh war of 1971.

Mr. Jaitley and other critics of Nehru's eminently sensible decision not to fall into the American trap would do well to analyse the decision in the particular strategic and political context in which it was made and not allow their current political preferences to dictate their amateurish conclusions.

Mohammed Ayoob is University Distinguished Professor Emeritus of International Relations, Michigan State University and Non-Resident Senior Fellow, Center for Global Policy, Washington DC

## 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.

### Christchurch carnage

A sickening mass murder has struck New Zealand, one of the world's most idyllic countries, and New Zealand's Prime Minister, Jacinda Ardern, has been remarkably forthright in emphatically declaring that the victims, many of whom may be migrants or refugees, "are us" ('World' page, "Gunman charged as Ardern pledges to reform gun laws", March 17). The overriding theme of her statements is that her country represents "diversity, compassion and refuge". Christchurch and Pulwama together represent senseless bloodshed. Terrorism of every stripe, in every nation, must be collectively rejected using the same language of unequivocal

condemnation. One hopes that leaders in the subcontinent remember this.

MEGHANA A.,  
Shell Cove, NSW, Australia

It is admirable that Prime Minister Ardern has offered her condolences in person irrespective of religion. Her quick move to impart a healing touch has not gone unnoticed. One hopes that she will ensure justice for the victims' families.

NAJMUL HUDA,  
Mumbai

The swift and decisive response of the New Zealand government and its law enforcement agencies, and the mature and empathetic response of the people offer hope that the lunatic fringe purveying hatred and

violence can be isolated. Instead of pointing fingers at tolerant societies, global communities and institutions should strengthen the hands of the majority in a collaborative endeavour. The brittle and leaky edifice of the social media needs to be demolished and a new framework has to be put in place to rein in the propagation of extreme and virulent ideologies.

V.N. MUKUNDARAJAN,  
Thiruvananthapuram

The tragedy in New Zealand comes just after Pulwama, which is another ghastly incident of violence. Extremism appears to be spreading exponentially across the globe even in places where its presence was thought to be the least. We cannot go along like this.

Global leaders must speak in one voice.

SAVOOJ P.,  
Varikkol, Kallachi, Kerala

### Hop, skip and jump

Switching parties has become a joyous and worthwhile pastime for politicians ("Blow to BJP, as two MPs and a veteran quit" and "Leaving JD(S) amicably, Danish Ali joins BSP", both March 17). Some incumbent lawmakers are quitting their parties the moment they realise that they are likely to be denied tickets while others like ticket-aspirants are doing so as they are not in the list of probable party candidates. It is amusing and laughable to hear that JD(S) general secretary Danish Ali has joined the BSP with the 'consent' of his party

leadership. There should be a limit to taking people for a ride. Do politicians think that people are so naive? The alacrity shown by parties to welcome defectors with open arms speaks of their opportunism and lack of scruples. Compunction and self-esteem do not count much in politics.

C.G. KURIAROSE,  
Kothamangalam, Kerala

### The empty nest

When our children were young, we couldn't wait for the day when they would become adults with lives of their own ("Open Page", "The promise of a sunset - and a sunrise", March 17). It is a time for us, elders, to move on to the next chapter of life; when that day dawns, one should be prepared for it. Gone are the days when

employment was local.

Youngsters today look to every corner of the world for jobs and careers. So, as adults, we should not restrain them or their ambitions. The empty nest syndrome does not have to be a change for the worse. It can be fun visiting our children in a new place. Even if the extended family has now broken up into small units, often leaving the elderly to live on their own, they can still handle it successfully by keeping fit through yoga, meditation, being curious and active, and, of course, meeting friends. I write this as an empty nester of over 20 years.

H.N. RAMAKRISHNA,  
Bengaluru

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# The problem is jobs, not wages

There is obfuscation of both the existence of a jobs crisis and the diagnosis of it



**PRAVEEN CHAKRAVARTY**

It is well established that India is starting at a massive jobs crisis. Every single survey points to jobs as the biggest issue concerning voters, especially the youth. Yet, the Prime Minister and the government steadfastly refuse to even acknowledge this issue, let alone address it.

India's jobs crisis is an economic issue, not a political one. India is not unique in experiencing rising joblessness and, consequently, income inequality. Many developed and developing nations are grappling with this problem, too. Such a crisis requires acknowledgement of the issue first, then a vibrant public debate on solutions to tackle the crisis, and finally, a coordinated implementation of ideas. Instead, there is much obfuscation of both the existence of a jobs crisis and the diagnosis of it.

## Demand and supply

The latest in this obfuscation is the notion that India does not have a jobs crisis but a wages crisis. According to this argument, every Indian youth who wants a job can get one, but not the wages she wants. This is a banal argument. This is akin to arguing that every Indian who wants to buy a house can buy one but just not at the price she can afford. What determines the price of a house? Apart from external factors such as taxes, the price of a house is simply determined by the demand for houses versus the supply of houses. Similarly, what determines wages for an employee is the demand for such skills versus the supply of such skills. Wages are not determined by some external factor that is removed from labour market conditions. It is entirely a function of the labour market. In economic parlance, wage, or the price of labour, is an endogenous variable and not an exogenous one.

Let us understand this through the Prime Minister's favourite example of frying pakodas, which is apparently evidence of the plentiful jobs that we are creating. The wages for a



"If the wages for pakoda frying are very low, it can only mean that there are far more people willing to fry pakodas for a job than there is demand for pakodas." A roadside vendor in Varanasi sells pakodas. •PTI

person frying pakodas is determined by the demand for pakodas in the economy and the supply of pakoda fryers. If the wages for pakoda frying are very low, it can only mean that there are far more people willing to fry pakodas for a job than there is demand for pakodas. Hence, their wages continue to be low. In other words, the economy is not creating enough opportunities for the large number of unemployed people other than to fry pakodas at minimum wages. Of course, a person frying pakodas in a five-star hotel will get paid higher than a roadside pakoda fryer, presumably because her skill and productivity level are different. But for that same skill level, the wages of a person are determined largely by the demand for such skills and the supply of people with such skills. If demand is higher than supply, wages automatically rise; if not, they remain stagnant. To understand the unemployment issue as a wages problem shows ignorance.

Even if we grant the outlandish assertion that India has a jobs bounty but wages are not rising, this points to a labour market failure. Are we then saying that workers need to get unionised more and demand higher wages since the price of labour is not commensurate? It is a facile argument.

The proponents of the argument that there is a wage crisis and not a jobs crisis would do well to go back to economic history and study the work of Arthur Lewis, the Nobel Prize-winning economist from the West Indies. Lewis, in his seminal work in 1954, showed how in economies such as India and China, which have an "infinite supply of labour", there tends to be a two-sector economy – the capitalist sector and the subsistence sector. His summary finding was that the living standards of all citizens in such two-sector economies are determined by the wages of the people in the subsistence sector. If there is demand for labour and skills

in the capitalist sector, then the endless supply of labour from the subsistence sector will transition, and wages will ultimately rise only when the demand for labour exceeds the supply of labour in the subsistence sector.

