

# When the regulator is the violator

## Obedience of court rulings vital for ease of doing business



**WITHOUT CONTEMPT**

SOMASEKHAR SUNDARESAN

The Securities Appellate Tribunal has ruled that a minor cannot be held liable for not making an open offer under the takeover regulations. This is not a unique juvenile justice moment in the securities market. The tribunal simply reminded the Securities and Exchange Board of India (Sebi) of the law declared by the Supreme Court in another case involving securities regulation, and reiterated that the Sebi must not act against minors in whose names majors would have engaged in securities transactions and not com-

plied with attendant obligations.

The tragedy in the case is that the Supreme Court ruling had been rendered way back in 2008. The court had ruled that a minor who is incapable under law to contract cannot be held liable for violation of securities regulations governing public issue of securities. Yet, nearly a decade later, in 2017, the Sebi issued a show-cause notice to another minor — this time for alleged violation of the takeover regulations. That tells a story of judicial indiscipline — of not adhering to the law declared by the last court of the land.

Courts in India are liberal when faced with breach of judicial discipline. Judgements tend to use verbiage in being critical and in issuing strictures to scold lower courts and regulatory authorities who violate judicial discipline by not following the precedents and the law declared by higher courts. Rarely does that translate into anything of consequence for a serious disincen-tive to the authorities below to ignore the law declared by higher courts. Some judges impose costs on state agencies, while other judges tend to promptly admit challenges when a state agency

has been visited with costs. In any case, there is no metric to measure insubordination of judicial rulings, in the course of performance appraisal of regulatory officials. In fact, most senior management of regulators do not have performance appraisal at all.

Regulatory authorities — themselves mini-states with legislative, executive and quasi-judicial power all rolled into one — tend to be the worst offenders when it comes to judicial indiscipline. Despite the law being declared by courts, trenchant judicial indiscipline abound. A simple example is the denial of inspection of the record to a person accused of violating the regulations. Courts have time and again ruled that full inspection of the material on record — not just material used to level the accusations but also material that would undermine the allegations — must be provided.

When a regulator accuses you of violating the law, the regulator must not just tell you what it has against you, but must also give you access to all the material so that you are able to use it to undermine the accusations. If one can show that the material available with

the regulator would lead no reasonable man to concluding that there is a violation, that is the process by which the truth is arrived at. Yet, in practice, even in this day and age, a clear and fair inspection of the entire record continues to be denied.

On a case by case basis, depending on the degree of aggression or timidity of the person accused of violation, courts have to be approached to get access to the basic material on record during an inspection process. A sweeping rejection of any request for inspection remains par for the course. A stellar exception to the rule is the Competition Commission of India, which has even codified a standard operating procedure for conducting a file inspection. Other regulators, such as the capital market regulator, are known to demonstrate an arbitrary variance in the approach of different officers and different whole-time members in how they would enable inspection.

When courts are approached, the regulator is prone to argue that the investigation material entails a lot of confidential information that cannot be shared. Courts could then direct that the report be provided with "sensitive" portions being blanked out. In one

instance it so transpired that the same investigation report was inspected in two parallel proceedings only to find that the report that was provided in one of the proceedings had blanked out every finding of exonerating by the investigation team.

Likewise, despite superior courts having clearly declared the law, the authority below can keep reiterating its stance, blithely arguing that the decision has been appealed against. The Supreme Court has often ruled that such an approach is abhorrent, but with no one having to face any consequence for unleashing such chaos, the rulings remain mere exhortations. When the law is declared by a higher court with its interpretation, society is entitled to arrange its affairs in a manner that is consistent with known compliance. Yet, when regulators violate the interpretation laid down by the superior courts, society gets fearful — not of the law but of the law enforcer.

The Ease of Doing Business rankings can never model for this kind of unease with conduct of business in any jurisdiction. It is only when state agencies see value in the rule of law that they would be able to attract real investment into business without having to tout the rankings that a statistical model throws up.

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## CHINESE WHISPERS

### Ring-fencing Priyanka?



Given the sad state of its organisational structure in Uttar Pradesh and the evident factionalism, even the most diehard Congressmen seem despondent about

the party's chances in the bypolls to the 11 Assembly seats scheduled for next month. Interestingly, senior Congress leaders have already started the process of ring-fencing the party's general secretary in-charge of eastern UP, Priyanka Gandhi Vadra (pictured), from any negative publicity following expected poll reverses. They have refuted the possibility of Priyanka campaigning for these polls, saying "national" leaders do not canvass for "local" elections. This, however, stands in contradiction to her spirited sit-in to highlight the Sonbhadra massacre case and her much publicised statement that she would continue to highlight people's issues under the "anti-people" and "anti-poor" Adityanath dispensation.

