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TELLING NUMBERS

Pupils and teachers: the best ratios are in the smaller states

TRIPURA, SIKKIM, and Nagaland have the best Pupil-Teacher Ratio (PTR), according to a report compiled by the Unified District Information on School Education (UDISE) in 2017-18 and tabled by the government in Parliament. The reply covered overall PTR, and compliance with Right to Education (RTE) norms on PTR. Smaller states and UTs showed a better PTR than larger states.

In its reply to an unstarred question in Lok Sabha this week, the HRD Ministry said the PTR norm in the country has been set at 30:1 for primary

level, and at 35:1 for the upper primary level. The report found the PTR at national level 23:1 for primary schools and 24:1 for upper primary schools.

Bihar, with 67.94% primary schools and 77.86% upper primary schools non-compliant with the standards, as well as a PTR of 38:1 and 39:1 in those schools respectively, is at the bottom on all four counts. UP and Jharkhand too have poor ratios and compliance ratios. Among larger states, Kerala has the best RTE compliance, with less than 5% non-compliance at both primary and upper primary schools.

PUPIL-TEACHER RATIO

TOP 5			BOTTOM 5		
STATE	PRIMARY	UPPER PRIMARY	STATE	PRIMARY	UPPER PRIMARY
Sikkim	4	6	Bihar	38	39
Nagaland	7	8	Delhi	35	34
Manipur	8	9	UP	31	30
A&N Islands	10	9	Daman & Diu	29	23
Tripura	10	10	Jharkhand	25	30

GOVERNMENT SCHOOLS WITH ADVERSE PTR

(RTE norms: 23 for primary, 24 for upper primary)

TOP 5			BOTTOM 5		
STATE	PRIMARY	UPPER PRIMARY	STATE	PRIMARY	UPPER PRIMARY
Tripura	0.72%	2.85%	Bihar	67.94%	77.86%
Sikkim	1.26%	0.27%	Jharkhand	50.28%	64.24%
A&N Islands	2.20%	1.96%	UP	41.30%	42.06%
Puducherry	2.99%	1.11%	Andhra	43.13%	14.68%
Nagaland	2.21%	0.85%	Rajasthan	38.85%	16.62%

Source: Unified District Information on School Education, 2017-18, via HRD Ministry

THIS WORD MEANS

WHIP

What compels MPs/MLAs to vote along party lines?

LATE THURSDAY evening, Karnataka Governor Vajubhai Vala asked Chief Minister H D Kumaraswamy to prove his majority on the floor of the Assembly before 1.30 pm on Friday. The vote to decide the fate of the JD(S)-Congress government was not held on Thursday amid a demand by Congress Legislature Party leader Siddaramaiah that the motion be deferred until the Speaker was able to decide on the fate of his whip. The Supreme Court had said the previous day that the 15 rebel MLAs "ought not to be compelled to participate in the proceedings of the... House".

WHAT IS IT? A whip in parliamentary parlance is a written order that party members be present for an important vote, or that they vote only in a particular way. The term is derived from the old British practice of "whipping in" lawmakers to follow the party line. In India all parties can issue a whip to their members. Parties appoint a senior member from among their House contingents to issue whips — this member is called a Chief Whip, and he/she is assisted by additional Whips.

KINDS OF WHIPS: The importance of a whip can be inferred from the number of times an order is underlined. A one-line whip, underlined once, is usually issued to inform party members of a vote, and allows them to abstain in case they decide not to follow the party line. A two-line whip directs them to be present during the vote. A three-line whip is the strongest, employed on important occasions such as the second reading of a Bill or a no-confidence motion, and places an obligation on members to toe the party line.

DEFIANCE OF WHIP: The penalty for defying a whip varies from country to country. In the UK, MPs can lose membership of the party, but can keep their House seats as Independents; in India, rebelling against a three-line whip can put a lawmaker's membership of the House at risk. The anti-defection law allows the Speaker/Chairperson to disqualify such a member; the only exception is when more than a third of legislators vote against a directive, effectively splitting the party.

OM MARATHE

TORA AGARWALA
GUWAHATI, JULY 18

ASSAM IS in the grip of yet another flood, with 57 lakh people displaced, all 33 districts affected, and 36 people killed besides hundreds of animals. This is the first wave of floods this monsoon, and flood control experts expect at least two more. A look at why Assam has traditionally been flood-prone, what measures have been taken over the years, and what has been proposed as a long-term solution:

Why are floods so destructive in Assam?

Apart from incessant rainfall during the monsoon, there are many contributory factors, natural and man-made. At the crux is the very nature of the river Brahmaputra — dynamic and unstable. Its 580,000 sq km basin spreads over four countries: China, India, Bangladesh and Bhutan, with diverse environments.

The Brahmaputra features among the world's top five rivers in terms of discharge as well as the sediment it brings. At 19,830 cubic meters per second (cumec), it ranks fourth in discharge at the mouth, behind only the Amazon (99,150 cumec), the Congo (39,660 cumec) and the Yangtze (21,800 cumec), according to data from a 2008 research paper by retired Gauhati University professor Dulal Chandra Goswami, an environmentalist acknowledged as an authority on the Brahmaputra. In terms of sediment yield, two spots along the Brahmaputra's course were at second and third places in 2008, behind the Yellow River whose annual sediment yield is 1,403 tonnes per sq km. The Brahmaputra's annual sediment yield was 1,128 tonnes per sq km at Bahadurabad of Bangladesh, and 804 tonnes per sq km at Pandu of Guwahati.

How do these characteristics of the river relate to flooding?

The vast amount of sediment comes from Tibet, where the river originates. "That region is cold, arid and lacks plantation. Glaciers melt, soil erodes and all of it results in a highly sedimented river," said Dhrubajyoti Borgohain, a retired chief engineer of the Brahmaputra Board, a central government body functioning under the Jal Shakti Ministry's Department of Water Resources, River Development and Ganga Rejuvenation, and whose responsibilities include flood control in the Brahmaputra basin.