The harsh and simple reality of India's jobs situation is that we are not creating as many jobs as we need to. There can be many reasons for the lack of our ability to generate enough jobs but at the very least, we must first acknowledge this problem. Calling this a wages crisis and not a jobs crisis is neither helpful nor sensible. It is very critical that we don't bury our heads in the sand and pretend that there is no jobs crisis but only some wage crisis, induced by labour market distortions. There could well be labour market failures too, but it is not a sufficient explanation for the jobs crisis.

## Formalising the economy

The proponents of the 'there is a wage crisis' argument also go on to say that the largely informal nature of India's economy leads to low productivity and hence keeps wages low. So, their solution for higher wages is to embark on a mission to explicitly formalise India's economy. Again, economic history tells us that formalisation is an outcome of economic development, not a cause. No large market economy in history has embarked on an explicit economic policy for forced formalisation. The U.S. had its large share of 'petty retail traders' before World War II, which then paved the way for large-scale organised retail with advancements in transport infrastructure, technology and rising income levels. The U.S.'s economic policymakers did not wake up one morning and say, "The informal mom-and-pop retail industry is bad, so let's formalise it by 'demonetising' the entire economy."

India's economic commentary today carries a 'blind men and an elephant' risk. It has a tendency to claim absolute truth based on limited subject experience. There is no need to complicate the state of India's jobs market. The simple truth of it is that we do not produce enough jobs.

Praveen Chakravarty, a political economist, is chairperson of the data analytics department of the Congress party

## FROM THE READERS' EDITOR

# Antisocial behaviour on social media

Two events last week showed that technology has its limits in responding to humanitarian crises



**A.S. PANNEERSELVAN**

There are many unintended consequences of the growth of social media. The most disturbing is the fact that technology has its limits in responding to humanitarian crises. Last week, we saw two distressing developments: the sexual exploitation of women in Pollachi in Tamil Nadu and the brutal killing of 50 people by a gun-wielding white supremacist in Christchurch, New Zealand. In both these tragedies, the legacy media tried to provide credible information, without fanning religious hatred (in the case of New Zealand) and without assuming the role of the moral police (in the case of Pollachi). On the other hand, videos were forwarded recklessly on social media, causing great damage to the people affected as well as to the public sphere.

## Thoughtlessly forwarding videos

In New Zealand, the gunman live-streamed his dastardly act on Facebook. It was evident that even as the New Zealand police and social media platforms scrambled to remove these videos, social media users were busy forwarding them thoughtlessly. A report in *The Guardian* revealed that YouTube, Facebook and Twitter were struggling to stop videos of the Christchurch attack from spreading on their platforms, as users were uploading new copies of the footage faster than the sites could take them down. It was also depressing to note that some media organisations, such as *Sky News Australia*, *10 Daily*, *Mail Online*, *The Mirror* and *The Sun*, broadcast the edited version of the videos as well as the hate-spewing manifesto of the attacker. While many have taken these down following a backlash from the public, the damage this has caused is immense. According to reporters Alex Hern and Jim Waterson, who write on media and technology for *The Guardian*, one version of the video was left live on Facebook for at least six hours, while others were available on YouTube for at least three hours.

At the time of writing this column, Face-

book claimed that it had removed 1.5 million videos worldwide within the first 24 hours of the attack. It also said it is trying to prevent the offensive videos from spreading further. It admitted that the speed at which it was deleting the videos was slower than the speed at which people were uploading them. British MP Ian Lucas, who sits on the House of Commons' Digital, Culture, Media and Sport Committee, said about social media platforms: "They have created a platform which creates unprecedented challenges which they can't control fast enough and which leaves us with massive social problems that we need to face." Mr. Lucas argued that it was too late to remove the posts, and said the platform companies don't have the capacity to do it. He added that these companies should engage better with governments and the wider society to deal with this huge challenge.

*The Verge* said the mass shooting was "designed to spread on social media". It wrote: "The quick spread of both the video and the manifesto tells us how inadequate moderation is on the Internet, assuming moderation exists at all. The video has been popping up again and again on YouTube and Twitter, and people are figuring out ways to get around the companies' filters."

## Revealing the victim's identity

Closer home, the Madras High Court ordered the Tamil Nadu government to pay an interim compensation of ₹25 lakh to the Pollachi survivor for "violation of her privacy and dignity", because the investigating team revealed her identity in clear violation of the directives under both the Protection of Children from Sexual Offences Act, 2012 and the 1997 Vishakha guidelines of the Supreme Court. The voyeuristic manner in which videos, pictures and audio files related to the sexual offences were circulated on social media and the prurient comments they generated have created irreparable damage to our public sphere. The story needed better treatment from the mainstream media than what it got initially, too. The shortcoming in this newspaper's coverage was exemplified in the headline "Pollachi sex scandal triggers outrage among politicians" (March 12, 2019). It failed to capture the public anger that engulfed Tamil Nadu.

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## SINGLE FILE

# The urban question

A charter designed by civil society organisations, workers' collectives and the urban poor reimagines our cities

AKRITI BHATIA & EVITA DAS



While agrarian distress has slipped into the pre-election discourse as an important political subject, it is imperative to ask why the urban question is no less political. India's cities are grappling with acute urban livelihood issues relating to

jobs, housing, migration, living conditions, mobility, sanitation, climate change and sustainability.

A group of civil society organisations, workers' collectives, and over two lakh urban poor across India have been deliberating on a citizens' charter of demands for inclusive and just urban development – words that most governments have only been paying lip service to.

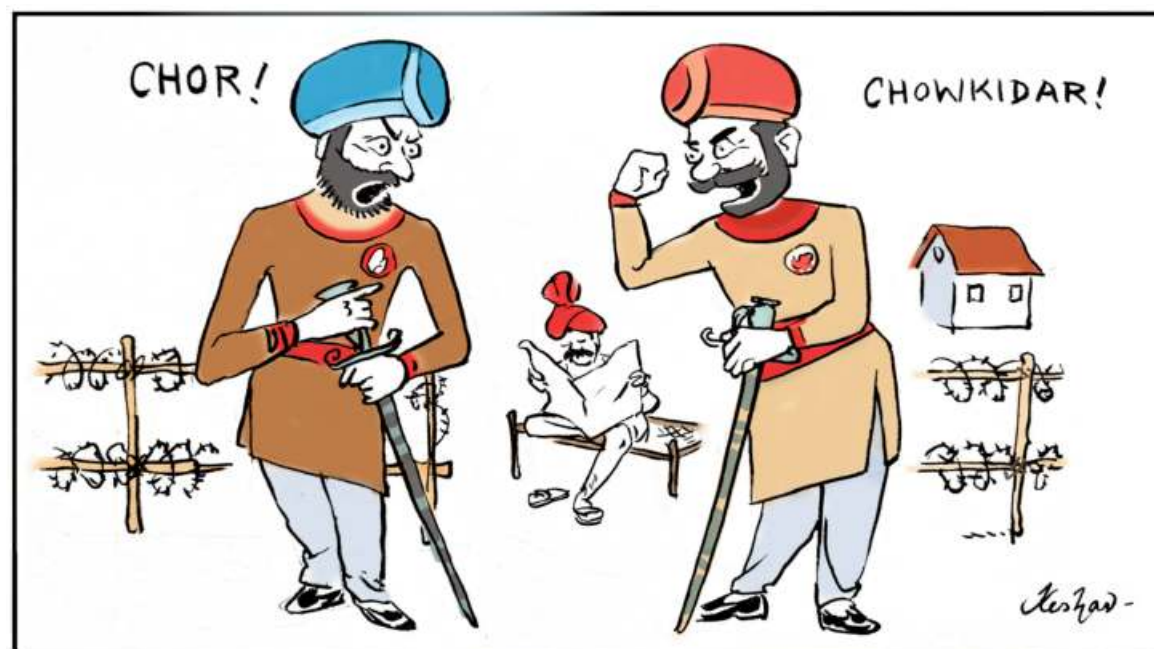
The charter, which enjoys endorsements from 12 political parties, conceives of "just and liveable cities for all" as an alternative to "smart cities". The latter tend to adopt technocratic models of urbanisation facilitated by unelected entities, such as special purpose vehicles that are dependent on private investments. This often results in the participative planning process of urban local bodies (ULBs) being bypassed. On the contrary, the charter pushes for autonomy of the ULBs, capacitating them with funds for proper staffing, regularisation of municipality workers, and entrusting them with decentralised decision-making powers.

