



ADDRESSING WATER SCARCITY

Prime minister Narendra Modi

We have decided to constitute a dedicated ministry named as 'Jal Shakti Ministry', to tackle the issue (water scarcity)... Modi will give his all to get water in this region (Rajasthan)

Make defaulter list public, but limit action on NPAs!

SC rulings on RBI seem contradictory. Also, making bank inspection reports public can trigger a panic, so caution needed

ITH THE SUPREME Court coming down hard on RBI for not releasing information on bank inspection reports and for not making the names of loan defaulters public, chances are the central bank will have no option but to comply now. To an extent, the SC's impatience is understandable. Gross NPAs of the banking system have ballooned from ₹1.9 lakh crore in 2013 to ₹6.1 lakh crore in 2016 and to ₹10.4 lakh crore in 2018, so when the central bank doesn't put out the names of defaulters, it looks like it is helping them. Indeed, given how the central bank has been pushing banks to come clean on NPAs, and to pursue defaulters using the new insolvency code, the central bank's stand on not making the names public makes little sense. In any case, with most of the names of the big defaulters known anyway—RBI itself directed banks to take action against the top 12—it makes sense to comply with SC's directive and make the names public.

It is true, as RBI has maintained, that not all defaulters are 'wilful defaulters' since, very often, there could be a business failure or there could be matters beyond their control—like, say, the state electricity boards not clearing their dues on time. But, classifying defaulters as NPAs is critical if banks are to create provisions. Also, even if a default is for a genuine reason, if the business needs restructuring, classifying it as an NPA and going to insolvency courts is critical. Making lists of defaulters public has another salutary impact: It makes it easier for credit-rating agencies to come out with default models that work better. One of the reasons why ratings are more difficult in India is that if loans are ever-greened, as they were in the past, there is no instance of default and so, no model can ever correctly predict default.

Ironically, though, SC itself appears to be in two minds on defaults. Its latest direction, giving RBI one more chance to make the names of defaulters public, suggests the apex court wants to deal harshly with them. Yet, with the SC striking down RBI's February 12 circular a few weeks ago, it has become easier for defaulters to get away with not repaying bank loans on time. As per the circular, banks had to declare even loans with a one-day default as defaulters and, if no solution was found to the problem within 180 days, the case would automatically be referred to the NCLT under the insolvency code.

The second part of the SC directive to RBI pertains to making public—under the Right to Information Act—its inspection reports of various banks. Once again, this is related to the rapid build-up of bad loans and appears a reasonable demand, but disclosing such reports is a double-edged sword. It would certainly be good to know if RBI itself got to know about the problems in bank balance sheets through the annual inspections or whether it, too, was taken in by the window-dressing done by the banks. So, for instance, while the government took stern action against a former PNB head for the ₹11,300 crore Nirav Modi was able to raise based on what turned out to be fraudulent guarantees given by PNB's Brady Road branch, was the central bank able to catch this in its annual inspections? Indeed, if RBI inspections are not able to catch fraud at the banks it inspects—and making public the inspection reports will help settle this question—then the system of oversight needs a complete overhaul. The flipside of this, however, is that if there is a problem in a bank that the inspection report points to, and this report is made public, it can create panic about the solvency of the banks; that is why, in the past, when some banks have been in trouble, RBI has arranged marriages with stronger banks to ensure the integrity of the banking system is not endangered. The Supreme Court needs to re-examine the issue before issuing a final order.

