


ACROSS THE AISLE



P CHIDAMBARAM

The government has included in Finance (No.2) Bill, 2019, clauses that are impermissible under Article 110 of the Constitution... Someone will definitely challenge the constitutional validity of the Bill. I am amazed that the government is willing to risk its most important Bill on finance and economy just to avoid a debate on questionable amendments to some non-financial laws!

Unconstitutional and unrealistic

IT TAKES a lot of courage to speak in a House of Parliament where the Opposition benches are empty. That is precisely what the Finance Minister, Ms Nirmala Sitharaman, did on July 23, 2019, in the Rajya Sabha! She piloted her maiden Finance Bill, the Rajya Sabha (minus the Opposition) 'considered and returned' the Bill, and all is well with the Indian economy. Congratulations, Finance Minister!

Like there were serious questions about the Budget, there are serious questions about the Finance Bill.

BRAZEN VIOLATION

Firstly, the Bill is constitutionally suspect. The government is brazen in its defiance of the law. In *Justice Puttaswamy*, the Supreme Court ruled that a money Bill must comply strictly with the conditions stipulated in Article 110 of the Constitution. Such a Bill shall contain *only* provisions dealing with taxes and the payments into or out of the Consolidated Fund of India (CFI) or the public account of India. Yet, the government has included in Finance (No.2) Bill, 2019, clauses that are impermissible under Article 110 of the Constitution. Chapter VI of the Bill, that is titled 'Miscellaneous', contains clauses that amend several Acts including the Reserve Bank of India Act, the Insurance Act, the Securities Contracts (Regulation) Act, and so on. I counted at least 10 laws that were amended. Neither the Acts

concerned nor the amendments had anything to do with the purposes mentioned in Article 110.

Someone will definitely challenge the Constitutional validity of Finance (No.2) Bill, 2019. I am amazed that the government is willing to risk its most important Bill on finance and economy just to avoid a debate on questionable amendments to some non-financial laws!

FROM TROT TO GALLOP!

Secondly, no one has found fault with the numbers used in my essay *'Toward USD 5, 10, 20 Trillion Economy'* (*The Sunday Express*, July 21, 2019). The government has set ambitious — nay aggressive — revenue targets. The actual growth rates achieved in 2018-19 and the projected growth rates for the new year (Estimates for 2019-20 over the Actuals of 2018-19) are:

GROWTH RATES IN %	2018-19	2019-20
Income Tax	7.16	23.25
Customs	-8.60	32.20
Union Excise	0.06	15.55
GST	3.38	44.98

How does the government propose to achieve these high revenue targets? Especially when the IMF, ADB and RBI have reduced their estimate of India's

GDP growth rate to 7.0 per cent and that of the world's growth rate to 3.2 per cent. Every economist who has knowledge of the Indian economy (the latest is Dr Kaushik Basu) has warned of a further slowing down — that is a continuation of the trend witnessed in the four quarters of 2018-19 (8.0, 7.0, 6.6 and 5.8 per cent). How does the government expect that revenue collections will gallop to high double-digit rates after the single-digit trot of 2018-19?

I suspect that the government will squeeze the present taxpayers. The government has already conferred extraordinary powers upon Income Tax, GST and other tax officers. There will be more notices, more summons for personal appearance, more arrests, more prosecutions, more penalty orders, more harsh assessment orders, more summary dismissals of appeals — in short, there will be more harassment of the taxpayer.

DENYING STATES' SHARE

Thirdly, are the states getting their share of the taxes? The Fourteenth Finance Commission (FFC) awarded 42 per cent of gross tax revenue (GTR) of the Central government to the states. The FFC report was accepted. The share of 42 per cent became a constitutional right of the states and a constitutional obligation of the Central government. The FFC Award is applicable during the period 2015-16 to 2019-20. Despite the award, what was

actually devolved upon the states was much less, as can be seen from the table below:

Year	Amount devolved as a percentage of GTR
2015-16	34.77
2016-17	35.43
2017-18	35.07
2018-19 (Actuals)	33.05
2019-20 (BE)	32.87

The reason for not achieving the target of 42 per cent is the liberal levy of cesses and surcharges on taxes. The FFC award does not apply to cesses and surcharges and they do not have to be shared with the states. That is one whammy.

The double whammy is when the Central government's tax collections fall short of its budget or revised estimates. In 2018-19, on GTR, the budget estimates were Rs 22,71,242 crore and the revised estimates were Rs 22,48,175 crore, but the actual collections were only Rs 20,80,203 crore. When the pie is smaller, states will also get a smaller than expected share.