It is appalling that despite occupying only about 5% of urban land, slum dwellers in cities are labelled as encroachers. These people, who constitute 30% of the population in cities, often live in subhuman conditions without basic services. The charter looks at housing as a fundamental right and proposes to confer land titles on slum dwellers. It proposes a zero-eviction policy, in situ slum upgrade programmes that focus not on the number of houses built but also on ownership rights and service provision. It proposes that self-built houses by city dwellers be recognised.

The majority of these residents constitute urban 'informal' workers (about 20 crore people) who have migrated due to rural distress, and termination of contracts and mass lay-offs in industries. The charter advocates universal minimum social security (as a portable scheme for the benefit of migrant workers), which includes healthcare, maternity, insurance, pension benefits, and fixing universal minimum wages. It welcomes the proposal for a National Urban Employment Scheme, recognising the right to work. It also emphasises the need for gender-friendly cities and infrastructure. And given that cities contribute more than 60% to India's GDP, it advocates that a minimum of 5% of this GDP be used for the development of urban areas, up from the current 1%, through Central schemes.

We must reimagine our cities by rejecting inequalities, unjust designs, and unsustainable growth, and redefine the urban agenda from the lens of the working poor, with participative planning at its heart.

Akruti Bhatia is a Ph.D. scholar at the Delhi School of Economics. Evita Das is an urban researcher at the Indo-Global Social Service Society



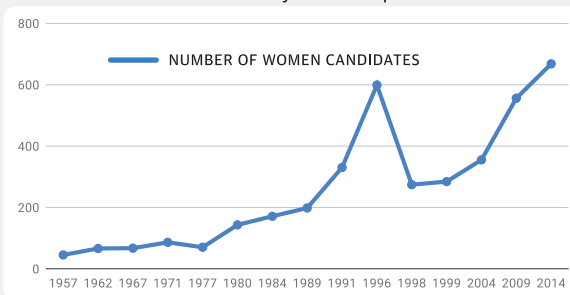
## DATA POINT

### Women in Lok Sabha

Considering the historically poor representation of women in the Lok Sabha, the BJD and TMC's decision to allocate one-third and more than 40% of the seats to women candidates in Odisha and West Bengal, respectively, is a significant step.

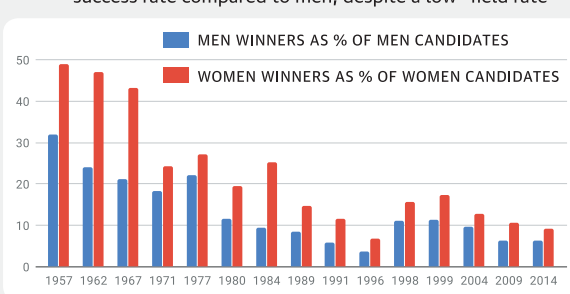
#### 1 Sluggish pace of change

In 2014, of the 8,794 Lok Sabha candidates, just 670 were women. That was still the highest number of women to have ever entered the fray since Independence



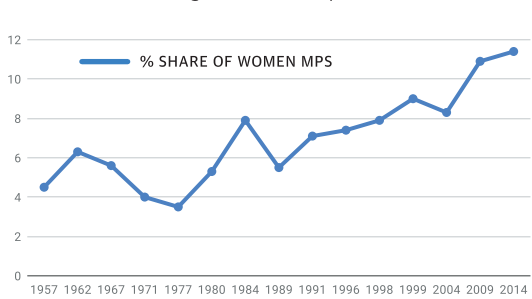
#### 2 High elect-ability

Women who competed in the Lok Sabha polls had a high success rate compared to men, despite a low 'field rate'



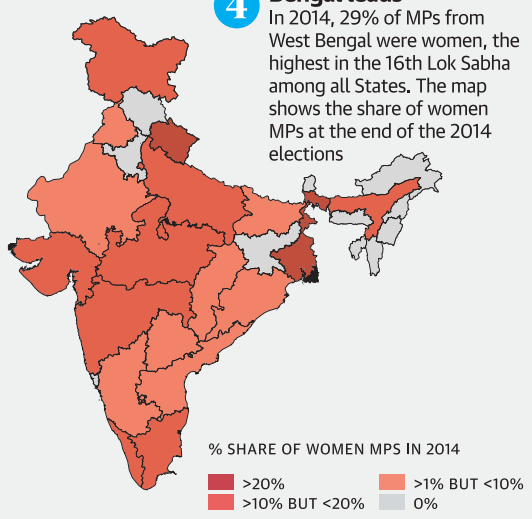
#### 3 Better representation

The 16th Lok Sabha had 11.4% representation for women, the highest since Independence



#### 4 Bengal leads

In 2014, 29% of MPs from West Bengal were women, the highest in the 16th Lok Sabha among all States. The map shows the share of women MPs at the end of the 2014 elections



## FROM THE HINDU ARCHIVES

FIFTY YEARS AGO MARCH 18, 1969

### Regional languages in IAS exam

Regional languages will be permitted as alternative media to English in two subjects - essay and general knowledge - for the combined competitive examinations of the All-India and higher Central Services from this year. The Home Minister, Mr. Y.B. Chavan to-day [March 17, New Delhi] told the Hindi Sahakar (Advisory) Committee that the Union Public Service Commission had already finalised arrangements for the introduction of regional media in these two subjects. Candidates will have to appear for all the other subjects in English as hitherto. The new system will be enforced for the examinations to be held later this year, he added. According to an official spokesman, efforts would also be made to permit regional media in addition to Hindi and English for recruitment examinations to Central Services conducted on local or regional basis.