By the time the river enters Assam — a state comprising primarily floodplains surrounded by hills on all sides — it deposits vast amounts of this silt, leading to erosion and floods. "As the river comes from a high slope to a flat plain, its velocity decreases suddenly and this results in the river unloading the sediment," said Borgohain. The river's channels prove inadequate amid this siltation, leading to floods.

Again, because of the earthquake-prone nature of the region, the river has not been able to acquire a stable character. Following the devastating earthquake of 1950, the level of the Brahmaputra rose by two metres in Dibrugarh area in eastern Assam.

Besides these natural factors are the man-made ones — habitation, deforestation, population growth in catchment areas (including in China) — which lead to higher sedimentation. For example, the sediment deposition itself creates temporary sandbars or river islands. It is common for people to settle in such places, which restricts the space the river has to flow.

When rainfall is heavy, it combines with all these factors and leads to destructive floods. This happens very frequently.

How bad is the current flood compared to previous ones?

While floods are a regular annual feature in Assam, some years witness more destruction than others. In terms of impact on human lives, the floods of 1988, 1998 and 2004 were the worst; the 2004 floods alone affected 12.4 million people and claimed 251 lives.

SIMPLY PUT QUESTION & ANSWER

Behind Assam's flood fury

Key reason is the Brahmaputra's nature, with the massive silt it deposits along its long journey. Humans contribute with deforestation and settlements. Measures have been *ad hoc*, a long-term solution elusive



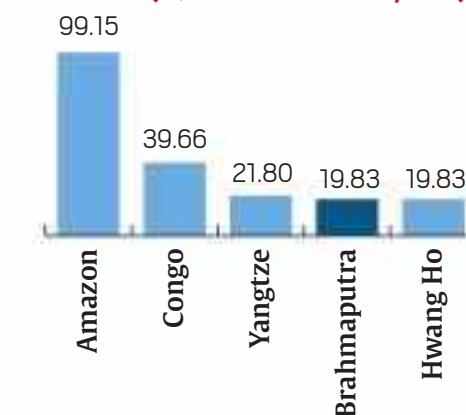
A submerged village in Morigaon district, east of Guwahati, on Thursday. PTI

AREA OF INFLUENCE

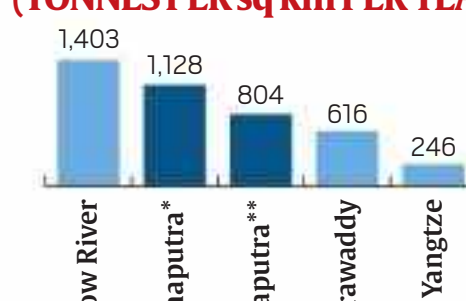


STRONGEST & SILTIEST

AVERAGE DISCHARGE AT MOUTH (1,000 CUBIC m/sec)



SEDIMENT YIELD (TONNES PER sq km PER YEAR)



*at Bahadurabad, Bangladesh; **at Pandu, Guwahati
Source: Dr Dulal C Goswami, then Gauhati University, 2008

The current wave of floods has affected 57 lakh people and claimed 36 lives so far. But experts say that the worst is yet to come. "This is only the first major flood wave this season. We are expected to experience two to three more flood waves until the end of the rainy season, which will last till mid-October. In terms of total annual scale and effect of flooding, we had seen worse floods in 1988, 1998, 2004 and 2012. But if a few more large flood waves hit the state in the next two-and-a-half months, this year could well be recorded as one of the most severe flood years," said Partha J Das, who heads the Water, Climate & Hazard Division of Guwahati-based Aaranyak.

Has the government tried to address the factors that cause floods?

In its master plan on the river in 1982, the Brahmaputra Board had suggested that dams and reservoirs be built to mitigate floods. The idea of dams, however, has traditionally been a double-edged sword. While one of their objectives is to regulate the release of flood waters, the release when it comes can sometimes be beyond the capacity of the channels downstream. In the Brahmaputra basin, locals and environmentalists protested against dam-building plans on grounds of displacement and destruction of evology, preventing the plans from moving forward.

"The Brahmaputra Board proposed a multipurpose dam in the present Gerukamukh site where NHPC (National Hydroelectric Power Corporation) is constructing the Subansiri Lower Hydroelectric Project. But the proposal was scrapped because of objections by the Arunachal government due to submergence [concerns], which included a few small towns as well," said Guwahati-based environmentalist and engineer Pradip Kumar Bhuyan. In fact, the Subansiri project — on which the government spent crores — too has been suspended.

As such, the government has been using only one approach towards floods: building embankments on the river. "Embankments were proposed only as an interim and *ad hoc* measure for short-term mitigation," said Aaranyak's Das. Their lack of durability has often been on display. "Most embankments built in the 1980s are not strong enough. Since they were temporary measures, the government did not spend on high-specification embankments. These are weak and are regularly breached," a government official said.

The government also considered dredging, basically digging up the riverbed and making the river "deeper". However, experts have strongly advised against this simply because the Brahmaputra sediment yield is among the highest in the world. "Experts believe that even if we take out all the silt this year, more silt will

be deposited the following year, making the very expensive effort futile," said Borgohain, the retired Brahmaputra Board engineer.

Dr Goswami, the retired Gauhati University professor, feels that the government's measures have been "piecemeal" and "short-term". "They are not addressing the problem at the source — they are firefighting," Dr Goswami said.

But, is there a long-term solution?

Dr Goswami said that for a sustainable solution, there needs to be "a basin-wide approach" to the problem. He calls this an "integrated basin management" system that should ideally bring in all the basin-sharing countries on board. "Addressing the issues only in Assam when the flood strikes isn't the solution — one needs the countries to come to an understanding about taking measures in the catchment areas." For that, interstate relationships, political cooperation and the role of the government are important.

Borgohain suggested "flood-plain" zoning, which is done the US. "Depending on the vulnerability of the area, you divide them into categories, and accordingly ban certain activities on it: like farming, building a house etc," he said. "That is one option. We can't help the rain but we can certainly control the damage caused by floods."

How to read the current fall in bond rates; where are yields headed?