Please view the FM's reply or look up the transcript. Did she address any of the issues that I have raised in this essay — or would have raised if there had been a proper debate in the Rajya Sabha?

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INSIDE TRACK



COOMI KAPOOR

'CONGRESS' HEADS BJP

An embarrassing secret from his past for the BJP's new Uttar Pradesh chief, Swatantra Dev Singh, is that his parents had actually named him Congress Singh. The first name 'Congress' was hastily changed once Singh joined the BJP. If it is a bit confusing that the former 'Congress Singh' now heads the BJP in UP, it is also true that descendants of most of the old Congress families in the state are now in the BJP. Late prime minister Lal Bahadur Shastri's grandson, Sidharth Nath Singh, is a minister in the Yogi Adityanath Cabinet. Former UP chief minister Hemwati Nandan Bahuguna's daughter, Rita Bahuguna Joshi, is a BJP MP. The grandson of two Congress stalwarts, Rajendra Kumari Bajpai and Shyama Charan Shukla, Harsh Vardhan Bajpai, is the BJP MLA from Prayagraj; and former UP CM Vir Bahadur Singh's son, Fateh Bahadur Singh, is a BJP MLA and a favourite of Adityanath.

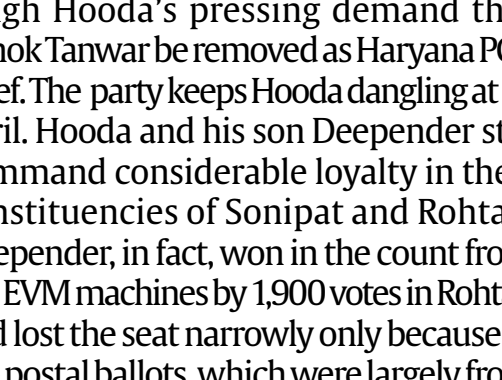
A HARYANA TRADITION

The Congress high command has put everything on hold including Bhupinder Singh Hooda's pressing demand that Ashok Tanwar be removed as Haryana PCC chief. The party keeps Hooda dangling at its peril. Hooda and his son Deepender still command considerable loyalty in their constituencies of Sonipat and Rohtak. Deepender, in fact, won in the count from the EVM machines by 1,900 votes in Rohtak and lost the seat narrowly only because of the postal ballots, which were largely from those in the services. As CM, Hooda's word was law in Haryana affairs because of his proximity to Robert Vadra. But the Gandhis have turned cool, believing he got their son-in-law into trouble with land deals. But if Hooda is not mollified, he could walk out and form his own regional party. This is an old Haryana tradition followed by former chief ministers Bansi Lal, Bhajan Lal, Rao Birendra Singh and Devi Lal, among others.

RAJIV MEMORIAL ROW

Shortly after Rajiv Gandhi's tragic death, the Gandhi family had a huge row with then prime minister Chandra Shekhar over the location of his memorial. Chandra Shekhar suggested that the proposed memorial be within Shakti Sthal,

OUT OF MY MIND



MEGHNAD DESAI

CHANDRAYAAN 2 has been launched and with that, India joins the small select club of nations which have major space missions on their CV. It is much more important than even the nuclear capability. It shows that India is able to meet the high standards of space technology.

How has India done this? Gandhiji was against modern machinery, modern medicine and the whole Western civilisation as he explained at length in his first major

Why Budhni matters

GAINED IN TRANSLATION



SARAH JOSEPH

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IN 2015, an extraordinary seminar was conducted in Chalakudy under the aegis of the River Protection Forum. It was a seminar to discuss the impact of the proposed hydroelectric project at Athirappilly.

At the seminar, I heard about Budhni for the first time from poet and political activist Civic Chandran, who had written a poem on the same. He asked me if I could elaborate it into a story. It was a theme that touched me deeply. It stayed in my mind for long. Chandran found the story of Budhni in an article, 'Recovering Budhni Mejhana from the silted landscapes of modern India', by Chitra Padmanabhan, published in *The Hindu* on June 2, 2012. I read the article several times and went through a lot of studies related to it.

Crores of people have been uprooted from their soil for mega development projects before and after Independence. It was a disturbing thought that their stories had gone unrecorded. According to data with the United Nations Commissioner for Refugees, people have been displaced for development projects on a large scale in India. Since 1947, 60-65 million people have been uprooted, including 40 per cent tribals, and 40 per cent Dalits and marginal farmers, and activist Medha Patkar had sought UN intervention.

On December 6, 1959, then Prime Minister Jawaharlal Nehru had gone to inaugurate the Panchet dam across the Damodar river. A girl chosen by the Damodar Valley Corporation (DVC) welcomed the PM with a garland and *tikka* on his forehead. The 15-year-old girl was ostracised by villagers later, citing violation of Santal tribal traditions. She was expelled from the village. Budhni was her name.