A HUNDRED YEARS AGO MARCH 18, 1919.

### Examination Standards.

It is interesting to note that the question of abnormal failures in University examinations is proposed to be taken up for investigation in Allahabad. At the last meeting of the Senate of that University, the Hon. Pandit Gokaran Nath Misra moved that a Committee be appointed to inquire into the causes of the large number of failures in the University examinations and make suitable recommendations to the Senate embodying adequate remedies. It would appear that in B.A., B.Sc., Intermediate and Matriculation examinations, the percentage of passes have been very low in recent years, it being 21 in Matriculation last year. In the Matriculation examination in Madras, the percentage had been, in the pre-school final days, much lower and yet, the cruelties went on unchecked. We are glad that the Allahabad Senate has taken up the matter and we hope that a suitable remedy will be found for the evil. That there is variation in the standard of examination from year to year is admitted on all hands, but how far the low percentage of passes is due to negligence and carelessness of students is more than one can assert.

## POLL CALL

### Hung Parliament

When no party or pre-poll alliance is able to secure a majority in the election, this leads to a hung Parliament. The total number of seats in the Lok Sabha is 543. A party or coalition needs to win one seat above the 50% mark, or 272 seats, in order to form the government. If it is unable to do so, the President may invite the leader of the single largest party/alliance in the House to try to secure the confidence of the House. In the alternative, the President may invite a combination of parties who, in his opinion, might be in a position to command a majority in the House.

## MORE ON THE WEB

India's muddled thinking in ODIs

http://bit.ly/ThRealIndiaWC

# प्रवाह

**निर्भीक पत्रकारिता का आठवां दशक**  
स्थापना वर्ष : 1948

सत्ता  
कामकाज से  
संबंधित है और चुनावी  
सिद्धांत विचार-विमर्श से  
संबंधित ...  
- ऑनोर डी बाल्जाक



**अंतर्ध्वनि**  
>>> रामदेव धुंधर

## कथा सुनाकर मानो पिता मुझे लेखन के लिए तैयार करते थे

मेरे किशोर काल में मेरे पिता मुझे मॉरीशस में आकर बसे हुए भारतीयों की वेदनाजनित कहानियाँ सुनाया करते थे। अपने पिता से सुना हुआ भारतीयों का दुःख-दर्द मेरी धमनियाँ में बहुत गहरे उतरता था। यह तो बाद की बात हुई कि मैं लेखक हुआ, परंतु कौन जाने मेरे पिता अप्रत्यक्ष रूप से मुझे लेखन कर्म के लिए तैयार करते थे। वह मेरे लिए अच्छी कलम खरीदते थे। मेरे पिता अनपढ़ थे, लेकिन उन्होंने सरस्वती का कैलेंडर दीवार पर टांग कर मुझे से कहा था विद्या प्राप्ति के लिए नियम उसका वंदन करूँ। वर्षों बाद किसी और रूप में मेरे जीवन में सरस्वती की स्थापना हुई थी। अपने लेखन के लिए भारतीयों का विस्थापन लिया, तो यह अपने

आप सिद्ध हो जाता है मैंने उनके सुख-दुःख, आँसू, शोषण, गरीबी, रिश्ते सब के सब लिए। मैंने लिखा भी है कि मैं आप लोगों का नाम लेने के साथ आप की आत्मा भी ले रहा हूँ। उन से इतना लेने में हुआ यह कि मैं भी वही हो गया, जो वे लोग होते थे। 'पथरीला सोना' लिखने के लिए जब मैं चिंतन प्रक्रिया से गुजर रहा था, तब मैं उन नष्टप्राय भित्तियों के पास जाकर बैठता था, जिनके कंधों पर भारतीयों के फूस से निर्मित मकान तने होते थे। ये मकान उन के अपने न होकर फ्रांसीसी गोरों के होते थे। उन मकानों में वे बंधुआ होते थे। मैं उन लोगों के बंधुआ जैसे जीवन से ही तारतम्य स्थापित किया और लिखा तो मानो उन्हीं की छाँव में बैठ कर। मैंने सुना है, विस्थापित भारतीयों को त्रासदी ऐसी भी रही थी कि भागते वकत उनके पीछे कुत्ते दौड़ाए जाते थे। यही नहीं, ऊपर से पत्थर लुढ़का कर उनकी जान तक ली गई। बच्चे खेल रहे हों और कोई गोर अपनी बगगी में जा रहा हो, तो आफत आ जाती थी। यह न पूछा जाता था कि स्कूल क्यों नहीं जाता, कहा जाता था कि बड़े हो गए तो खेतों में नौकरी करने क्यों नहीं आते हो? -मॉरीशस के वरिष्ठ हिंदी कथाकार

**संयुक्त राष्ट्र सुरक्षा परिषद के तीन स्थायी सदस्य देश आतंकी सरगना मसूद अजहर के मामले में चीन के रवैये का जैसा तीखा विरोध कर रहे हैं, वह संकेत है कि पाक प्रायोजित आतंकवाद का पक्ष लेना बीजिंग के लिए अब उतना आसान नहीं है।**

## आतंकवाद के विरुद्ध

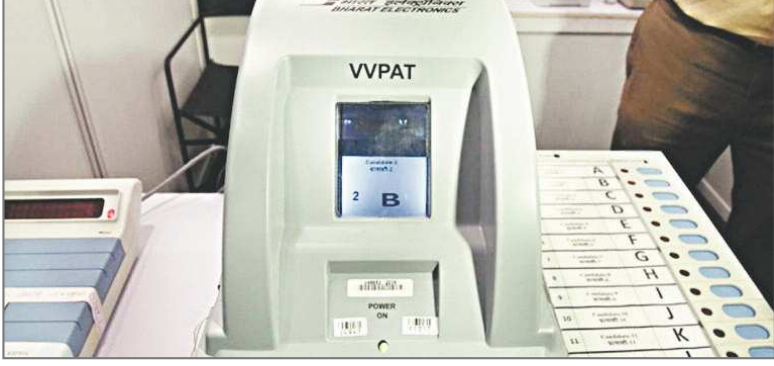
**भारत**

मैं चीनी राजदूत ने मसूद अजहर मामले में नई दिल्ली की चिंताओं को समझने और जल्दी ही इस मामले का समाधान निकालने की जो बात कही है, उससे इसका आभास मिलता है कि आतंकी सरगना को वोटों के जरिये बचाने के कारण चीन भारी दबाव में है। फिलहाल कम से कम दो ऐसे उदाहरण हैं, जो बताते हैं कि मसूद अजहर को बचाने की चीन की भूमिका पर अमेरिका समेत सुरक्षा परिषद के दूसरे देश क्षुब्ध हैं। अमेरिकी अखबार *वॉल स्ट्रीट जर्नल* ने एक जेहादी के बचाव पर संपादकीय लिखकर चीन की भूमिका पर तीखे सवाल उठाए हैं। ऐसे ही संयुक्त राष्ट्र सुरक्षा परिषद में हुई बैठक के ब्योरे गोपनीयता के प्रावधान को भेदकर जिस तरह बाहर आए हैं, और जिसमें अमेरिका, फ्रांस और ब्रिटेन