UDIT MISRA
NEW DELHI, JULY 18

YIELDS OF 10-year G-secs (or the 10-year government bonds) have been falling sharply and almost continuously of late. At the end of trading sessions on July 16, these yields were trading at a 30-month low.

So why does a fall in government bond yields matter?

The way the bond market functions, the yield, or the interest rate earned, on a government bond — especially the 10-year one — is a good indicator of the prevailing interest rate in an economy. If yields on government bonds (also called government securities or G-secs) are falling, it is reflective of a downward movement in interest rates applicable for the broader economy as well. For the average consumer then, the rate of interest that she will pay for say, a new car this Diwali, will likely be lower than a year ago or indeed, the present.

And what exactly are G-secs?

In simplest terms, a G-sec is an IOU given by the government to anyone who lends it money. Like every entity in an economy, the government too needs to borrow to carry out its functions. The G-sec is the government's vehicle to borrow from the public.

What makes G-secs attractive?

In any investment, apart from the reward (that is, the rate of return or rate of interest), the other key factor is the level of risk. G-secs are appealing because they are considered to be among the safest of investments — the sovereign is not expected to default or go bankrupt. However, as is always the case, the price of a safe investment is modest returns.

How are yields calculated?

Every G-sec has a face value and a coupon payment. There is also the price of the bond, which may or may not be equal to the face value of the bond. And then there is the yield, which is the effective rate of in-



Representational photo/Getty Images

terest that one earns when one buys a bond.

Now suppose the face value of a 10-year G-sec is Rs 100, and its coupon payment is Rs 5. Buyers of this bond will give the government Rs 100 (the face value); in return, the government will pay them Rs 5 every year for the next 10 years, and will pay back their Rs 100 at the end of the tenure. In this instance, the bond's yield or effective rate of interest is 5%. The yield is the investor's

reward for parting with Rs 100 today, but for staying without it for 10 years.

But say, there was just one bond, and two buyers (people willing to lend to the government). The actual selling price of the bond may in such a scenario go from Rs 100 to Rs 105 or Rs 110 because of the bidding war between the two buyers. Importantly, even if one buys the same bond at Rs 110, the coupon payment of Rs 5 will not change.

Thus, as the price of the bond increases from Rs 100 to Rs 110, the yield falls to 4.5%.

But what is the relation between G-sec yields and interest rate in the economy?

The way bond yields function implies that they are in close sync with the prevailing interest rate in an economy. With reference to the above example, only if the interest rate in the broader economy is 5% will the bond's selling price be the same as the bond's face value. If there is any discrepancy, the market will ensure it is removed.

For instance, if the prevailing interest rate is 4% and the government announces a bond with a yield of 5% (that is, a face value of Rs 100 and coupon of Rs 5) then a lot of people will rush to buy such a bond to earn a higher interest rate. This increased demand will start pushing up bond prices, even as the yields fall. This will carry on until the time the bond price reaches Rs 125 — at that point, a Rs-5 coupon payment would be equivalent to a yield of 4%, the



The Indian EXPRESS

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RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

AFTER VINDICATION

Persuading Pakistan to respect the ICJ ruling on Kulbhushan Jadhav will not be easy. That task remains a political one

THE RULING OF the International Court of Justice on Pakistan’s incarceration of Kulbhushan Jadhav on charges of espionage and terrorism has vindicated India’s faith in seeking international legal relief amid Islamabad’s refusal to respect the basic principles of justice. The ICJ called on Pakistan to take a fresh look at Jadhav’s case, immediately restore his legal rights and provide India consular access. Above all, the ICJ is asking Pakistan to examine the impact of its violation of international law on the principles of a fair trial in the Jadhav case. In a strange but typical official reaction, Pakistan is claiming “victory” at the court’s decision to ask it to reconsider the conviction and sentence of Jadhav “by the means of its own choosing” — Pakistan’s Prime Minister Imran Khan has tweeted, “appreciating” “ICJ’s decision not to acquit, release and return Commander Kulbhushan Jadhav to India”.

Jadhav was arrested in early 2016 and, after a summary trial, a military court ordered his execution in 2017. Having failed in its effort to bilaterally engage Pakistan on the case, Delhi turned to the ICJ. The Court stayed Jadhav’s execution in the summer of 2017. In its final judgement this week, however, the ICJ’s focus was not on the merits of Pakistan’s case against Jadhav. It was on the legal process, the rights of the accused, and the remedies for a likely mistrial. The ICJ declared that Islamabad was in violation of its obligations under the Vienna Conventions on Consular Relations by the failure to inform Jadhav of his legal rights and immediately intimate the Indian embassy about his detention. It also held Pakistan guilty of denying India consular access to Jadhav and preventing it from arranging legal representation for the accused.

The ICJ also offered some remedies. It asked Pakistan to inform Jadhav, without any further delay, of his rights and provide India consular access to him. It called for an “effective review and reconsideration” of Jadhav’s conviction and the sentence against him. It wants Pakistan to ensure that “full weight” is given to the effect of “violation” of Jadhav’s rights on the “principles of a fair trial” and the “prejudice” it might have caused in the sentence of execution. The ICJ also held that a continuing stay on Jadhav’s execution is an “indispensable condition” for an effective review and reconsideration. It also told Pakistan that its obligation to review and reconsider Jadhav’s case must be performed “unconditionally”. Delhi has certainly won the argument about international law and the tragic but deliberate mistrial of Jadhav by the Pakistan army. But the task of persuading Pakistan to respect the ICJ ruling will not be easy. That task in the end remains a political one. While India must continue to utilise all available legal means, it must also seek a quiet conversation with Pakistan to encourage it to do the right thing. The ICJ’s call for a judicial review, in a format chosen by Islamabad, may have opened a small door for bilateral diplomacy that might let Pakistan save face and India secure Jadhav’s life and liberty.