### War of words

The Bharatiya Janata Party (BJP) was upbeat after Delhi Chief Minister Arvind Kejriwal on Wednesday said BJP state unit chief Manoj Tiwari will be the first to leave the national capital if the National Register of Citizens (NRC) is implemented in Delhi. Tiwari, a second-term Lok Sabha member from Delhi, hit back saying the remark exposed Kejriwal's "real face" and alleged that the Aam Aadmi Party (AAP) chief wants to evict migrants such as "purvanchalis". The term "purvanchalis" denotes people from eastern Uttar Pradesh and Bihar, and over the last couple of decades they've become a significant part of Delhi's electorate. Tiwari, a Bhojpuri actor and singer, alleged that Kejriwal "wants to remove people from Bengal, Punjab, Madhya Pradesh, Haryana and other states in Delhi". Assembly elections are due in Delhi in February. Meanwhile, the Congress continued to struggle to pick its state unit chief. With Ajay Maken ruling himself out, speculation is former Lok Sabha member Sandeep Dikshit could be in contention. Dikshit, son of Sheila Dikshit, met Congress President Sonia Gandhi on Wednesday.

### Will he, won't he

The Congress has planned *padaytras* across the country on October 2 to mark the birth anniversary of Mahatma Gandhi. Congress leader Rahul Gandhi, who has kept himself away from political work after the Lok Sabha poll debacle, is likely to be in Maharashtra's Wardha to lead the *padayatra*. The Mahatma set up his ashram in Sevagram, a village in Wardha, in 1936 and remained there until his death. There was apprehension in the Congress that Rahul Gandhi might not campaign for the party at all for the upcoming Assembly polls in Maharashtra and Haryana. However, his decision to lead the *padayatra* has made leaders hopeful that he might decide to begin his election campaign with the *padayatra*.

# External benchmarks: A tough one for banks

## The RBI's diktat on retail and MSME loans adds a layer of complexity

JOYDEEP GHOSH

The Reserve Bank of India's (RBI) decision to link all floating rate retail loans and micro, small and medium-scale enterprises (MSMEs) from October 1 comes after several attempts in the past — from prime lending rate to marginal cost of funds (MCLR) — to ensure smooth transmission of interest rates cuts failed. Now, all banks have to link the lending rates to one of these four — the RBI policy repo rate, government of India three- or six-month Treasury bill yields or any other benchmark market interest rate published by the Financial Benchmarks India (FBIL). How workable is this proposal?

Says Madan Sabnavis, chief economist, Care Ratings: "From a regulatory perspective it is an ideal way to ensure that transmission of repo rate changes takes place on the lending side. However, there was an anomaly the last time when the RBI lowered the repo rate to 5.4 per cent. One indicator, the 10-year Government Security (G-Sec), if it had been used as a benchmark, would have gone contrary to the direction of the repo rate change as it has increased over the two month period by 20-30 basis points (bps)."

Sabnavis says banks are likely to face a tough time from a commercial banking perspective as they have to benchmark a part of their assets to an anchor while not being allowed to do so on the liabilities' side. Rating agency Moody's Investor Services has already warned that the move would be credit negative for banks, causing volatility in net interest margins (NIMs). "With NIMs rising when interest rates rise and falling when rates fall, the move will translate into volatility in the overall profitability of banks. It is not clear if banks will be able to mitigate this risk by linking the interest rates on current account, savings account (or CASA) deposits to an external benchmark. With interest rates already low on these deposits, a bank is unlikely to want them any lower as it will risk losing customers."

Former RBI Deputy Governor and Chairperson of FBIL, Usha Thorat says: "Currently, banks price loans based largely on the cost of their deposits. CASA constitutes about 40 per cent of their liabilities and are not interest rate sensitive. Fixed deposits constitute about 50-70 per cent. The average maturity of these deposits is between one year and 18 months. Hence, to manage their asset-liability management (ALM), banks prefer to link loan rates to their deposit

rates on fixed deposits to keep their NIM stable."