द्वारा मसूद अजहर के मामले में दूसरा विकल्प आजमाने की संभावना को खुला रखने की जो बात कही जा रही है, वह भी बताता है कि बाकी देश चीन के रवैये से नाराज हैं। इसी दबाव के कारण चीन ने यह संदेश दिया है कि प्रस्ताव की भाषा में थोड़ी नरमी लाने पर मसूद अजहर को वैश्विक आतंकी घोषित करने में उसे कोई आपत्ति नहीं होगी। सुरक्षा परिषद के दूसरे स्थायी सदस्य देश चीन के इस सुझाव पर तो विचार कर ही रहे हैं, उन्होंने इसका भी संकेत दिया है कि अगर इसके बाद भी बीजिंग ने अपना रवैया नहीं बदला, तो वे संयुक्त राष्ट्र में इस मुद्दे पर खुली बहस और वोटिंग का प्रस्ताव पेश करेंगे। गौरतलब है कि संयुक्त राष्ट्र सुरक्षा परिषद के ज्यादातर देश भारत के साथ हैं। ऐसे में, यह चीन को भी बखूबी समझ में आ रहा होगा कि मसूद अजहर के

मामले में अपने पुराने रुख पर टिके रहना उसके लिए अब उतना आसान नहीं होगा। ठीक इसी तरह पाकिस्तान पर दबाव बनाते हुए हमारी सरकार ने कहा है कि पड़ोसी देश अगर सचमुच आतंकवाद के खिलाफ गंभीर हैं, तो वह दाऊद इब्राहिम और सैयद सलाउद्दीन को सौंपे। हालांकि इसके साथ-साथ उसने पाकिस्तान की धरती से संचालित होने वाले कुछ आतंकवादी संगठनों से जुड़े ब्योरे इस्लामाबाद से साझा करते हुए यह जो कहा है कि वह चाहें, तो अंतरराष्ट्रीय स्तर पर इसकी जांच और पुष्टि करा सकता है, वह अस्पष्ट और जल्दबाजी का उदाहरण होने के साथ-साथ हमारे अब तक के रुख के विपरीत भी है। पर कुल मिलाकर आतंकवाद के विरुद्ध चीन और पाकिस्तान पर बढ़ता दबाव सुखद और उम्मीद जगाने वाला तो है ही।

## चुनाव सुधार कौन चाहता है



**कोई भी राजनीतिक दल चुनाव सुधार नहीं चाहता, जबकि चुनाव आयोग के पास कोई कानूनी ताकत नहीं है। इसलिए चुनाव सुधारों की दिशा में उठाए जा रहे हालिया कदमों से बहुत उम्मीद नहीं है।**

जगदीप एस छोकर



से लगातार मांग की जाती है। जाहिर है, शपथ पत्र में वे झूठी और अधी-अधरी जानकारियाँ देते हैं। यहाँ मैं एक राष्ट्रीय पार्टी के एक दिवंगत नेता का जिक्र करना चाहूँगा। एक बार उन्होंने खोज़ा था कि पिछले चुनाव में उन्होंने आठ करोड़ रुपये खर्च किए। जबकि शपथपत्र में उन्होंने 19 लाख रुपये खर्च करने की बात कही थी। वह एक बड़े नेता थे। यानी चुनावी खर्च के

मामले में सच्चाई और पारदर्शिता का अभाव हर पार्टी में दिखाई देता है। चूँकि इलेक्टोरल बांड के आने से भी पारदर्शिता नहीं आई है, इसलिए इस नए कदम से भी बहुत उम्मीद नहीं है। ऐसे ही सभी ईवीएम को वीवीपैट से जोड़ने की भी एक महत्वपूर्ण कदम बताया जा रहा है। पर उससे भी महत्वपूर्ण सवाल है कि कितने वीवीपैट की गिनती की जाएगी। सौ फीसदी वीवीपैट की गिनती का तो मतलब ही नहीं है,

क्योंकि उससे ईवीएम के इस्तेमाल का उद्देश्य ही विफल हो जाएगा। जबकि बहुत कम वीवीपैट की गिनती से-जैसा कि अभी संभवतः एक फीसदी वीवीपैट की ही गिनती होती है-संदेह बने रहेंगे। 21 विपक्षी दलों ने 50 फीसदी वीवीपैट की गिनती की मांग की है, जबकि बताया जाता है कि चुनाव आयोग 30 फीसदी वीवीपैट की गिनती करने के लिए भी राजी नहीं है। सवाल यह है कि वीवीपैट की गिनती का संपल साइज क्या होना चाहिए। चुनाव आयोग ने भारतीय सांख्यिकी संस्थान (इंडियन स्टैटिस्टिकल इंस्टीट्यूट) से इस बारे में सलाह मांगी है, पर उसका जवाब अभी तक नहीं आया है। सर्वोच्च न्यायालय ने इस मामले में मौजूद आयोग को नोटिस जारी किया है, और 25 मार्च को होने वाली अगली सुनवाई के समय चुनाव आयोग के एक अधिकारी को अदालत में मौजूद रहने के लिए कहा है। चुनाव के समय इतने महत्वपूर्ण मुद्दे पर सुस्ती ठीक नहीं।

सात चरणों में होने जा रहे मतदान पर भी सवाल हैं। चुनाव आयोग का कहना है कि सुरक्षा व्यवस्था बहाल करने के कारण ऐसा करना पड़ता है। संविधान का अनुच्छेद 324 स्वतंत्र और निष्पक्ष चुनाव कराए जाने की बात करता है। पर यहाँ तो बंदूक के साये में चुनाव होते हैं। चुनाव को लोकतंत्र का पर्व बताया हुए हम नहीं थकते। पर वास्तविक तौर पर देखें, तो हमारे यहाँ लोकतंत्र है ही नहीं। हम यह कहते हुए नहीं थकते कि जनता ही जनाईद है, वही सब कुछ खर्च करती है। लेकिन क्या वास्तव में ऐसा है? क्या अपने इलाके से उम्मीदवारों के चयन में उसकी कोई भूमिका है? मतदाता तो उन्हीं प्रत्याशियों में से किसी एक को चुनते हैं, जिन्हें राजनीतिक दल चुनाव मैदान में उतारते हैं। इस तरह मतदाताओं के चयन के विकल्प

को तो राजनीतिक पार्टियाँ ही खत्म कर देती हैं। यानी मतदाता स्वतंत्र नहीं हैं। ऐसे ही सांसद और विधायक भी स्वतंत्र नहीं होते। वे भी अपनी पार्टियों से बंधे होते हैं। अगर वे पार्टी के रुख से अलग हटकर किसी विधेयक का समर्थन या विरोध करना चाहें, तो पार्टी व्हिप से उनकी सदस्यता चली जा सकती है।