Nehru had made the labourer girl who used to carry bricks and mud for the construction of the Panchet dam inaugurate the dam. But after the photo session, she had ceased to be a story for newspapers. DVC also dismissed her from her job,

perhaps because of the talk among villagers that she was "Nehru's wife"! How she lived her life after the incident wasn't anyone's concern.

Budhni started taking shape in my mind as a symbol of crores and crores of people who have been drowned in memory during nation-building, mega projects, including dams, and companies such as DVC and Bharat Coking Coal Limited.

Even now, people in 11 villages on the eastern borders of Jharkhand are fighting against the acquisition of their fertile land for construction of a thermal power plant by the Adanis. The realisation that the story of Budhni is also the story of uprooted people is what motivated me to write a novel on her. Her story should not have gone unwritten. I had to develop it into a story of the Santal tribe as well — a population that lives peacefully in areas that are fertile and rich in resources, without exploiting them.

In her article, Padmanabhan mentioned her attempts to meet Budhni. "All this while, I had debated the merits of meeting Budhni. Last week, through a friend's friend in Ranchi I got news that Budhni died last year, disconsolate to the end. She was in her late 60s," she writes.

In the third week of November 2018, I reached Jharkhand. It was a pilgrimage through the memories of Budhni, who I believed was dead. Also to meet people related to her and gather all available information on her.

I felt Budhni had to be revived from the criminal forgetfulness of the country; she wasn't just a mud block that was broken during the great nation-building process. I felt that she should rise again in the nation's memory along with hundreds of villages, vast farmlands, forests and temple complexes that were drowned in the Panchet reservoir.

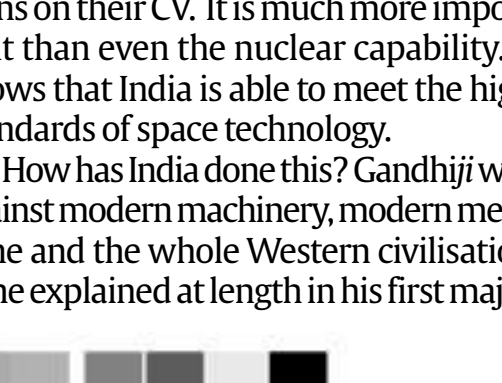
Budhni is a novel based on a news article. It is not her life story or a historical novel. I started writing it as a story of Budhni who was dead. While writing it, I took utmost care on how to blend history with fiction, and how to merge news and fiction. The life Budhni lives in my novel may not be the life of the original Budhni. Original Budhni's life wasn't what my character called for. That I left to imagination and possibilities. My assessment is that imaginative power will help make historical facts truthful.

In the course of researching the novel, I discovered that Budhni, now in her 70s, was alive. It was purely coincidental that I got to meet her as well. I could experience the same wonder and happiness I felt all through the writing of this novel.

Sarah Joseph is a renowned Malayalam fiction writer. Budhni will be published in September.

Translated from Malayalam by Yamini Nair

OUT OF MY MIND



MEGHNAD DESAI

CHANDRAYAAN 2 has been launched and with that, India joins the small select club of nations which have major space missions on their CV. It is much more important than even the nuclear capability. It shows that India is able to meet the high standards of space technology.

How has India done this? Gandhiji was against modern machinery, modern medicine and the whole Western civilisation as he explained at length in his first major

Moon Struck, and more of it

book, *Hind Swaraj*. Left to him, India would never have industrialised. It was the younger generation of Nehru, Ambedkar and Savarkar who wanted to westernise and modernise India. Subhas Chandra Bose was of the same view.

Nehru wanted to industrialise India but without the help of private business. As he said to J R D Tata, he thought profit was a dirty word. Business people were shunned. The government took the view that profits of private business were due to monopoly and restrictive practices. In Japan and South Korea, business and government were partners to make the country prosperous. It was a very costly ideological stance which kept India poor for longer than necessary.

The exception was in science and technology. It was the genius of Vikram Sarabhai which launched India on the fast track, which has brought us Chandrayaan.

Sarabhai came, of course, from one of the top industrialist families. Amba Lal Sarabhai and his sister Anasuya had been captivated by Gandhiji. Vikram was not an industrialist but a scientist. He saw that India could leapfrog by using the latest technology of television and of space rocketry.

It was a lucky break for India that Nehru listened to Sarabhai. People complained that when Indians lacked basic amenities, why were we going for space? Such a utilitarian argument may seem attractive but it is false. A country has to take the untrodden path if it is to reach the top.