According to Thorat, the one-year deposit rates of banks is closely correlated to some FBIL benchmarks — the 364-day T Bill rate or one-year G-Sec yield or even the one-year OIS (overnight index swap) rate. "Hence, banks could link their floating rate loans to an appropriate one-year benchmark to manage the asset-liability mismatch. The three-month reset specified by the RBI could, however, pose challenges and it may be better to leave the choice of reset to the individual banks. Some banks may have concentration of liabilities in the five-year segment and may prefer to reset their floating rate interests at longer intervals — as, I believe, State Bank of India (SBI) is asking for," Thorat adds.

### The backstory

In fact, the implementation of this rule has been delayed by a good six months. In December 2018, under former RBI Governor Urjit Patel, it had been mandated that the shift would take place from April 1, 2019. The decision came after a rather damning report by the central bank's internal committee led by Janak Raj. The committee studied four major banks (two public and two private) and found that one major public sector bank decided on the MCLR rate, based on card rates of retail term deposits of seven days to one year. It fully ignored the cheaper resources collected under

## STANDARD DEVIATIONS

(Why banks could find external benchmarking a challenge)

- Contrarian rate fluctuations of benchmarked instruments
- Asset-liability mismatch
- Competition will force banks not to lower deposit rates
- Volatility in net interest margins
- Three-month reset and three-year benchmark lock-in could restrict banks' flexibility

CASA. In the case of private banks, some even flouted apex bank guidelines by having multiple rates instead of one MCLR across products. This was done by using different operating costs for different loan products.

Patel's abrupt resignation came as a partial relief for banks. In April's Monetary Policy, the central bank stated that "further consultations will be held with stakeholders to work out an effective mechanism for transmission of rates".

Then came the economic slowdown. And the Finance Minister and Prime Minister started asking banks to pass on rate cut benefits. After all, since Shaktikanta Das took over in January, the repo rate had been cut by 110 basis points. But there were not significant cuts from banks. The RBI finally bit the bullet earlier this month.

### The way forward

## LETTERS

### Bold move



Finance Minister Nirmala Sitharaman (pictured) deserves to be congratulated for the two significant tax reforms recently. The first one being slashing of corporate tax from 30 per cent to 22 per cent that will enthuse the industrial community to bring in capital investment. The second being the most unique tax reform, never heard of in any economy in the world — that is, any new company desirous of starting a new business after October 1, 2019, and commencing production before March 2023, will pay only 15 per cent corporate tax. This will certainly give a boost to any new entrepreneur to set up a new unit and avail of the tax benefits. This major tax incentive is likely to attract foreign investors to invest in new ventures in India. In fact, Petronet LNG has already evinced interest with a strategic investment of \$2.15 billion in Tellurian US LNG. There has been a significant rise in the share market as well.

The finance minister definitely deserves to be complimented for her bold and innovative tax reforms in the country that will certainly revive the economy and spur growth in the remaining quarters of this fiscal year.

Satish Murdeshwar Pune

### Lessons from Britain

The UK Supreme Court has shown that

it can rule independent of the interest of the government of the day, something judiciaries in other democracies can emulate. Its unanimous ruling that the prorogation of the British Parliament by Prime Minister Boris Johnson was unlawful, upheld the Parliament's sovereignty and its supremacy over the government.

It was a ruling that is relevant and applicable to our own country as its Parliament is modelled on the British system. The UK top court made it clear that if the ruling vindicated the opposition's stand on the prorogation of the Parliament and benefitted it in the political tussle to get the upper hand, it was only incidental to its establishing the illegality of the prorogation.

The real intent for prorogation was to stymie parliamentary scrutiny at the crucial stage of negotiations of the deal for Brexit. Despite a string of political and legal setbacks like losing parliamentary majority and receiving court strictures for preventing the Parliament from doing its job and attracting the charge of stifling democracy, Johnson declared that the ruling — with which he strongly disagreed and termed a serious mistake — would not deter him from delivering Brexit on the October 31 deadline.

There is now considerable uncertainty over Brexit. The Labour Party's stand is that Johnson has no mandate for a no-deal Brexit and the crisis can be settled only by a general election. London must get an extension from Brussels to avert the risk of its crashing out of EU without a deal.

G David Milton Maruthancode

### Competition is good

Your editorial, "The private train mirage" (September 25), does well to point out the pitfalls in the proposal to introduce privately-run trains under the overall scheme of public private partnerships. But permit me to disagree with your thinking that the "idea is fundamentally flawed". I think it is a brilliant idea that deserves serious consideration. Time has come for such out-of-the-box thinking if we want to modernise rail travel in India.