इस वृष्टि से विचार करें, तो हमारा लोकतंत्र खोखला लोकतंत्र है। हम चुनाव को लोकतंत्र का पर्व कहते हैं, पर यह एक दिखावा ही है। चुनाव आयोग की सक्रियता की बहुत बातें की जाती हैं। लेकिन चुनाव आयोग के पास कोई कानूनी ताकत ही नहीं है। राजनीति को अपराधियों से दूर करने और चुनाव को साफ-सुथरा और पारदर्शी बनाने के लिए चुनाव आयोग बहुत बार सक्रिय हुआ। लेकिन राजनीतिक पार्टियों ने सुनियोजित ढंग से चुनाव आयोग के आदेशों और सुझावों पर चुप्पी साध ली। इस मामले में तमाम राजनीतिक दल एक हैं। अभी हाल ही में सर्वोच्च न्यायालय ने जनप्रतिनिधियों की आय और संपत्ति में अप्रत्याशित बढ़ोतरी की निगरानी के लिए स्थायी तंत्र गठित न करने के कारण केंद्र सरकार को दो सप्ताह में जवाब देने के लिए कहा है, यह एक और उदाहरण है कि खुद राजनीतिक दल ही राजनीति में शुचिता और ईमानदारी लाने के पक्ष में नहीं हैं। सुप्रिम कोर्ट ने पिछले साल फरवरी में जनप्रतिनिधियों के भ्रष्टाचार को रोकने के लिए कुछ आदेश दिए थे, जिनमें से कुछ पर ही सरकार ने अमल किया है। ऐसे में, चुनाव आयोग द्वारा उठाए गए कदमों के आधार पर परिदृश्य बदल जाने की उम्मीद करना भोलापन ही है।

-लेखक एसोसिएशन फॉर डेमोक्रेटिक रिफॉर्म के सह-संस्थापक हैं।

पिछले दिनों लोकसभा चुनाव की अधिसूचना जारी करते हुए चुनाव आयोग ने जो कदम उठाए, उन्हें साफ-सुथरे चुनाव की दिशा में बड़ा कदम बताया जा रहा है। यह बात सुनने में तो बहुत अच्छी लगती है। लेकिन क्या वास्तव में ऐसा है? बताया गया कि सोशल मीडिया पर प्रचार को अब प्रत्याशी के चुनाव खर्च से जोड़ा जाएगा। पर जब इसी बात का पता नहीं चल पाता कि उम्मीदवार ने चुनाव में कितना खर्च किया है, तब फिर सोशल मीडिया पर होने वाले खर्च प्रत्याशी के खर्च से जोड़ने की घोषणा से वास्तविक तौर पर क्या फर्क पड़ जाएगा?

एक उदाहरण से स्थिति पूरी तरह स्पष्ट हो जाएगी। हमारी संस्था एसोसिएशन फॉर डेमोक्रेटिक रिफॉर्म ने वर्ष 2009 के लोकसभा चुनाव में 6,753 उम्मीदवारों के शपथपत्र का गहराई से विश्लेषण किया। उसमें हमने पाया कि सिर्फ चार प्रत्याशियों ने ही चुनावी खर्च की तय सीमा से अधिक खर्च करने की बात स्वीकारी थी। जबकि तीस प्रत्याशियों ने कहा था कि उन्होंने तय खर्च सीमा के 90-95 प्रतिशत तक खर्च किया। शेष प्रत्याशियों ने-जो कुल 6,753 उम्मीदवारों का 99.99 प्रतिशत होते हैं-बताया कि उन्होंने तय खर्च सीमा का आधा ही खर्च किया। जिस दौर में चुनाव में अंधाधुंध खर्च होता है, उस दौर में चुनाव लड़ने वाले ज्यादातर उम्मीदवार अगर कहें कि उन्होंने तय सीमा का आधा ही खर्च किया है, तो इस पर कौन विश्वास करेगा? एक तरफ तो उम्मीदवार शपथपत्र में तय खर्च सीमा का आधा ही खर्च करने की बात स्वीकारते हैं, दूसरी ओर, चुनावी खर्च की सीमा बढ़ाए जाने की भी उनकी ओर



मंजिलें और भी हैं

>> ट्रिनिटी साइड

## हल्दी की खेती ने बदल दी तस्वीर

मैं स्कूल में शिक्षिका हूँ और मेघालय के वेस्ट जयंतिया हिल्स जिले के मुलीह गांव में रहती हूँ। चूँकि मेरे परिवार के पास खेती की कुछ जमीन है और मुझे अतिरिक्त आय की जरूरत थी, इसलिए करीब पंद्रह साल पहले मैंने हल्दी की खेती शुरू की। लेकिन हल्दी का उत्पादन बहुत कम होने से मुझे निराशा हुई। चूँकि मैं सिर्फ खेती पर निर्भर नहीं थी, इसलिए मैंने हल्दी से संबंधित जानकारियाँ जुटानी शुरू की। मुझे यह जानकर बहुत आश्चर्य हुआ कि जो हल्दी मैं उगा रही थी, वह लेवेन श्रेणी की थी, जिसमें कैंसर प्रतिरोधक करक्यूमिन होता है। मैंने इस संबंध में और खोजबीनी की, तो यह जानकर और हैरान हुई कि हल्दी की जिस लेकाडॉग श्रेणी में करक्यूमिन सर्वाधिक पाया जाता है, पहले हमारे यहाँ उसी की खेती होती थी। लेकिन उपज कम होने के कारण हमारे इलाके के किसान उसकी खेती छोड़ कोयला खदान में काम करने लग गए थे। 2014 में नेशनल ग्रौन ट्रिपल ने जब हमारे यहाँ कोयला खनन पर रोक लगा दी, तब किसान दोबारा हल्दी की खेती करने लगे। पर अज्ञानतावश वे लेकाडॉग की जगह लेवेन हल्दी की खेती कर रहे थे, जिसमें कैंसर प्रतिरोधक शक्ति तुलनात्मक रूप से कम होती है। मैंने सोच लिया कि मैं लेकाडॉग हल्दी की ही खेती करूँगी। लेकिन इससे संबंधित विशेष जानकारी हासिल करने के लिए सबसे पहले मैंने राज्य के कृषि एवं बागवानी विभाग से प्रशिक्षण लिया। मसाला बोर्ड से भी मैंने संपर्क किया और उसे अपने लक्ष्य के बारे में बताया। मुझे एक ऑर्गेनिक सर्टिफिकेट मिला। उसके बाद मेरे लिए अधिक उत्पादकता वाले लेकाडॉग हल्दी की खेती करने का रास्ता खुल गया। चूँकि इस हल्दी की मांग बहुत अधिक है, ऐसे में, मेरी आय भी बढ़ने लगी। अब गांव की महिलाओं की आंखें खुलीं। एक समय था, जब इन्हीं महिलाओं ने मुझे सलाह दी कि नौकरी में होने के कारण मुझे खेती का इंस्ट्रट नहीं पालना चाहिए। और अब वे ही मेरी तरह अधिक



लेकाडॉग हल्दी की मांग अधिक है, जिससे मेरी आय बढ़ने लगी। अब गांव की महिलाओं की भी आंखें खुलीं।