India escaped from the tyranny of government-controlled telephones and TV only thanks to the leap into open economy, privatisation of telephony via mobile telephones and private TV channels. It was a combination of enlightened public policy, private entrepreneurship of Indians and foreign capital investing in India which cracked the ceiling.

If India leads in financial transactions technology, in online payments system, in e-commerce, it is no thanks to any Planning Commission.

There used to be constant fear of the return of the East India Company and a virulent xenophobia. Now India is a major capital exporter to the UK and Indian capital is the largest employer of British manufacturing workers. That is because

the UK does not have an antediluvian labour hiring and firing policy, as India adopted in the name of protecting workers' rights.

If India had the guts to modernise its labour laws and if the trade unions could be made aware that liberal labour laws will expand union membership rather than reduce it, we may make the final leap towards a \$15 trillion economy by 2030.

India requires 10% per annum growth of industrial output if this ambition is to be realised. Narendra Modi has to offer the bold leaders needed to take India out of the low-lying areas of industrial stagnation and aim for the heights.

A country which can become a leader in space flights can scale any heights.

FIFTH COLUMN



TAVLEEN SINGH

Bad tidings from Mumbai

ASSOMEONE who has vivid memories of our bleak socialist decades, alarm bells start going off in my head when I see the smallest signs of socialism. They have been going off loudly since the Budget because a pall of despair has descended over Mumbai. It is as if businessmen, big and small, have given up all hope of India ever becoming a country in which they will be able to do business without some regulator, inspector or corrupt official breathing down their necks.

Things have been bad for a while. This is why, according to the Global Wealth Migration Review, 5,000 Indian millionaires fled the country last year. But, there was hope that with the massive mandate that Narendra Modi has just won he would come up with a Budget that would revive private investment. It has been dangerously stagnant for so long that the Economic Survey for 2018-19 said that reviving private investment was critical. The Finance Minister said she wanted 'animal spirits' to return, but how can this happen with corporate taxes going up to more than 40 per cent? When the Finance Minister says proudly that high taxes will affect less than 5,000 rich Indians, the signal she sends is that rich Indians deserve to be penalised.

She seems to have forgotten that it was this handful of rich Indians who transformed India from an economic backwater into a country that now dares to dream of becoming an economic superpower. It was this handful of rich Indians who created world-class airlines, hotels, hospitals, schools, airports and consumer goods. Remember for a minute what socialist India was like. Remember a time when the only domestic airline was so badly run that we used to joke about how Indian Airlines had more employees than passengers. Remember a time when Doordarshan was the only TV channel, when the only jobs available were in government offices, when airports looked like tin sheds, when hotels reeked of shabby service, when everything in India was second rate.

Having been part of the 'Khan Market gang' since my childhood, I remember well what it looked like in socialist times. It consisted of a handful of scruffy shops that sold such shoddy goods that 'Made in India' became a guarantee of poor quality. It was only after P V Narasimha Rao ended the licence raj that things began to change. Today Khan Market has shops that sell Indian goods of such high quality that my foreign friends come to India to shop. Personally, I cannot remember when I last felt the need to buy something that was not Made in India.

All this could change if the Prime Minister does not discover soon that 'black money' is not India's biggest economic problem. This obsession with black money has brought back an inspector raj that is like a blight. Instead, what he should do is set up a task force in the Finance Ministry to investigate why black money exists in the first place. He might discover that it is one of the legacies of socialism. In socialist countries, taxes are usually so high and unreasonable that even salaried middle-class people are forced to evade them.

To return, though, to those 5,000 Indians that will now be paying crippling taxes, may I stress once more that it is because of them that some things in India changed from second-rate to world-class. It is they who create most of India's wealth, and if they stop being able to do this, where will the Prime Minister find the money to finance the welfare schemes that persuaded voters to give him this huge mandate? Where will he find the money to make our cities look like real cities instead of slums? It is not his fault that they look so bad. It is not his fault that national highways collapse when the rains come. It is not his fault that socialism kept millions of Indians mired in hideous poverty for such a long time. What is his fault is that he has not done enough to change course.

In the speech he made in Varanasi after the Budget, he warned people not to be misinformed by those who went about spreading despair. I do not count myself among them, but cannot emphasise enough that the pall of despair I detect in Mumbai is real. Since the Budget, I have had conversations with a whole range of people, from small shopkeepers to big businessmen, and have not met a single person who said confidently that the future looks bright and hopeful. Most said that what worried them was that the Budget that the Finance Minister brought to Parliament in that bright red bag, old-fashioned, Indian-style, indicated to them a return to old-fashioned, Indian-style socialist policies. This is what set alarm bells ringing in my head.

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