Of course, you have made a crucial point when you talk about the need to reform Indian Railways and the Railway Board. The two will definitely need to be separated, their umbilical cord has to be cut. The Railway Board must assume the role of a regulator and allow both the Indian Railways and the private companies to run trains on a level playing field. That done, there should be no problem allowing private sector entry in this important public mobility sector. Just because of the need for this major reform, let's not throw the baby out with the bath water.

Public and private companies have coexisted in power, telecommunications, mining, aviation and other sectors. Why not in rail travel? Competition will do good to the sector.

Krishan Kalra Gurugram

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## INSIGHT

# Reform and Modi's gift of timing



DHIRAJ NAYYAR

There is a pattern in Prime Minister Narendra Modi, the reformer. And there is a method. Only the truly naïve would believe that economics and not politics would come first for the most talented and successful Indian politician in several decades. The Prime Minister has the right instincts on economics. His long track record in Gujarat and his speeches since he became the prime ministerial candidate of the BJP in 2013 lay out his vision quite clearly: Get the government out of areas where it is a hindrance, in business activity for example and strengthen government in spheres where it needs to deliver, in welfare for example. A vision is not, and cannot be, entirely implemented in one quarter or even four, not in a complex democracy with competing interests. When the history of his rise and tenure in government is written, perhaps what will stand out is Modi's genius in timing.

Those who have observed Modi's track record should not be surprised that he has started his second term in office as PM with two big bangs — the abrogation of Article 370 and a deep cut in corporate tax rates. Contrast these four months with the corresponding four months in 2014. Then, the biggest bang was the announcement to abolish the Planning

Commission — not unimportant but not big bang. Like his first full term as CM of Gujarat, Modi's first term as PM of India was about learning and consolidation of political power. It's in the second term that he pushes the accelerator. Hence his description of what has happened so far as only a trailer of the presumably action-packed film to follow.

Cut back to the first term. Modi did take a step towards what could be called big bang reform when he tried to amend UPA's awfully restrictive land acquisition law. He took flak for stepping back when Rahul Gandhi targeted him with the "suit-boot" jibe. A canny politician, Modi would have been acutely aware that one of the reasons for the defeat of the only previous BJP-led government was because the Opposition had successfully painted it as a pro-business and pro-rich government because of its liberal economic policies. Remember also, that in 2014-15, the public perception of India's private sector was dominated by crony capitalism. Politically, the timing was not right for aggressive market reform.

For the rest of his first term, Modi followed a two-pronged approach to economic policy. First, to decisively act against crony capitalism, black money and corruption in order to shore up the legitimacy of a private sector-led economy. And second, to ensure efficient delivery of welfare to the most marginalised so that they became active stakeholders and supporters of his broader vision to change India. The latter is now viewed by conventional wisdom as one of the main reasons he won an even bigger majority in 2019. The former is often criticised for the disruption it caused to the economy (whether demonetisation or GST or the Insolvency and Bankruptcy Code) — and indeed the administrative machinery could have done a much

better job of implementation — but without it the deep corporate tax rate cut, which is a fundamental structural reform of the economy, would never have seen the light of day.

Critics of the Modi government are wrong when they say that the economic slowdown has been caused by this government. The truth is that the slowdown began in 2011-12 by when the dividends of the Rao/Vajpayee reforms had greatly diminished and the consequences of a sustained global slowdown became apparent. The lack of substantive reform between 2004 and 2011 was biting and the nasty side effects of almost double-digit growth in the form of corruption and cronyism was causing a fever.

Modi's disruptions did not aid growth — a simpler GST might have — but they played their part in cleansing the economy and changing public perceptions. Now, the jibe of suit-boot will not stick. The bold corporate tax reforms can be followed with other structural reforms like the privatisation of public sector companies. Again, there will be a method. Air India, the sickest PSU may be offloaded first. Some of the more profitable PSUs, like in the oil and resources sector, may be divested by reducing the government's stake to 49 per cent while having a diversified public ownership for the remainder. Land and labour reform will come, but given the politics, it may come in the form of pilot experiments in some BJP-ruled states.

Of course, welfare is not going to disappear. It should not. Market reforms can only succeed if the system is perceived as fair. Modi may yet succeed at doing what no Indian PM has before — subsuming good economics into successful politics but not by textbook and in his own time.