Bespoke learning

Andhra Pradesh is experimenting with edu-tech in a big way

ARYING AND EXTREME gaps in learning levels within the classroom is a problem that is only recently receiving attention from policymakers. The focus so far has been on enrolment, with learning outcomes put aside to be dealt with another day. Thanks to the dearth of pedagogical innovation, standardised curricula exacerbate differences in students' learning levels. Add to this myopic policies like 'no detention' under the Right to Education law—only recently scrapped—and India could end up squandering the human development potential from the massive jump in enrolment and narrowing gender gap in classrooms. To that end, the government—states and the Union focussing on 'teaching at the right level' is a welcome move. But initiatives like the Delhi government's Mission Buniyaad, to ensure basic reading, writing and arithmetic skills amongst Class III-IX, are hardly the antidote, even though well-intended. They are both costand labour-intensive, and as the curriculum gets more ambitious with each successive grade and learning levels become more sharply fragmented, such methods become unviable. Incorporation of educational technology (edu-tech), a recent study by Karthik Muralidharan of the University of California at San Diego, Abhijeet Singh of the Stockholm School of Economics and Alejandro J Ganimian of the NYU Steinhardt School of Culture, Education, and Human Development shows, can help accurately assess learning levels and customise pedagogical support to bridge intra-classroom gaps. Andhra Pradesh is pioneering tech-enabled pedagogy, and as an early-bird adopter of edu-tech, it will be leagues ahead of other states.

The southern state, from the current academic year, will be using Personalised Adaptive Learning (PAL), or software-based assessment of the academic standing of the students in a classroom. PAL will first assess the student's comprehension levels and then prescribe targeted learning. Students will take the test online, and based on their individual reports, remedial coaching will be provided. Apart from facilitating tailored learning, PAL will also ease monitoring of impact of remedial classes via dashboards for individual students where teachers can track progress. After tests in 56 schools proved successful, PAL is being rolled out in over 2,600 schools in Andhra Pradesh—while the bulk of the school will engage with PAL via laptops, the rest will do so over tablets. The initiative, as per a report in *The New Indian Express*, will involve intensive training of teachers, school administration and bureaucrats, and is expected to impact over 2.5 million children. And hra Pradesh is, in fact, experimenting with edu-tech in a big way. After introducing QR codes in non-language subject textbooks, the state is now doing the same for language textbooks for classes VI-X. Scanning the QR codes assigned to different chapters, students can access supplementary video lectures or tutorials. They can also use the QR codes to take quick, online assessment tests that will help them, their parents and teachers measure their actual levels of comprehension.

Such an ecosystem surely makes addressing gaps in learning levels easier than the conventional method, of remedial classes. Also, given boards like CBSE are now increasing reliance on schools' own assessment of learning levels, by mandating compulsory internal assessment for boards, pedagogy propped by technology can be made to deliver more efficiently.

LoadedLANGUAGE

How men and women grant-seekers use language undermines blind grant review, a new study shows

N ANALYSIS OF almost 7,000 proposals for grant submitted to the Bill and Melinda Gates shows grant reviewers give proposals from women lower scores than what they award proposals from men, even when they don't know the gender of the applicant, because men and women scientists tend to use very different words in their proposals. The analysis, published by the US National Bureau of Economic Research, shows that women grant-seekers are more likely to use words specific to their field in their proposals where as men used less precise terms. The broader, more sweeping terms were favoured by reviewers over cautious, almost limiting terms—even though proposals containing the broader, less precise words didn't lead to better research outcomes.

Some experts believe this bias is rooted in how men and women, in general, state their achievements—while men are more likely to overstate, women are more likely to show reserve and caution. There is already a body of research on how the way men and women use language can shape biases. But this is the first time one area of impact of "gendered language" on the presence and success of women in academia has been studied. The Gates Foundation, which says that is committed to ensuring gender equality, should now understand that, despite its attempt to ensure that reviewer bias is minimised through its blind-review format, other forms of bias manifest as gender bias, albeit a blind one. One way to treat this would be to train reviewers to be sensitive to distinct use of language by the sexes. Also, including more female reviewers could help mitigate the impact of gendered language.

NO PROOF REQUIRED

THERE IS HOPE THAT, POST MAY 23, INDIA WILL BE ABLE TO ESCAPE TO REALISM, FROM THE ALTERNATE REALITY WORLD IT IS PRESENTLY INHABITING

2019 polls: A Rashomon election

Y THREE GREATEST movies of all time, are, in no particular order Satyajit Ray's Charu*lata*, Vittoria de Sica's Bicycle Thief, and Akira Kurosawa's Rashomon. Make it four-Michael Curtiz's Casablanca. When the occasion commands, I will talk about three of the above later—today, I want to talk about Rashomon.

Most of us decode the meaning of reality as what you see is what you get. What reality is or is not was vividly brought home to the world by Kurosawa in his film, Rashomon. The genius of that film was in the way it communicated so brilliantly that while we think we recognise truth, the *truth* of reality is often more complex, because each person brings her own subjectivity to the experience.