50 YEARS LATER

Banking sector, economy, have transformed since banks were nationalised. Now, government needs to let go

THIS WEEK MARKS 50 years of one of the most important economic decisions taken by a government in independent India. Like the other relatively recent move on November 2016 to withdraw high value notes of Rs 500 and Rs 1,000, the decision to nationalise 14 banks by the Congress government led by Indira Gandhi on July 19, 1969 did not quite rest on economic logic but was politically propelled. The objective, then, was to force banks, many of which were controlled by business groups, to lend to the farm and other sectors, to small firms, offer services in the hinterland and expand credit, especially in rural areas. The decades since then have seen a structural transformation — evident in the countrywide footprint of banks, channelising of savings by them to productive investment, support for industry and to the government to finance its plan investments, deliver on its social banking mandate, generate jobs in the services sector, help reduce regional disparities and broadly enhance growth. That was the start of financial inclusion.

Many metrics capture that phase of the Indian banking industry’s growth. But the loan melas of the 1980s, soon after the second round of bank nationalisation marked by coercive lending to support government programmes, dealt the first deep blow from which it took the country’s state-owned banks years to recover. Later, what hurt PSU banks severely was the foray into infrastructure financing — an area where they had little expertise, the risk of an asset liability mismatch and imprudent lending during the heady growth years between 2005-2009. The Indian taxpayers have so far picked up the tab for repairing bank balance sheets with lakhs being pumped to recapitalise banks and bolster lending over the last few decades without generating enough returns. In its first term, the Narendra Modi government missed an opportunity for governance reforms in the banks it owns. A government with a strong political mandate like NDA 2 should be better equipped to let go of many of its banks after 50 years — with a possible backstop of a 26 per cent or 33 per cent holding to be progressively divested to assuage concerns.

More political molycoddling on separation of ownership from the management of banks will impose huge fiscal costs which will have to be borne again by taxpayers. Importantly, it will also drain resources which should ideally be for delivery of public goods.

TWEET BADSHAH

In making fun of Hema Malini for her sweeping technique and apologising for it, Dharmendra displays mastery of social media

THE HEADLINES GOT it wrong, Dharmendra Deol is not a troll. While pointing out that his wife and BJP MP Hema Malini seemed a bit of an “anaari” (inept) while attempting to use a broom in the Parliament complex as part of the Swachh Bharat campaign, he did not, for example, disrupt an ongoing conversation or derail a debate through abuse. He did, as he admitted later, speak his mind: “Kuchh bhi keh baitha hoon. Kuch bhi ki bhawna ko. Kuchh bhi samajh baithte hain yaar log. TWEET BADSHAH. Kuch bhi kiya... baat jhaadu ki bhi... tauba tauba... Kabhi na ka-roonga.” No, Dharmendra is not a troll. He is Tweet Badshah.

First things first. A broom in hand Hema Malini did look a bit out of sorts — no regular sweeping motion, just a sort of awkward stick dance. Most of her colleagues, and her many fans, were likely too polite to point this out. But Dharmendra has a history of telling truth to power, at least when it comes to family. In May, for example, he was more than forthright about son Sunny not being the most politically astute Lok Sabha candidate: “Sunny cannot debate”, “I told Sunny politics is a difficult thing”.

What makes Dharmendra so endearing on social media isn’t just his forthrightness. It is a genuine innocence, a kind of honesty so rare in an age of image consultants, where even non-celebrities carefully curate every word and photograph they put out. In all caps, with ellipses galore, Dharmendra shares across social media platforms his idyllic retired life at his farmhouse. Then there’s the fact that this whole “rural gentleman” thing might just be one big punchline. His apology tweet, after all, has a sarcastic ring, more sorry for offending the “jhaadu” than the person wielding it.



TILAK DEVASHER

IF EVER PROOF were needed that India and Pakistan lived in parallel universes, the reaction to the International Court of Justice (ICJ) judgement in the Kulbhushan Jadhav case provides it. The vital difference, however, is that while India’s universe is rooted in reality, Pakistan’s is quite delusional.

The key issue that the case dealt with was the sanctity of the Vienna Convention on Consular Relations (VCCR). The Indian case was the “egregious violations” of the convention by Pakistan, inter alia, by not granting consular access to Jadhav. Pakistan’s defence was that the VCCR was not applicable to alleged spies. In addition, Pakistan sought to deny the jurisdiction of the ICJ in the case, and deny the admissibility of India’s application, citing a 2008 bilateral agreement with India that held that consular access in matters of national security would be decided “on its merits”.

The ICJ rejected Pakistan’s contention on each of these issues and upheld that of India either unanimously or by an overwhelming 15-1 margin — the dissenting judge being a Pakistani. The majority included a judge from China. The judgment held that the court had jurisdiction, India’s application was admissible, there was no provision in the VCCR to deny alleged spies consular access and that the bilateral agreement could not displace obligations under international conventions.

The court also asked Pakistan for “effective review and reconsideration of the conviction and sentence of Mr Jadhav”, so as to ensure that full weight was given to the effect of the violation of the rights set forth in Article 36 of the VCCR and guarantee that the violation and the possible prejudice caused by the violation are fully examined. The court directed that “the continued stay of execution constituted an indispensable condition for the effective review and reconsideration of the conviction and sentence.” This specific direction was a source of relief for India and a clear containment of Pakistan’s national jurisdiction.

The ICJ went further. It reprimanded Pakistan by saying that it “was under obligation to cease internationally wrongful acts of

Pakistan’s violations of international covenants in Kulbhushan Jadhav case have come crashing down

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AMRITH LAL

THE RECENT DEFECTIONS of Congress legislators in Goa and Telangana to the BJP and the TRS respectively and four TDP MPs in the Rajya Sabha joining the BJP seem to pass the anti-defection law test. In all the three cases, the rebels had the required numbers — two-third members of the legislature party — to escape disqualification. One of the MLAs who joined the BJP in Goa had been elected on a Congress ticket defeating the BJP nominee only two months earlier. It’s not been even a year since elections were held in Telangana and almost all the defectors had defeated TRS candidates. It takes an instrumentalist reading of the law to justify these defections as a normal political activity. The fact is these are a violation of political and constitutional morality.