उत्पादकता वाली लेकाडॉग हल्दी की खेती करने के लिए मेरा मार्गदर्शन चाहती थी। मैंने आपस की तमाम महिलाओं को कृषि एवं बागवानी विभाग तथा मसाला बोर्ड से जोड़ा। अब हमारे इलाके में लेकाडॉग हल्दी की खेती बड़े पैमाने पर शुरू हो गई। लेकिन कीड़े-मकोड़े के कारण खेती में चुनौती बढ़ गई, तो इस बहुमूल्य फसल को बचाने की योजनाएं शुरू हुईं। चूँकि हमारा लक्ष्य जैविक खेती था, इसलिए हमने कुछ जानकारों की सलाह से गोबर, गोमूत्र और वर्मी कंपोस्ट का इस्तेमाल करना शुरू कर दिया। इसका सचमुच बहुत लाभ मिला। लेकिन इसका बीज बहुत महंगा होने के कारण बहुतेरे किसानों के लिए अब दूसरी मुश्किल खड़ी हो गई। मैंने साथी किसानों के साथ कृषि व बागवानी विभाग के कई चक्कर काटे, तो वहां के अधिकारी हमें कुछ राहत देने के लिए तैयार हुए। हमारा लक्ष्य देखकर दो सरकारी विभागों ने पिछले साल लेकाडॉग हल्दी के बीज हमें मुफ्त में देने का फैसला किया। यह हम सबके लिए एक बड़ी राहत थी। आज मेरे गांव और आपस के नौ सौ किसान इस हल्दी की खेती कर रहे हैं। इसलिए हल्दी की पैकेजिंग की भी व्यवस्था शुरू हुई। इस काम में भी आपस की अनेक महिलाओं को रोजगार मिला है। भारतीय कृषि अनुसंधान परिषद ने हमारे काम का संज्ञान लिया है और कहा है कि मेघालय में लेकाडॉग हल्दी की खेती के लिए बहुत आदर्श स्थिति है। अतिरिक्त आय के लिए कभी मैंने जो काम शुरू किया था, आज उसने इलाके के सैकड़ों लोगों की जिंदगी बदल दी है।

विभिन्न साक्षात्कारों पर आधारित।

## निर्णय लेने की हिम्मत

इन दिनों में जहां भी जाती हूँ, लोग मुझसे एक ही सवाल करते हैं। नरेंद्र मोदी फिर से चुनाव जीतेंगे क्या? जवाब देने के बदले जब मैं यही सवाल उनसे पूछती हूँ, तब अक्सर उत्तर होता है, 'मोदी जरूर जीतेंगे।' जवाब देनेवाला चाहें कोई छोटा कारोबारी हो या बड़ा उद्योगपति या दिल्ली, मुंबई में कोई मामूली मुलाजिम। यही सवाल कुछ महीने पहले पूछा जाता, तो ज्यादातर जवाब होता था कि नरेंद्र मोदी का दोबारा प्रधानमंत्री बनना कठिन है, क्योंकि 2014 में जिस किस्म का परिवर्तन और विकास लाने का वायदा उन्होंने किया था, उसे वह पूरा नहीं कर पाए हैं। प्रियंका गांधी ने सक्रिय राजनीति में आने के बाद पिछले सप्ताह अपने पहले भाषण में मोदी के टूटे वायदों की याद यह कहते हुए दिलाई, कहां हैं वे पंद्रह लाख रुपये, जो आपके बैंक खातों में डालने का वायदा था? कहां हैं वे दो करोड़ नए रोजगार, जिनका वायदा था? उनके बड़े भैया राहुल गांधी भी अपने हर भाषण में खास आक्रमक अंदाज में यही बातें करते आए हैं। ऊपर से वह यह कहना भी नहीं भूलते कि 'चौकीदार चोर है।' दूसरी बार मोदी सरकार बनने की संभावनाएं अब क्यों बढ़ गई हैं? कारण एक ही है। वह है मोदी का पाकिस्तान के अंदर लड़ाकू विमान भेजकर हवाई हमले करवाना। राहुल गांधी ने इस हमले का श्रेय केवल वायुसेना को देने का बहुत प्रयत्न किया, लेकिन देश की जनता समझ चुकी है कि असली हिम्मत निर्णय लेने वाला दिखाता है। बदला लेने का निर्णय लेकर मोदी ने साबित कर दिया है कि वह

दूसरी बार मोदी सरकार बनने की संभावनाएं क्यों बढ़ गई हैं? इसका कारण है मोदी का बालाकोट में हवाई हमले करवाना। राहुल ने इसका श्रेय सिर्फ वायुसेना को देने की कोशिश की, पर जनता समझ चुकी है कि असली हिम्मत निर्णय लेने वाला दिखाता है।



तवलीन सिंह

कायर नहीं हैं। मुंबई में इस बात का असर अधिक दिखाता है, क्योंकि आज भी इस महानगर के नागरिक भूले नहीं हैं कि 26/11 के बाद हमारी सरकार ने दुनिया के दरबारों में मिन्नतें करने के अलावा कुछ नहीं किया था। मुंबई के लोग भूले नहीं हैं कि बदला लेना तो बहुत दूर की बात, उनको बचाने के लिए भी दिल्ली से कमांडो इतनी देर से पहुंचे कि इस का माहौल बना रहा। 'उस समय अगर नरेंद्र मोदी देश के प्रधानमंत्री होते, तो ऐसा न होता,' मुंबई वाले कहते हैं। मोदी उनकी नजरों में हीरो हैं, क्योंकि उन्होंने संकट के समय ऐसा निर्णय लेने की हिम्मत दिखाई,

जो अभी तक किसी प्रधानमंत्री ने नहीं दिखाई है। अटल बिहारी वाजपेयी के दौर में पाकिस्तान प्रायोजित आतंकवाद के दो बड़े मामले सामने आए थे। एक जब मौलाना मसूद अजहर और कुछ अन्य आतंकवादियों को भारत की जेलों से रिहाई के लिए आईसी, 814 को हाइजैक करके कंधार ले जाया गया था, और दूसरे, जब जैश-ए-मोहम्मद ने हमारी संसद को निशाना बनाने की कोशिश की थी। सोनिया-मनमोहन सिंह के दौर में 26/11 के अलावा और भी कई आतंकी हमले हुए थे, जिनमें पाकिस्तान का हाथ साफ-साफ दिखाता था। पर दस साल तक भारत ने इस डर के मारे कुछ नहीं किया कि पाकिस्तान के साथ अगर युद्ध छिड़ जाता है, तो उसमें परमाणु हथियारों का इस्तेमाल हो सकता है। पुरलवामा हमले के बाद मोदी को भी इस भय ने सलाया होगा। उन्हें भी सलाहकारों ने कहा होगा कि पाकिस्तान के अंदर जाकर हमला करना खतरनाक है। उन्हें भी बार-बार याद दिलाया गया होगा कि पाकिस्तान के पास परमाणु हथियार हैं, जिन्हें युद्ध में इस्तेमाल करने की धमकी पाकिस्तान की सेना कई बार दे चुकी है। इन सबके बावजूद नरेंद्र मोदी ने अगर पुलवामा का बदला लेने की हिम्मत दिखाई है, तो यह कोई छोटी बात नहीं है। सो फिलहाल वह देश के सबसे बड़े हीरो हैं।