Well, Election 2019 is turning out to be Rashomon-esque. Everybody is seeing the same "facts", yet have a different description of the reality, and its effect on the election. I will present several economic, political, and social examples below. You figure out which belongs to an alternate universe and which does not. Ten times out of nine the interpretation will be a function of your pre-conceived ideology. You don't believe me? Read on.

Surgical strike: Former prime minister Manmohan Singh came out with an observation that even under UPA, there were surgical strikes. The reality of the surgical strike, as we were made to believe till now, was an incursion at least a few kilometers away into undisputed Pakistan territory. We now have a new definition offered by the Congress party; echoing the *comedy* film *Hum Kisise Kum Nahin*, a surgical strike is defined as any skirmish a few metres around the Line of Control. Alternate universe or what?

Masood Azhar: China finally allowed terrorist mastermind Masood Azhar to be branded a global terrorist. In prospect and retrospect, this was a wellcrafted diplomatic effort under PM Modi for which the Indian diplomatic corps should be congratulated by everyone. Step by step, brick by brick, Masood Azharwas castled. All Indians should be celebrating. But wait. We are in the midst of Election 2019 in which gold becomes rust. According to former Congress finance minister P Chidambaram, all political honours are even: "the process



For more Rashomon reality, see the chapter entitled "The Birth of the Fake and Faulty Twins -News and Analysis" in my book, Citizen Raj. Views are personal. Twitter: @surjitbhalla

started by the UPA government" (emphasis added). Does that mean that the Congress will now allow revenge of Pulwama (Operation Balakot) to be mentioned in campaign speeches as long as the statement is preceded by the disclaimer: "We succeeded in a surgical strike made possible because of 70 years of misguided efforts to solve the "Kashmir" problem as started by Nehru and the Congress government in 1947?" Swachh Bharat: PM Modi shocked

to name [Azhar] as a global terrorist was

the nation, and the world, with openly discussing the need for an open-defecation free (ODF) India. No longer left for hushed discussions, and never in front of children, discourse of habits of defecation became a policy goal. An ambitious goal was declared by the Modi government—India was to be ODF by 2019.

How impossible was this goal? Looking at the international evidence, definitely impossible in just three years, with the base as 2015-16. And, there were plenty of critics who marshalled all the evidence about habit formation, and lack of water, etc, to claim that rural India could not achieve zero open defecation in 2019 from a level of 55.6 % in 2015.

There is strong international evidence to back the impossibility claim. Since 2000, the World Bank has been reporting data on open defecation for more than 120 countries (urban and rural). Data are available from 2000 in that year India is reported to have 82.2 % of rural areas as Not ODF; both government of India (GoI) and World Bank report rural NODF as 55.6 % in 2015. What are the statistical chances of achieving zero NODF by 2019? Zilch.

But GoI data (sbm.gov.in) suggests that in 2018, only 8.8% of rural India was not ODF; for 2017, the estimate is 30.8%.The 2018 number is an improvement of around 46 percentage points (ppt) in just three years. One of the important aspects about Alternate Reality Election 2019 is that suddenly, in just three to five years, *all* Indian institutions have transformed from pristine to sullied, contaminated, and worse. In other words, government data just cannot be believed anymore because it is all inspired creativity to fool the Indian public—and the BJP, and the institutions, are obviously stupid in thinking that they have any credibility left

There are

junk the NSSO

household

interview surveys

on employment

in favour of NSSO

surveys of

employees,

potential and

actual

(and hence will be defeated in Election 2019, but that is best left for another occasion).

Given that "facts" are, at best, unknown, and at worst, manipulated, let us assume that not 10% but 25% of rural India was NODF in 2018, i.e., the Swachh Bharat Mission was misguidedly over-estimating achievements (election season, remember) and reporting a 25% NODF reality figure as 8.8%.This would be one of the largest misguided errors of the Modi government,

but let us *assume* that this error was made. (Trolls and other expert economists and social scientists—before misquoting me, please look up the dictionary meaning of assume).