Parliamentary politics in India revolves around political parties in the main. Candidates in an electoral contest are seen as representatives of political parties, and not as autonomous agents with a voice distinct from the party they represent. The primary identity of a candidate is political, which is derived from the history and ideology of the party that has fielded him. For the voters, the candidate is the voice of the party. The party symbol, election manifesto, etc. embellish his claims to represent a party and an ideology. The candidate seeks endorsement from the electorate on behalf of the party, and also for the party. There may be times when a leader becomes the face of the party and votes are sought in his name, as in the 2019 general election.

DISHONOURING THE MANDATE

Legislators who change party affiliations must seek re-election

For the voters, the candidate is the voice of the party. The party symbol, election manifesto, etc. embellish his claims to represent a party and an ideology. The candidate seeks endorsement from the electorate on behalf of the party, and also for the party.

This being the case, a defection of a legislator is a betrayal of the mandate; it is a breach of the trust forged through the election process. A legislator is well within his rights to change party; in fact, he must if he loses trust in his parent party or finds another ideology more attractive. But any shift in political affiliation would mean the right to represent the mandate is lost. Political morality demands that he resign his seat and seek re-election. For instance, when V P Singh fell out with the Congress under Rajiv Gandhi, he resigned his Lok Sabha seat and sought re-election. Ramakrishna Hegde resigned as chief minister of Karnataka when the Janata Party was wiped out in the 1984 Lok Sabha election — though he was under no compulsion to do so — on the ground that he has lost the moral authority to head the government. Singh won the Allahabad bypoll and Karnataka voted Janata and Hegde back to office in the following assembly election. In 2012, R Selvaraj, a CPM MLA in Kerala who defected to the Congress, resigned his seat and sought a fresh mandate from the new platform.

The defections in Goa and Telangana have been blamed on the Congress leadership’s failure to shield its flock — presumably by offering cash, office or other incentives. The defectors also take cover behind hollow terms such as development and governance to explain their political shift. Whatever be the reason, the legislator is duty-bound to explain his defection to the electorate; the first step towards that is to quit the seat.

ing that the ICJ’s decision has declared India a terrorist state; “They are certified to undertake state-sponsored terrorism.”, he said.

Much has also been made about Pakistan’s judicial system. Thus, according to Foreign Minister Shah Mehmood Qureshi, by not annulling the military court’s verdict, “the ICJ showed its confidence in Pakistan’s judicial system which is very fair and transparent”. Brave words indeed!

Where such statements are delusional is that the ICJ is not a Criminal Court of Appeal. India was appealing against Pakistan’s violation of the VCCR. Hence, there were no arguments on the merits of the actual case or the evidence adduced. In fact, even though India had asked for a copy of the military court’s judgement, Pakistan did not provide it. The ICJ’s focus was limited to determining whether there was a breach of international covenants and here its findings were crystal clear and a victory for India.

Jadhav is an important element in Pakistan’s narrative of a “foreign hand” behind the troubles in Balochistan. Given its failure to tackle the fifth insurgency in the province, Pakistan has sought to divert attention by claiming that India was fomenting terrorism. Hence, the charade that Jadhav was involved in terrorist activities. In reality, media reports indicate that the terrorist outfit, Jaish ul-Adl, linked to the Jundullah, actually kidnapped Jadhav from Iran and sold him to the ISI.

During the trial, Pakistan’s counsel had likened India to Humpty Dumpty who sat perched on his flimsy wall of lies, which would soon come crashing down. In reality, it is Pakistan’s web of lies and egregious violations of international covenants that have come crashing down.

Devasher is author of Pakistan: Courting the Abyss; Pakistan: At the Helm; and Pakistan: The Balochistan Conundrum. He is a former special secretary, Cabinet Secretariat, Government of India, and currently member, National Security Advisory Board and consultant, Vivekananda International Foundation

Is this likely to happen if a defector is not censured by the electorate? The changes in political economy have transformed political parties as well as the political process. The influx of big money into elections has turned electoral contests into an expensive, lopsided affair. Political parties have long ceased to be about beliefs and have become platforms that dispense patronage. In some of the southern states, candidatures have become a privilege of the very rich, who court political parties as a means to to keep the law away and use the privileges the association confers to further business interests. The patron-client relationship that gets established between the party leadership and legislators is thus mutually beneficial — it ensures funds for the party, which, in return, provides protection and privileges for the affiliate.

Occasionally, this system is challenged by the people. Radical left-wing uprisings, the J P Movement, V P Singh’s Jan Morcha, the anti-corruption movement led by Anna Hazare, etc. were expressions of public anger with the corruption of parliamentary democracy. The phenomena of New Social Movements, which mobilised people on issues such as land, livelihood, ecological concerns, too owes its existence to the people’s disillusionment with electoral politics. All these took a toll on the Congress, which was instrumental in the degeneration of parliamentary democracy. It may be the turn of the BJP soon.

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JULY 19, 1979, FORTY YEARS AGO

CONGRESS’S CHANCE

AFTER THREE DAYS of consultations with leaders of various parties, President N Sanjeeva Reddy invited the Leader of the Opposition Y B Chavan, to explore the possibility of forming a stable government to replace Morarji Desai’s caretaker government. The invitation, which boosted Congress morale, but caused varied reactions among other parties, was extended to Chavan by the President at Rashtrapati Bhavan. Chavan told newsmen as well as the Congress Working Committee later that he is confident he will be able to form a government. Chavan has asked for three to four days time for making efforts to seek support from other parties so

that he can form a coalition government.

POWER DREAMS

THE CONGRESS HAD a dream today. The dream of ruling the country again. The Congress Working Committee, which met in Delhi, was “highly excited” when Y B Chavan broke the news that he had been asked by the President to explore the possibilities of forming a government. Even CWC members who had earlier opposed the idea of joining a coalition government changed their stand. As a senior party leader put it: “Our leading a government is quite different from our joining a coalition government.” The CWC has given Chavan and Swaran Singh a free hand

in the “exploration”.