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## HAMBONE



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## Strengthen cooperative banks

RBI and govt should not waste the PMC crisis

The Reserve Bank of India (RBI) on Tuesday placed the Punjab and Maharashtra Co-operative Bank (PMC) under “directions”. Consequently, cash withdrawals have been capped at ₹1,000 per account for six months, and the bank will not be able to extend credit, take fresh deposits or make any payment. Predictably, the decision has resulted in panic among depositors. While the details on why the banking regulator was forced to put such restrictions are still sketchy, the issue is reportedly related to the bank’s exposure to Housing Development & Infrastructure (HDIL). The company has been admitted by the National Company Law Tribunal for insolvency proceedings, though it has been challenged by the realty firm. There are differences between the auditor and the regulator in terms of treatment of loans extended to HDIL. There could also be issues related to governance as the bank and HDIL have had links in the past. The collapse of PMC appears to have been sudden and is shrouded in mystery, and things will become clear once the regulator completes the examination. At the end of the last financial year, PMC declared a net profit of about ₹100 crore with deposits over ₹11,000 crore. At the net level, non-performing asset was at a modest 2.19 per cent.

The regulator and the government would do well to re-evaluate the importance of cooperative banks in the current financial landscape to avoid recurrence of such an incident. According to the RBI, at the end of the last financial year, India had a total of 1,542 urban cooperative banks, of which 26 were under directions of the regulator and 46 had a negative net worth. There have been delays in adoption of core banking solution in some cases because of a lack of expertise and capital. Governance is a real issue in many of these banks. It doesn’t help that they are regulated by both the RBI and the Registrar of Cooperative Societies of the state concerned. Further, there are issues related to capital. Urban cooperative banks cannot raise capital through a public issue or issue shares at a premium. They also face difficulties in meeting short-term liquidity requirements because not all can directly access RBI’s liquidity support. Cooperative banks fail often because of their small capital base — for example, urban cooperative banks can start with a capital base of ₹25 lakh compared to ₹100 crore for small finance banks. Also, such banks are hijacked by vested political interests.

To be sure, cooperative banks played an important role in the past, including in the colonial period, but their relevance has declined with the spread of scheduled commercial banks and adoption of technology in recent years. Given their lack of expertise and capital, it will be difficult for these banks to compete with other financial institutions. Therefore, it is important to carry out a comprehensive review and make changes in the law to give more power to the RBI in terms of regulation, mergers, and conversion of some entities into commercial or small finance banks. This will allow them to raise capital and attract talent. In the absence of policy initiatives, these banks would increasingly become more vulnerable.

## The balancing act

Privacy on social media must be protected

A two-member bench of the Supreme Court on Tuesday asked the Centre to frame rules for the moderation of social media and to file an affidavit detailing the same within three weeks. The observation was in connection with the transfer of various cases pertaining to the linking of Aadhaar with social media accounts. In effect, this would imply that the identity of every Indian social media user would be available to the government. Even otherwise, the government had been attempting to force major social media platforms to provide methods for content to be traced to the originating accounts.

While the court directed the government to maintain a balance between impinging on the privacy of individuals using social media and offering redress to victims of trolling, it is hard to see how this would be possible under the existing technology. If the option of anonymity is removed, so is privacy, since social media content is, by its very nature, public, or at least visible to many people. Social media accounts are indeed often used to troll individuals. These platforms can also be employed for the rapid dissemination of fake news and damaging rumours. The flip-side of the story is that social media is a powerful tool for whistle blowers and it has often been the channel by which criminal activity has been first uncovered, or brought to public notice. Countless individuals, corporations, civil servants and politicians have been embarrassed by revelations of their wrongdoing on social media.

It is also a powerful platform for expressing dissenting political opinions, and coordinating protests against unjust laws. Every mass movement of the last decade, from the first Arab Spring protests in Tunisia, to the recent protests in Hong Kong and the ongoing battle against climate change, has been enabled by the existence of social media. All this would not have been possible without the capacity of social media users to remain anonymous and yet be heard. Indeed, the protests in Hong Kong have featured a fascinating technological battle between protesters striving to maintain anonymity and a regime doing whatever it can to uncover the identity of activists. Every undemocratic regime in the world would like social media to lose its veil of privacy. Many have banned platforms that allow for privacy precisely due to fears that these may be used to express dissent, or throw a light on repressive actions. India, for example, has faced flak for shutting down the Internet in Kashmir, with activists alleging that this gives security forces a free hand to indulge in abuse and excessive use of force.