Some of the most critical professional sanitation experts do grant that substantial progress has been made in toilet usage; it is also acknowledged that, in many areas, water supply is a problem; also, that women and girls are motivated to use toilets and that old men are most hesitant to change habits. Hence, an estimate that reality maybe better approximated by 25%, not 9%. The move from 56% to 25% is a 31 ppt move in just three years.

According to World Bank data, the best three year performance in NODF change among 108 countries since 2000 was in Ethiopia—a decline of 11.5

ppt between 2004 (74.3%) and 2007 (62.8%). The second- and third-best performers are Cambodia (decline of 8.3 ppt) and Pakistan (decline of 8 ppt). The seventh-best performer was neighbouring Nepal, and India was ranked 13th. Rural NODF in India declined by 5.3 ppt (from 60.9 % to 55.6 %) between 2012 and 2015 (World Bank).

Even with the troll-free decline of 31 ppt between 2015 and 2018, the pace of NODF decline in India was three times as fast as the best performer in the world since 2000. Research into NODF decline in Europe and the US in the 19th century (the first toilet was discovered in 1852) might confirm that what has been achieved by the SBM is a world record,

and by a huge margin. **Employment or jobs:** A lot has been written about the alternative fact legitimate grounds that very few jobs were created in India during the six for the new govt to years between 2011-12 and 2017-18. It is argued that these years, rather the time since May 2014, represent a data-distorted universe (Election 2019). and unemployment The years between 2004-05 and 2011-12 represented the highest GDP growth in India, and it was a "clean", "reliable" data dissemination period because the UPA was in power. According to the

> (the same which reports unemployment at a 45-year high of 6.1% in 2017-18) there were only 5 million jobs created between 2004-05 and 2011-12.

usual status definition

Strangely, this alternate reality is not talked about by those waxing eloquent about the reliability of NSSO data. I believe there are legitimate grounds for the new government (under whichever leadership) to junk the NSSO household interview surveys on employment and unemployment in favour of NSSO surveys of employees, potential and actual. NSSO should be again made a leader in the provision and quality of statistics, as it was under the chairmanship of the late PC Mahalanobis in the 1950s and 1960s. Only then will we able to separate signal from noise, from alternate to real reality.

Capping stent prices is no cure

India imports 70% of its medical devices, so, the industry is dependent on the global community for the inflow of technology and innovation

AMIR ULLAH KHAN Economist & director of research



Healthcare in India is in urgent need of a paradigm shift. In the recent past, the sector has seen some significant policy announcements, with the government trying to finally make healthcare accessible and affordable. Price capping of medical devices has been at the forefront of these announcements with a serious debate going on over the healthcare needs of a country that so heavily relies on medical device imports. What we need at this juncture is to look at the bigger picture. Healthcare access to patients cannot be restricted to pricing alone. To achieve the long-term goal of Universal Healthcare Coverage, we need better equipment, skill development and policies that support medical innovations. We need dialogues that propel policy decisions in the right direction.

A recent paper entitled "Drug-Eluting Stent Use Among Lower-Income Patients in Maharashtra After Statewide Price Reductions" has argued that "the patients who underwent heart procedures with stents went up by 43% after the prices were slashed."With a study cohort of 2,274 patients, the study stressed on the proportional increase in the DES usage from 40.7% to 71.3% after the implementation of the capped-price regime. While this is a welcome addition to research in this subject area, we now need a number of robust all-India studies to look into this issue seriously. It stands to reason that price caps in any market can only distort the supply-side even if demand goes up immediately after prices drop. Heart surgeries and interventions are as

price inelastic as it can get. In yet another inference, the study asserts that "although DES use increased overall, vulnerable groups like the elderly, women and poorly educated continued to have relatively lower use..." This presents a blurred picture of the impact of price capping even within Maharashtra. It would therefore be wrong to generalise the impact of price caps using a small regional study cohort of over 2,200 patients. Scholars and researchers must capture the effects of price capping not in one state, but the entire country. The measurement of the impact should be extensively researched, at both primary and secondary levels, with deliberations and discussions with several stakeholders across the healthcare chain.