DESAI WON’T QUIT

PRIME MINISTER MORARJI Desai is unlikely to resign as leader of the Janata parliamentary party. This indication was available from sources close to the PM. The Janata Party President Chandra Shekhar, declined to comment on Jayaprakash Narayan’s reported letter advising Desai to step down. Asked to comment, Chandra Shekhar said: “What can I say unless I get the letter?” JP, according to reports from Patna, had written to Desai suggesting that he should relinquish the leadership of the Janata parliamentary party and help elect Jagjivan Ram in his place.



THE IDEAS PAGE

The original sin

Fifty years after bank nationalisation, banking is still seen as an enterprise driven by social purpose and political considerations — not depositors’ interests. This needs to change



SHAJI VIKRAMAN

FIFTY YEARS AGO, after her government issued an ordinance on July 19, 1969 to nationalise 14 banks which had deposits of over Rs.50 crore, Prime Minister Indira Gandhi addressed the custodians of these banks at the end of September 1969. In that meeting, she told them that banks, being closely linked with the development of the economy, could not remain uninfluenced by the needs of the political situation. “The political situation in our country today demands that banking facilities should be extended in an increasing measure to backward areas, to agriculture, to small-scale industry and so on and perhaps banking operations should be informed by a larger social purpose. But if this is what is meant by political consideration, certainly, there is political consideration. But if by that phrase they mean that in their day-to-day working, those in charge of the banks might be influenced by extraneous considerations, unrelated to public welfare or economic development, then I have no hesitation in assuring you that as long as I am in charge, such considerations will not be allowed to interfere with your work,” she said.

The Prime Minister went on to tell the custodians of those banks that within the broad policy framework laid down by the government, they would have the necessary freedom and latitude to function as efficient and professional bankers, guided solely “by your conscience and the canons of the profession to which you belong”.

Her political survival instincts — with the challenge from the old guard in the Congress to her leadership — prompted Indira Gandhi to embark on this move at a time when a law on social control of banks had just kicked in, ignoring the views of Deputy Prime Minister and Finance Minister Morarji Desai and the industry, which was opposed to the state taking over private banks. But as she said in her broadcast to the nation on July 19, “Control over the commanding heights of the economy is necessary, particularly in a poor country where it is extremely difficult to mobilise adequate resources for development and to reduce inequalities between different groups and regions”.

Over the last five decades, control over some important parts of the so-called commanding heights of the economy has been eased by successive governments. Indian banking too has changed in terms of reach and penetration, formalisation of credit, channelising savings for investment and for funding anti-poverty programmes, products offerings, service quality, efficiency, credit support to industry and other segments including in rural areas, helping to reduce regional disparities and boosting economic growth. Consider this: In July 1969, at the time of nationalisation of banks, there were just 8,262 bank branches in the country. At the end of June 2018, state-owned banks alone had built a network of branches or a franchise of over 90,000 (over 29,000 in rural areas) and over 1.45 lakh ATMs while private banks had 28,805 branches.

Some of the objectives of that political move in 1969 may have been achieved in the first decade or two. But what has remained unaltered in the last 50 years despite economic reforms is the political philosophy and belief echoed by Indira Gandhi on banking — a commercial enterprise driven by a larger social purpose and political considerations. It is on this that there has been a strong political consensus across successive governments irre-



Survjit Dey

spective of ideology, oblivious of the fact that the fundamental obligation of banks is to depositors. The political pay-offs are evident when the government retains control over these lenders. A case in point: The repeated instances of waiver of farm debt.

In the era of brick-and-mortar banking-administered interest rates and monetisation of debt, these may have worked. But not in a world where besides competition, rapid technological changes and innovation are transforming the way banks operate and when the government is struggling to cope with competing demands such as funding infrastructure projects, social sector programmes and delivering public goods. The result: Private banks have managed to chip away at the share of PSUs.

However, the political philosophy reflected in the continuing ownership of many banks has come at a huge fiscal cost and poses a risk to financial stability. In the last five years alone, the recap tab at over Rs 3 lakh crore is far in excess of the aggregate funds, which many governments had infused over close to three decades, indicating the scale of the problem. Key financial indicators of many of these public-listed banks reflect the deterioration. At the end of March 2019, gross non-performing assets as a percentage of total advances rose to 11.2 per cent while the return on assets for PSU banks in FY 2018 was - 0.8 per cent with return on equity, another metric to measure the performance of banks, also being negative. Interestingly, last fiscal, the opening of new branches declined by 25 per cent according to RBI data, as banks chose to rationalise and cut spending to contain costs. The consequences of all these are not just an aversion to risk but also an unwillingness to reduce lending rates sharply even when the RBI has cut interest rates by 75 basis points this year because of the need to set aside funds for potential loan losses — all of which defeats monetary policy signaling or transmission or the provision of adequate credit, and the broader aim of reviving investment.

As the dominant shareholder, the government has to constantly find resources to capitalise and strengthen banks given that the returns on such investment are now negative. It is that pressure which is now forcing the government to push the Indian central bank to transfer a good part of its reserves to limit its fiscal deficit.

The Vajpayee-led government did make an attempt to break from the past. Finance Minister Yashwant Sinha sought to introduce a bill in Parliament seeking to lower the government’s equity in banks to 33 per cent. That

The Vajpayee led government did make an attempt to break from the past. Finance Minister Yashwant Sinha sought to introduce a bill in Parliament seeking to lower the government’s equity in banks to 33 per cent. That he reckoned would enable banks to raise fresh capital without any major dilution of management control. The proposal was jettisoned by the government, with the UPA government which succeeded it, reinforcing through law sovereign control over state owned banks.

he reckoned would enable banks to raise fresh capital without any major dilution of management control. The proposal was jettisoned by the government. The UPA government which succeeded it, reinforced sovereign control over state-owned banks through law. If the original sin was nationalisation, as some would put it, the second sin was allowing universal banking in early 2000, prompting banks to foray into infrastructure financing in the space vacated by development financial institutions, inflicting serious damage to their balance sheets.

Subsequent regimes have tried to pursue consolidation of banks. This is a politically less fraught affair compared to the option of privatisation but does not address the fundamental issue of governance, incentive structures for bankers, dual control and the separation of ownership or the distancing of the owner, the government from the management of the bank.