It may be argued that the benefits to society from protecting the privacy of individuals using social media far exceed the ills that arise from the dissemination of fake news. Moreover, privacy is a fundamental right as the Supreme Court affirmed two years ago. There are legitimate fears that any regulation that the government frames in haste will be flawed, or applied selectively, to harass political opposition. Until specific legislation that defends the fundamental right to privacy is written into law, anything that impinges on that right should not occur. Trolling and the spread of fake news can be contained and committed under existing regulations by the use of sensible policing.

# Economic shudders & revival strategies

Discarding attention-grabbing slogans, the government needs to aim for real GDP growth of 8 per cent and higher

The central government ought to be red-faced about the 5 per cent GDP growth rate for the first quarter of 2019-20. In 2014, the Bharatiya Janata Party-led government had inherited public sector banks (PSBs) weighed down with non-performing assets. On the positive side, international oil prices have been at relative lows and domestic inflation has been muted for the past few years. Partisan supporters of the government explain away the slowdown through unsolicited Whatsapp messages, which gush that India’s 5 per cent growth is high compared to growth rates in developed countries. Such growth rate comparisons with G7 countries are irrelevant as most Indians do not have access to the social, health and unemployment benefits provided in developed countries.

The stark reality is that rural and urban demand has slumped in India. Among many factors this is due to what I would call a triple balance sheet problem. The twin balance sheet problem (Economic Survey 2016-17) afflicting major private sector borrowers and lenders was caused by irresponsibly high loan disbursements during 2008-12. The third balance sheet belongs to those who purchase cars, scooters, consumer goods and services using their credit/debit cards for payment through equated monthly instalments (EMIs). Many among these demand groups are unwilling to increase their EMI payments because earnings shocks caused by demonetisation and slower than expected disbursement of GST refunds have persisted.

An important factor constraining foreign demand for Indian products has been the significant overvaluation of the rupee. On September 19, 2019, the RBI governor citing a July 2019 IMF report commented that the rupee’s real effective exchange rate (REER) is close to its correct value. An RBI report again dated July 2019

mentions that the rupee’s REER is overvalued by 24.6 per cent against a basket of six currencies. It is strange that the RBI governor prefers to quote the IMF report on the rupee exchange rate.

Higher lending by Indian banks and non-banking finance companies (NBFCs) would help revive domestic demand. However, Indian financial institutions are hesitant to push up lending. Lenders are circumspect because defaulting borrowers are managing to retain assets pledged as collateral at the time of borrowing, although others have bid for such assets through transparent processes. The February 12, 2018, RBI circular had prescribed that lenders have to recognise default as soon as it happens and borrowers had 180 days to resolve matters with lenders before the latter were obliged to take the matter to a National Company Law Tribunal (NCLT). Borrowers need to be in touch with lenders well before default happens to extend repayment deadlines or look for bridge loans from other sources. In this context, the quashing of the February RBI circular by the Supreme Court on April 2, 2019, was a monumental blunder. The RBI and government should have jointly pleaded in support of this circular. Apologists for recalcitrant borrowers suggest that they be allowed to retain their assets and helped by lenders to recover. Limited liability legislation allows promoters to retain personal wealth and only what was pledged can be attached by lenders.

The government seems to have reverted to expecting PSBs to show infinite patience and in practice this often results in collusion with large borrowers. The remedies go back to proposals including one made by the Banks Board Bureau for board members of public sector banks to be chosen for their domain knowledge and unimpeachable integrity. Additionally, speedier



JAIMINI BHAGWATI

# Economic recovery will be slow in coming

The cut in the corporate tax rate is seen as the boldest of the barrage of measures unleashed by Finance Minister Nirmala Sitharaman. It has sent the stock market soaring. There are expectations that an internationally competitive corporate tax rate will boost investment in the economy, both foreign and domestic, and lead to a massive creation of jobs and incomes. Such expectations need to be tempered by a dash of realism.

Let’s take foreign direct investment (FDI) first. There is little to suggest that FDI has been held back by the higher tax rate that obtained thus far. Gross FDI flows into India rose from \$28 billion in 2013 to \$42 billion in 2018, according to UNCTAD’s World Investment Report, 2019, despite India’s tax rate being uncompetitive.