Not surprisingly, there are studies that arrive at completey contrary fidnings. One 2018 study—Medical devices in India: An agenda to effective healthcare delivery—by Advamed and IQVIA to understand the impact of stent price control on the overall angioplasty procedure cost indicates, "Benefits to patients and growth in procedure volumes have not indicated significant change in the short-term. 80% hospitals surveyed cited no significant increase in the number of angioplasty procedures performed."

India is still battling healthcare challenges like availability of ade-

quate infrastructure, trained professionals, rapidly changing disease burden and catastrophic out-of-pocket expenses. The medical device market in India is under-penetrated, and access to quality and affordable medical service remains a challenge. For instance, there has been a drastic fall in the Foreign Direct Investment (FDI) in the medical device sector (according to recent reports). Now, at this point, where India imports 70% of its medical devices, the industry is dependent on the global community for the inflow of technology and innovation. While the domestic industry finds its feet in this market, the access of these devices to patients cannot be paused.

In a scenario like this, even as the government progresses towards increasing access and adoption, improving quality, and lowering healthcare delivery costs in the country, it is crucial to understand that long-term plans need holistic policy approach. We must not forget that patients are at the heart of all these changes, and a myopic view to policymaking could become a potential threat to the broader population. In the case of cardiac stents, for instance, if a high-quality stent by a global manufacturer becomes inaccessible to the patients, it can have severe implications on the health of millions. Healthcare policies are not about what serves the short-term purpose, but what works for the people in the long run.

LETTERS TO THE EDITOR

Solar is the way to go

Apropos of the column "How solar energy can catalyse India's agricultural energy transition", India's agricultural sector is responsible for the consumption of about one-fifth of overall national electricity usage, so solar agri-feeders are the way to go. As the author pointed out, these enable reduction of agricultural subsidy and do not require capital subsidies of their own, from the government. At the same time, solar agri-feeders also offer remarkable scalability, as a large number of small solar power plants can be installed in a relatively short period of time in the open or unused land of electricity department substations across the country. Lastly, such agri-feeders also eliminate the need for significant infrastructural costs, due to new large transmission lines, which is a challenge faced by large-scale wind and solar deployments. — Rahul Prakash, Delhi

Infanticide numbers

The column "India's tale of extended infanticide" was a revelation. While India's infant mortality rate, as of 2017, is 32 for every 1,000 live births, both for males and females, the under-five mortality rate (U5MR) is starkly different—at 40.4 and 34.4 for girls and boys, respectively. A major reason for this is gender bias when it comes to breastfeeding—families that have daughters tend to wean them off breast milk relatively sooner in order to have another child, hoping for a son. It's ironic that this is happening in a 21st century India. — Rohini Datta, Patna

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R.N.l. Reg. No. 6188/61 Printed for the proprietors, The Indian Express (P) Ltd by Vaidehi Chintaman Thakar at The Indian Express Towers, Nariman Point, Mumbai-400 021. Editorial & Administrative Offices: Express Towers, Nariman Point, Mumbai-400 021. Phone: 22022627/67440000. Fax: 022-22856323. Chairman of the Board: Viveck Goenka, Managing Editor: Shobhana Subramanian* (*Responsible for selection of news under the PRB Act) © Copyright: The Indian Express (P) Ltd. All rights reserved. Reproduction in any manner, electronic or otherwise, in whole or in part, without prior written permission is prohibited. The Financial Express (P) Ltd. All rights reserved.

FINANCIAL EXPRESS

Will China export its illiberal innovation?

Products created for China's vast surveilled and censored domestic market are increasingly popular overseas

NICK FRISCH

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N 2009, AFTER internet-fuelled race riots between Uighur Muslims and Han Chinese in China's northeast territory of Xinjiang, the ruling Communist Party took drastic action: the digital kill switch. Beijing disabled Xinjiang's internet, sending military police to restore order. The blackout lasted nearly a year. Now, a decade later, Xinjiang is writhing under a new clampdown aimed at the Uighurs. This time, Beijing has embraced the opposite philosophy: a digital panopticon, enlisting private tech firms to expand China's Internet of Things and enmesh its own people.

The technologies being honed in Xinjiang, driven by this kind of illiberal innovation, may be coming soon to an app store near you. These exports risk enabling aspiring autocrats worldwide, and may concentrate alarming power in the hands of China's Communist Party.