The model of banking being driven by political considerations and ownership control worked up to a point. It will now have to be undone. Social control may work with a regulatory fiat irrespective of the ownership structure. The emergence of more efficient channels of intermediation, driven by technology and marked by cashless transactions and which can reach out to unbanked families to offer credit and new financial products, better regulation and supervision and using the private sector to deliver services competitively, should help as the government makes the transition. The grand bargain politically could be to retain control of India’s largest bank, State Bank of India, while divesting shareholding in most banks.

The history of reforms in India show that the toughest policy changes have often been carried out in the first two years of a government as in 1991-92 during the Narasimha Rao government and later, during the Vajpayee and UPA governments. There has been little political appetite for reforms since. Shortly after the global financial crisis, the-then US President, Obama in a speech in 2009 said, “Governments should practice the same principle as doctors: First do no harm. So rest assured, we will do whatever is necessary to get credit floating again, but we will do so in ways that minimise risks to taxpayers and to the broader economy”. Surely, 50 years is a good time to review-bank nationalisation. India’s tax payers would also want its government to adopt the principle of doctors.

The writer is consulting editor, The Indian Express

WHAT THE OTHERS SAY

“The US president’s bigotry has a political purpose: to distract voters and energise his base. He doesn’t care about the damage he might inflict in the process.” — THE GUARDIAN

Just window dressing

By ignoring final numbers for 2018-19 in formulating budget estimates, government has presented incorrect data



ARUN KUMAR

ANOTHER CONTROVERSY HAS broken out about official data. This time it is the budget data. The finance minister in her reply has tried to explain it but issues remain. It is more serious than the earlier controversies because it is related to data presented to Parliament. The earlier controversies about the correct GDP, unemployment-employment data, Mudra loan data and farmers’ suicide data did not pertain to what is placed before Parliament.

The Union Budget consists of major items that are mandated by the Constitution. Article 112 mandates that the Annual Financial Statement be placed in Parliament. It contains the data on expenditures and receipts of the Government of India for the coming year (in the present case the continuing year 2019-20). It is also to give the data for the current year (which is still provisional and called the Revised Estimate) and in the present case, the year 2018-19. It also gives the actual figures for the earlier year (2017-18). Why are these figures important?

The budget figures for the next year are prepared a year in advance. So, the figures for 2019-20 are estimated in 2018-19 (the current year). Since the year is yet to start, one can only give the estimates for the coming year. That is why the figures given are called Budget Estimates. How are these estimates arrived at? The data for 2019-20 is prepared on the basis of the data for 2017-18 and 2018-19.

But, there is a problem. While 2017-18 is fully over and its actual figures are available, the year 2018-19 is still in progress so data is provisional. It is called the Revised Estimate — revised compared to what was estimated in the budget when it was presented.

In brief, the budget document gives the Budget Estimates for the year for which the budget is made, Revised Estimates for the current year in which the budget is formulated and the actual figures (though still not fully final) for the one year prior to the current year. The accuracy of the actual figures and the revised estimates determines the accuracy of the Budget Estimates. So, if the Revised Estimates are not correct, there would be an error in the Budget Estimates for the next year. If the Revised Estimates are incorrect then even the current year’s budget arithmetic would turn out to be incorrect with serious consequences for the economy and more importantly for the accountability to Parliament.

Article 113 of the Constitution requires that the Lok Sabha vote on the estimates of expenditure from the Consolidated Fund of India, which is a part of the Annual Financial Statement and which is presented as Demand for Grants. There is usually one

Demand for Grant for each ministry and department. Thus, if incorrect figures are placed before Parliament, the vote would also be on these incorrect figures.

The problem that has arisen with Budget 2019 is that the Ministry of Finance has put out incorrect figures for expenditures and revenue. As already stated, a budget contains estimates for the coming year so the figures that are presented can change — estimates going wrong is not the issue. The issue is actual available data is not utilised for preparing the estimates for the coming year. It can be argued that there is deliberate attempt to mislead the Parliament. Let us try to understand this.

The full budget for 2019-20 had the full data for 2018-19, since the year was over on March 31. This data was audited by the CGA, which is the government auditor. In its report presented in early June, it gave the final figures given to it by the Ministry of Finance. So, the data put out by the CGA, at least a month before the budget was presented, was available to the Ministry of Finance officials.

The data for 2018-19 showed that revenue was short by Rs 1.6 lakh crore. One could argue that when the interim budget was presented on February 1, the full data for 2018-19 was not available so the Revised Estimates did not reflect the shortfall in revenue. However, even this could have been anticipated if the fact that the fiscal deficit in December had already exceeded the annual target was taken into account. The interim budget showed that GST collections were short by Rs 1 lakh crore, so revenue shortfall was already known.

Can there be any excuse to just reproduce the interim budget figures in July when the Ministry had the data given to the CGA? Further, the data was presented in the Economic Survey, so why not in the budget?

If expenditures are kept at the level earlier planned and revenue is short then the revenue deficit and fiscal deficit will turn out to be larger, but that is not the case in the final budget. This can only imply that the expenditures were cut. This leads to a demand shortfall in the economy.

There is further non-transparency when the incorrect figures are used to calculate the budget estimates for 2019-20. For instance, revenue projection is that it would grow by 25.6 per cent on the correct revenue figure for 2018-19. Is that feasible in a slowing economy? The budget is also drawn on the basis of a GDP growth of 12 per cent while the interim budget assumed it would grow at 11.5 per cent, while the economy is known to be slowing down (to about 9 per cent nominal growth).

In brief, if analysts argue that data has been window dressed to show a better performance of the economy, they are not wrong. But, what should parliamentarians make of it, unless the ministry puts out another set of figures for the vote in Parliament?