More crucially, the bigger chunk of FDI flows in the world, 63 per cent of the total, tends to be in the form of mergers or acquisitions (brownfield investment) rather than greenfield investment. It’s greenfield investment, not the brownfield variety, that can provide a big impetus to jobs and incomes. In India, brownfield investment is even more dominant than in the world as a whole. In 2018, it constituted 78 per cent of total FDI. The idea that, following the tax cut, a wave of FDI will dramatically lift jobs and incomes is rather misplaced.

The cut in the corporate tax rate will enhance domestic corporate savings and could lead on to higher investment. Analysts have pointed out that the accretion to domestic corporate saving will be less dramatic than the headline numbers suggest. In effective terms, the tax rate goes down by only four percentage points.

Even on this account, any increase in investment will happen only over the long run. In the short run, Indian firms are unlikely to step up investment sig-

nificantly for several reasons. One, private consumption is faltering. Two, banks will be wary of increasing exposure to corporate groups with whom they still have to resolve bad loans. Three, despite announcements of infusion of capital, many public sector banks lack capital to increase lending significantly. At least for a year or two, corporate investment will be clouded by uncertainty.

The one thing that is certain is that the fiscal deficit will end up higher than the target 3.3 per cent for 2019-20 — perhaps closer to 3.8 per cent after factoring in various other effects including the RBI’s transfer of surplus. The finance minister has dispelled any expectation that the estimated revenue loss would be offset by a cut in government spending. Analysts who were cheering the government for announcing sector-specific measures while refraining from providing any fiscal stimulus will be disappointed.

The government clearly believes that the slowdown is serious enough to warrant a fiscal stimulus in addition to the ongoing monetary stimulus. The question is whether the cut in the corporate tax rate is the best way of providing a fiscal stimulus at this point. Why not through an increase in government capital expenditure? Perhaps this does not fit in with the government’s thinking, reflected in the last Economic Survey, that private investment alone can be the primary driver of growth. The government may also have felt that public capital expenditure would not crowd in private investment in a situation where corporations are constrained by high debt-to-equity ratios.

An increase in the fiscal deficit limits the potential for rate cuts by the RBI in the months ahead. The government may well have reckoned that the cuts in the policy rate have gone far enough. The issue now is one of transmission of policy rates and the credit-



FINGER ON THE PULSE

T T RAM MOHAN

# The journalist & the jihadi conman



BOOK REVIEW

VIKRAM JOHRI

In the book under review, Shiv Malik, a corporate communications professional and former investigative journalist, recounts the unnerving tale of being conned by a man who claimed to be an Islamist sympathiser with links to terror organisations.

After the 7/7 bombings in London, the British media was keen to probe home-grown terror emanating from Muslims born and brought up in Britain turning to Islamist

ideology. Malik, who has worked for a number of British media outlets over the years, was keen to interview Hassan Butt, an Al Qaeda-affiliated radical, who as early as 2002 had claimed that he had recruited British volunteers to fight for the Taliban.

The book brings out the story of their association. In their first meeting, Mr Butt claimed to have met Mohammad Sidique Khan, the leader of the group that planned and executed the July 2005 bombings. Mr Malik visited Mr Butt’s house in Manchester, a spartan residence that seemed to agree with the strict Islamist doctrine that he espoused.

The journalist-source relationship changed into something less formal as the meetings progressed. Mr Malik learnt of Butt’s family, his strained relationship with his father, and the constant need for financial security. Since both men are

South Asian, there were cultural similarities as well.

Six months into their association, Mr Malik received an email from Mr Butt saying that he wished to renounce Islamist ideology. He said that he had developed differences with other ideologues and that he had stopped receiving funds from them. In response, Mr Malik floated to Mr Butt the idea of writing a book that would narrate his disenchantment with Islamism. He agreed.

The turning point in the relationship came when news of the book’s writing spread in the media and Mr Butt was attacked by an unidentified assailant who, he claimed, belonged to “the network”, that is, Al Qaeda. Mr Malik became increasingly protective of Mr Butt, to the extent that when the police questioned him about the book and his association with Mr Butt, he

refused to reveal anything and even went to court to protect his source.

Even as Mr Malik accommodated Mr Butt’s increasingly wayward demands, the rest of the story is a cautionary tale of how he felt deeper into the vortex of a fraud that ultimately unravelled in 2008 when the British anti-terror police arrested Mr Butt. On questioning, Mr Butt revealed that he had never had links with Al Qaeda or any other extremist organisation. Furthermore, he had arranged for himself to be stabbed to gain publicity and that the book with Mr Malik was his way of making money.