Until recently, China was dismissed as an innovation laggard that copied technology from the West. Today, many Chinese tech sectors have leapfrogged Silicon Valley, sometimes with heavyhanded help from the party. Consumerfriendly smartphone apps have pushed cash, credit cards and identification documents towards extinction. Hotel booking systems will ping your smartphone, linked to your national ID card, to let you check in using facial recognition. In under a minute, a mom-and-pop hardware kiosk can create a personalised QR code for cashless payments through WeChat, an indispensable app that combines the functions of WhatsApp, Venmo, Seamless, Uber and more. For an expatriate accustomed to China's freewheeling start-up scene and whizzy tech conveniences, coming home can feel like stepping back in time.

But, as the Uighur minority of Xinjiang are learning, that convenience comes at an Orwellian price. Speedy data networks and integrated digital commerce are learning to work with the party's aggressive security apparatus. Invasive DNA databases and facial recognition powered by artificial intelligence have created a digital dragnet, enhanced by mandatory surveillance

apps installed on smartphones and backed by a newly built network of IRL gulags. Offences as trivial as forwarding a traditional Islamic holiday greeting on WeChat, or posting a bearded selfie, can land citizens in internment camps. Even Uighurs living abroad are entangled, through their families and their smartphones, in Beijing's crackdown. (The repression has reportedly created a black market in old Nokia phones, which are less legible to the state.)

Xinjiang's plight is more than a local tragedy: It is a warning.

The global risk from China's technology sector is not necessarily a sinister conspiracy to exert Xinjiang-style controls overseas. Beijing's leaders are focused on domestic affairs and for now, China's budding tech dystopia is still more "Brazil" than "Black Mirror." Rather,

this risk is a byproduct of Beijing's busi-

ness as usual, on a huge global scale. Products created for China's vast surveilled and censored domestic market are increasingly popular overseas, where they are often cheaper and more appealing to consumers. Huawei, for instance, has honed its 5G wireless technology—which will support the next generation of data-intensive, AI-powered gadgets-in China's domestic, bleeding-edge consumer market for the IoT. Many Huawei phones are bought by Chinese who have never owned a PC or other digital device, giving the company an edge in imagining and designing mobile products for developing markets that skipped over the PC era. Huawei's cheaper (and often subsidised) price points, and comparable or superior products, have made its phones a bettervalue purchase than the iPhone for costsavvy consumers around the world, and its 5G infrastructure attractive for penny-pinching governments. Most are unaware, or apparently unconcerned, about censorship or surveillance.

They should be worried. According to the Soviet-style playbook that still influences Chinese security services, collecting haystacks of citizen information, by whatever means necessary, is the foundation of social control and "stability maintenance."

The Soviet model was an analogue blend of Big Brother and big data, amassing reams of information about citizens to understand their fears, vulnerabilities and intentions, and pre-empt any challenge to the Party-State's power. China has adapted this paranoid style to the

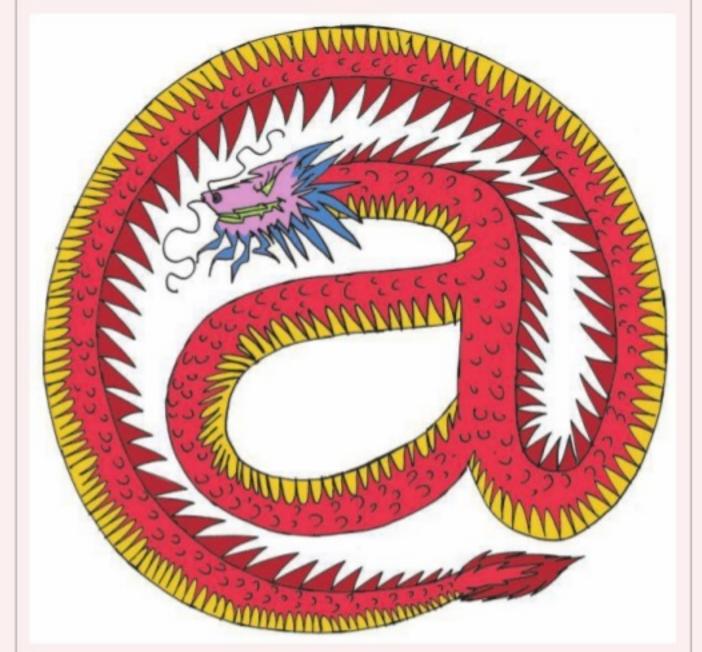


ILLUSTRATION: ROHNIT PHORE

modern tech age. Private corporations and the Communist Party's security apparatus have grown together, discovering how the same data sets can both cater to consumers and help commissars calibrate repression.