हरियाली और रास्ता

## जोशी जी, बुजुर्ग और सेब

ऐसे व्यक्ति की कहानी, जिसे भटकने के बाद यथार्थ का एहसास हुआ।

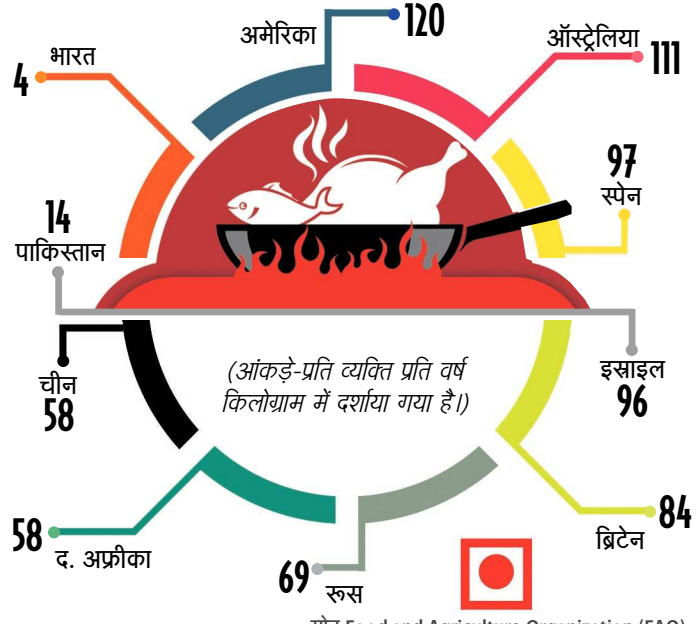


जोशी जी के घर लौटने का वक्त हो रहा था। निकलते-निकलते उनको याद आया कि सुबह पत्नी ने एक किलो सेब लाया तो कहा था। उन्हें सड़क पर एक बुजुर्ग सेब बेचते हुए दिखा। जोशी जी उठे के पास पहुंचे, तो देखा, सेब ताजा थे। जोशी जी ने सेब के भाव पूछे, तो वह बुजुर्ग बोला, साठ रुपये किलो। जोशी जी बोले, मैं तो दो दिन पहले ही पचास रुपये किलो ले गया हूँ। इस भाव में देना हो, तो मैं एक किलो ले लूंगा। वह बुजुर्ग बोला, साहब मैं बात नहीं हूँ। जोशी जी बोले, नहीं कर सकता। जोशी जी मौल की तरफ चल दिए। पर वहां तो सेब का भाव अस्सी रुपये किलो था। वह बड़े हैरान हुए। उन्होंने केशियर के पास जाकर कहा, मैं यहां से पचास रुपये में सेब ले जाता हूँ। आज एकदम से दाम अस्सी रुपये कैसे हो गए? केशियर बोला, सर, इन दिनों माल नहीं आ रहा, इसलिए यही भाव है। जोशी जी बोले, रोज के ग्राहक को कुछ तो डिस्काउंट दीजिए। केशियर बोला, सर, हमारे दाम एक ही रहते हैं। हाकर जोशी जी फिर उसी बुजुर्ग के पास पहुंच गए। उन्हें देखकर बुजुर्ग बोला, माफ कीजिएगा, मैं साठ से कम में आपको सेब नहीं दे पाऊंगा। जोशी जी बोले, दे दो भाई, चाहे तो पैसट ले लो। वह बुजुर्ग बोला, नहीं साहब, मैं इसके भाव साठ रुपये ही लूंगा, उससे ज्यादा नहीं। मेरे बेटे की फलों की दुकान हुआ करती थी। फसल चूकी है, तो अब भागत उस लोभ का परिणाम। सामने बैठे लोग हैरान थे कि हातिम सुन नहीं सकते, तो उन्होंने मक्खी को भिन्नभिन्नहट कैसे सुन ली। एक व्यक्ति ने पूछा, तो फकीर हातिम ने कहा, मैं अपने दोस्तों से बातें नहीं करता। इस तरह मैं बुरे शब्द सुनने से बचा रहता हूँ। ऐसे ही यदि कोई मेरे दोषों के बारे में आपस में चर्चा करता है, तो मैं उन्हें चुपचाप दूर करने का प्रयत्न करता हूँ। सभी धर्मग्रंथों में किसी की निंदा करने या सुनने तथा दोष दर्शन को वाणी, नेत्रों और कानों का पाप कहा गया है। यदि दोष दूँदा ही हो, तो अपना दोष तलाश कर उसे दूर करने का प्रयास करना चाहिए। -संकलित

खुली खिड़की

## मांस उपभोग में अमेरिका अजब

हमारे देश में प्रति व्यक्ति प्रति वर्ष जहां मात्र चार किलोग्राम मांस का उपभोग होता है, वहीं अमेरिका में यह आंकड़ा 120 किलोग्राम है।



## बुरा न देखो, न सुनो

अरब देश में एक उच्च कोटि के फकीर रहते थे। लोग उन्हें हातिम फकीर कहते थे। चूँकि वह हर बात पर तत्काल प्रतिक्रिया व्यक्त नहीं करते थे, इसलिए उनके पास आने वाले श्रद्धालुओं को लगता था कि फकीर सुन नहीं सकते। एक दिन कुछ लोग हातिम के दर्शन करने के लिए पहुंचे। वे बैठे ही थे कि सामने की दीवार पर एक मक्खी मकड़ी के जाल में फंस गई और छूटकर पाने के लिए भिन्नभिन्ना लगी। एकाएक हातिम के मुंह से निकला, ए लोभ की मारी, अब क्यों भिन्नभिन्ना रही है? तु शक्कर, शहद और कंद के लोभ में घूमती-घूमती मकड़ी द्वारा फेलाए जाल में फंस चुकी है, तो अब भागत उस लोभ का परिणाम। सामने बैठे लोग हैरान थे कि हातिम सुन नहीं सकते, तो उन्होंने मक्खी को भिन्नभिन्नहट कैसे सुन ली। एक व्यक्ति ने पूछा, तो फकीर हातिम ने कहा, मैं अपने दोस्तों से बातें नहीं करता। इस तरह मैं बुरे शब्द सुनने से बचा रहता हूँ। ऐसे ही यदि कोई मेरे दोषों के बारे में आपस में चर्चा करता है, तो मैं उन्हें चुपचाप दूर करने का प्रयत्न करता हूँ। सभी धर्मग्रंथों में किसी की निंदा करने या सुनने तथा दोष दर्शन को वाणी, नेत्रों और कानों का पाप कहा गया है। यदि दोष दूँदा ही हो, तो अपना दोष तलाश कर उसे दूर करने का प्रयास करना चाहिए। -संकलित

कुछ भी करने से पहले यह सोच लेना चाहिए कि क्या वह न्यायसंगत है।