Kumar is Malcolm Adiseshiah Chair Professor, Institute of Social Sciences and author of Indian Economy since Independence: Persisting Colonial Disruption

LETTERS TO THE EDITOR

UNSAFE CITIES

THIS REFERS TO the editorial, ‘The crumbling city’ (IE, July 18). In the last 10 years, building collapses in several cities have claimed the lives of many people. The blame for these accidents falls on municipal authorities who do not take action against owners of unsafe buildings. But at times, the hands of municipal authorities are tied due to political intervention. There should be clear cut laws about old buildings so that tragedies like the one in Mumbai due not reoccur.

Sanjay Chawla, Amritsar

READING TOO MUCH?

THIS REFERS TO the article, ‘Towards social politics’ (IE, July 17). It was pleasure to read the article, especially because the author finds green shoots of social politics in the toxic soil of current politics. The toxicity is aggravated by acts of people who are supposed to water these shoots. The reference to the 1970s is apt. That was when Indira Gandhi tinkered with the funding norms for political parties, forcing the political establishment to veer towards “other” funding sources. Social politics may, however, not survive. The overtures being “read” by the good performer may actually be the machinations of shrewd politicians. It is essential to correct the funding norms.

Vinod Dhall, Gurugram

IT’S SUPER

THIS REFERS TO the review of *Super 30* by Shubhra Gupta (IE, July 12). The re-

LETTER OF THE WEEK AWARD

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editpage@expressindia.com or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301. Letter writers should mention their postal address and phone number.

THE WINNER RECEIVES SELECT EXPRESS PUBLICATIONS

view was disappointing. First, referencing “#me too” in relation to the film’s director was not in good taste. Second, people across the country have admired the movie for the performances by Hrithik Roshan and its cast of actors, as well as for its direction. The film brings out with great dexterity the aspirations of the less privileged for quality education. By giving the film just two stars, your critic may be depriving your readers the experience of watching a good film.

Lalit Bhasin, New Delhi

THE Urdu PRESS

THE NIA BILL

THE BID TO “strengthen the NIA” and the debate on the bill has received the attention of Urdu dailies.

An editorial in *Inquilab* on July 17 argues that giving more powers to the NIA is problematic. It asks, “What are the negative and positive dimensions of this?” It describes the debate on the matter in the Lok Sabha as unimindful of Parliament’s “stature and traditions”. The paper writes that “the Home Minister told an MP, a representative of India’s largest minority, that ‘you are scared’ of the bill...when he should have been trying to win the confidence of the minorities”. This, the paper points out, gave a terrible impression of India to the world outside. “We need to understand that strong laws don’t end the problem, if the enforcers are not good. The best and the most fair of laws go after the most disadvantaged...The trend of doing everything in the name of national interest must be pushed back. Else, the country and its people will have to suffer serious consequences.”

Munsif on the same day also dwells on the NIA. It says with just six MPs voting against the amendments, a far stronger NIA will come into force. The paper says there is “fear that in the name of the law, innocents will be made victims. POTA should not be repeated.” The paper notes that the home min-

ister has said that “the government will not allow innocents to be hurt, but *doodh kajala, chanchh ko phi phoonk ke peeta hai* (once bitten, twice shy). It is the government’s responsibility to ensure that the vastly enhanced powers of the NIA are not abused.”

Etemad, the Hyderabad-based daily of the AIMIM speaks of the “misuse of the TADA and POTA in the past” (July 17). “Our experience is that people’s religious identity does play a part in them being charged for terror. The NIA getting more powers is worrying. If the government is serious about tackling terror, it must not see the accused in the Hindu versus Muslim frame, but purely through the lens of law and order. But that does not seem possible.” The paper concludes: “The NIA is now stronger to fight terror. But when the terror accused are discharged, the government does not appeal. This reveals its two-faced nature”.

BUDGET

THE GOVERNMENT’S FIRST budget has been received with disappointment.

Sahara’s editorial on July 9 focuses on the share bazaar taking a massive hit.

Inquilab’s editorial on July 7 is titled: “What does the budget have? Nothing much.” It elaborates: “There is nothing for tackling unemployment. And this coming from party that was voted to office in 2014

on the promises of creating two crore jobs a year. After re-election, it carries noting for the youth.” The paper comes down sharply on what it calls, “conditional talk”. The argument that if investments rise, jobs will also increase is flawed, the paper contends.

Siasat on July 6 speaks of the budget “ignoring some important sections such as the middle-classes and the minorities”. The Budget doesn’t have new plans or new schemes. “Jumlas have been focused on to try and make the budget attractive but it has ignored the expectation and hopes of the masses,” the paper argues.

POLITICS

MUNSIF ON JULY 11 speaks of the “lust for power” in Karnataka.

Siasat has carried a series of editorials on the issue. Its editorial on July 7 predicts that “Operation Kamala is nearing completion”. On July 10 it talks about “the end of political values”. It has another edit which argues that the “political tug of war must end”.

There is anguish on the problems faced by the Congress. *Munsif* on July 13 talks about the “Gandhi family’s ‘self-destructive’ strategy.” It holds that “the Gandhi family cannot leave the party mid-stream and cannot escape its responsibilities. Today, the country needs a strong opposition like never

before..In being stubborn, the Gandhi family could help the BJP realise its dream of Congress-free India.” It elaborates: “What is happening in Karnataka and Goa can spread to other states.”

Siasat on July 9 talks about the 1990s, “when (PV Narasimha) Rao controlled the Congress but after the demolition of the Banbri Masjid, there was a question mark over the Congress’ future.” The paper speaks of the two groups within the party, one close to the “Hindu right-wing and another close to the Nehruvian secularism.” It speaks of the “several mistakes” made by senior leaders that hurt the party and how the party finds itself “speechless in the face of Modi.

TAILPIECE

THE PORTRAYAL OF cricket as war was criticised by the *Munsif* the day after the cricket World Cup semi-final, which India lost. The paper is critical of the home minister invoking the “surgical strikes” to describe India’s victory against Pakistan. It says the use of war rhetoric in sports puts unnecessary pressure on the teams and also leads to demonisation of Indian Muslims. It criticises a section associating Prime Minister Narendra Modi with India’s World Cup campaign.

Compiled by Seema Chishti