The party's instinctual contempt for privacy, married to its proactive industrial policy, can be a boon for well-connected private businesses. Many tech firms make a point of hiring the relatives of high party officials, and a vast state database of headshots might be shared with a private firm to train new facial recognition software, while the firm's trove of real-time user data might be offered to police, for a panoramic view of potential "troublemakers."

Between the Communist Party's repressive impulses, its influence over China's vast and innovative tech ecosystem, and new technology's general propensity to disrupt and surprise, it is naïve to expect that we can fully anticipate and mitigate the impact of illiberal innovations exported abroad. Even innocuous-seeming technology, when paired with China's authoritarian impulses and state-led development model, may challenge liberal values in unexpected ways.

Consider TikTok, a social video-sharing app that last year had more downloads on the Apple app store than Instagram. TikTok fills a market niche abandoned by Vine, the Americangrown short-video-sharing app shuttered by Twitter in 2017. Users can upload videos of themselves or friends lip-synching the latest pop tunes or decorating or distorting their faces, all easily edited into a clip for other users to "like," "share" or comment on. To China's surveillance state, a video-

sharing app offers much more than than your dog dancing to Drake. TikTok's domestic Chinese version, Douyin, is heavily censored and surveilled: Last year, the British cartoon Peppa Pig was purged from the platform after the authorities decided she had taken on subversive meaning.

For residents of Xinjiang, posting a video of traditional Uighur music sung in

Growth in filing of e-returns has dropped in FY19

their native language might be flagged by machine-learning algorithms, and bring a deletion and a visit from the police. In what appear to be precautionary performances of loyalty to the government, Uighur users of Douyin have recorded themselves singing pro-party songs, pointedly in Mandarin. Given the wide use of facial recognition across Xinjiang, and the potential sharing of security data sets between state agencies and private firms, Douyin's raw video data may also offer a tempting training set for machine-learning software.

To date, no evidence suggests that Chinese authorities have used their leverage over Douyin domestically to censor or surveil TikTok overseas. But given what we know about Beijing's illiberal impulses, there is a gap between what is provable beforehand, and what it is prudent to presume. The brazen lying that is normalised in China's corporate and political culture, and the meaninglessness of written rules, mean that published regulations, or guarantees by private firms and government officials, are simply not credible.

TikTok itself has already been fined by the Federal Trade Commission for a casual attitude towards privacy compliance; its heavy-handed solution, mass deletions, enraged some consumers. But the choices of ByteDance, TikTok's parent company, are rational; it fears the Communist Party more than angry tweets from tweens outside the Great Firewall.

The West's increasing technological and economic exposure to China may have unintended consequences. Over a decade ago, the singer Björk was banned from China, and muzzled within the Great Firewall, for advocating Tibetan independence during a concert in Shanghai. If, tomorrow, Björk followed up with a TikTok video pleading for Uighur rights, and the clip went viral globally, would the party be able to resist the temptation to lean on ByteDance to slow or stop it? If your face appears in the background of another person's TikTok video shot in Berlin, will it be logged using facial recognition software running in Shanghai? Those who complain that American firms like Facebook are invasive and unaccountable are unlikely to prefer China's tech giants, which are often cowed by, and collaborating with, the Party-State's opaque and irascible censorship and surveillance apparatus.

To be sure, the US has abused its own

Total filings (crore)

FY18

taxpayer base:

1.21

crore

FY19

Migration to

GST regime in

July 2017:

64 lakh

FY18

Ironically, the internet, which Western technoutopians prophesied would liberalise China, may instead allow the party to indulge previously impossible fantasies of mass control. The Uighurs of Xinjiang are the first in human history to fully experience the downside of China's illiberal innovation. They are unlikely to be the last

technological hegemony for power and profit. After World War II, much global communications infrastructure ran through wires on US soil, giving American spies privileged access to the world's communications. American intelligence agencies have been credibly accused of seeding US-made electronic exports with bugs and spyware.

The critical difference with China lies not in the wiring of chips or lines of code, but in history, culture and scale. By custom, Americans trust that the contents of their snail-mail letters are protected by the Fourth Amendment; government access requires a judge to issue a warrant. American tech firms routinely stand up to the US government. Apple, for example, has developed default iOS encryptions that shield user activity from the company itself, to the frustration of the FBI. An iPhone user in Iran or Belarus benefits from Silicon Valley's civil libertarianism.

China is different. The People's Republic has always reserved the right to open its citizens' mail at any time, for any reason; there is no basis to believe its basic approach will differ because the technology is new. Ironically, the internet, which Western techno-utopians prophesied would liberalise China, may instead allow the party to indulge previously impossible fantasies of mass control. The Uighurs of Xinjiang are the first in human history to fully experience the downside of China's illiberal innovation. They are unlikely to be the last.

NYT

DATA DRIVE

Income tax filings fall OR THE FIRST time in the history of income tax returns, the number of returns filed dropped in FY19, to 6.68 crore from 6.74 crore in FY18, indicating the

waning effect of demonetisation. Compliance has been lower in FY19 compared to the past few years as the ratio of actual filings to registered filers dropped to 79.1% in FY19 from an all-time high of 91.6% in FY18. The new government will have to look at ways to expand the tax base as muted growth in tax filings will

create further headwinds in an already stressed fiscal space. Against the revised estimates, direct tax collection in FY19 fell short by ₹50,000 crore, and in the current financial year, the budget estimates for direct tax is ₹13.8 lakh crore, a 15% rise from the revised estimates for FY19. Interestingly, in indirect taxes, goods and services tax collections touched an all-time high of ₹1.13 lakh crore in March this year. Strong collections over the last two



FY13 FY14 FY15 FY16 FY17 Will total taxpayers' base increase in FY19? **GST Taxpayer base** % chg, FY14 FY15 FY16 FY17 FY18 Note: A "Taxpayer" is a person who either has filed a return of income for the relevant Assessment Year

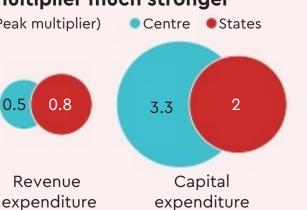
ILLUSTRATION: SHYAM KUMAR PRASAD

Shift in income tax filings towards higher income brackets

()			
	Mar '17	Mar '18	Mar '19
Up to 0.5	80.7	80.7	76.2
0.5 to 1	12.8	13.1	16.4
1 to 2	4.4	4.1	4.8
2 to 5	1.5	1.5	1.9
5 to 10	0.3	0.3	0.4
Above 10	0.2	0.2	0.3

Capital expenditure multiplier much stronger

(Peak multiplier) • Centre • States



GST collections touch record high in March this year

Tax-to-GDP

stagnates

buoyancy

Direct tax

buoyance



11.2 % GDP Gross tax to GDP (%) Direct tax to GDP (%) Indirect tax to GDP (%) FY19* FY11 FY13 FY15 FY17 **FY09** Indirect tax buoyancy has dropped 1.3 % GDP Gross tax buoyancy Indirect tax

FY11

*Based on Central GST shortfall of ₹60,000 and direct tax mop-up of ₹11.5 lakh crore (BE)

FY13

FY15

FY17

proportion of overall investments (Gross fixed capital formation; % GDP) ■Govt ■Corporate ■Households 35 **34.3** 33.4 31.3 28.7 30.1 28.2 28.6 30 25 20 15 11.8 11.0 FY13 FY14 FY15 FY16 FY12 FY17 FY19* Source: Union budgets, income tax e-filing, Kotak Institutional Equities

(AY) or in whose case tax has been deducted at source in the relevant Financial Year but the taxpayer has not

Govt investment accounts for a small

filed the return of income.