The question of how Mr Malik was taken in by Mr Butt’s duplicity is not an easy one to answer. Towards the book’s end, he presents evidence that Mr Butt may have been working for the MI5, Britain’s spy agency, all along. The logic for this is offered by Mr Malik thus: Mr Butt and a clutch of other British-born

radicals were reared by the MI5 to make clear the threat from homegrown terror.

From here, Mr Malik situates his dilemma in the current political climate and blames his gullibility on the rise of demagoguery. He presents the world today as reflecting a dialectical schism between the innocent and the un-innocent, with the former looking the other way as the state resorts to every means possible to question and tame the latter.

This is a rather disingenuous lesson to draw from the protracted, tragic episode. One, 7/7 was indeed planned and executed by homegrown terror, one in a series of similar attacks that took place in Europe over the years that followed. Two, Mr Butt may have played Mr Malik and others and may have been prompted by MI5 to do so, but the threat of Islamic terror remains a real danger.

Finally, Mr Malik’s own interest in the book project stemmed from his desire to articulate the story of a reformed jihadi. A significant part of the book is devoted to

resolution of cases pending with NCLT is needed. At this stage it appears as if the Insolvency and Bankruptcy Code and Insolvency and Bankruptcy Board of India may become irrelevant much in the same way as the SARFAESI Act of 2002 and corresponding debt tribunals.

Government could raise resources, from foreign and domestic sources, by reducing its equity holdings in LIC and Coal India to around 60 per cent. Air India, MTNL and BSNL continue to suck up resources and it is high time the government reduced its equity shares in these entities, preferably by attracting foreign investment. If funds are accessed only from domestic sources, financing support could be drawn away from other local investments.

On September 20, 2019, government announced significant reductions in corporate tax rates. This measure could boost demand but with a lag if companies pass on higher retained earnings to employees and reduce prices. Domestic and foreign investments could increase over time if the lower tax rates are competitive in comparison to alternative investment destinations. The downside though is immediate since government may lose up to about ₹1.4 trillion (\$20 billion) of revenue during 2019-20, and the centre’s fiscal deficit could rise well over 4 per cent of GDP leading to higher interest rates. The GST Council has done its bit to revive “animal spirits” and has reduced GST rates on hotel accommodation and that should have a positive impact on tourism.

In the first four months of 2019-20, about \$5.8 billion left India under the liberalised remittance scheme (LRS), and during 2014-19 the total amount remitted abroad amounted to \$45 billion. The comparable amount for 2009-14 was much lower at \$5.5 billion. By contrast, inward foreign direct investment has risen and amounted to \$42 billion in 2018, according to UNCTAD’s World Investment Report 2019. However, the sizeable LRS outward remittances should be a matter of concern.

To conclude, there is an unreal air to the way government has harped about a \$5 trillion Indian economy by 2024, which diverts attention from the urgent need to raise domestic and foreign demand for Indian goods and services. A few months back a senior Ministry of Finance official demonstrated his lack of understanding by suggesting that if the Indian rupee were to appreciate, India could easily reach the \$5 trillion goal. Discarding attention-grabbing slogans government needs to aim for real GDP growth of 8 per cent and higher annually in rupee terms, which is a tried and tested way for India to raise employment and reduce poverty.

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worthiness of firms. Any increase in government bond yields on account of a higher fiscal deficit could be contained through a modest sovereign bond issue.

The sector-specific measures announced in instalments earlier are a mixed bag. Some of these (such as the mergers of public sector banks) are of little relevance to the present slowdown. Others (such as timely refunds of GST to MSMEs and expediting payments due to them from the government) will help if implemented rigorously. The measures to boost exports are among the most promising. The special fund for last-mile funding for certain categories of housing projects will not make much of a dent on the large number of unfinished housing projects.

The critical issue is the disruption of credit hitherto provided by non-banking finance companies (NBFCs). The government has proposed that public sector banks (PSBs) co-originate loans with NBFCs. One is not sure how this will work on the ground. NBFCs can pass on potential clients to PSBs for a fee. This will ensure flow of credit to particular segments but it does little to improve the financial health of NBFCs. A better option is for PSBs and NBFCs to co-finance loans. This will ensure flow of credit while also improving the health of NBFCs. But PSBs have no incentive to opt for this course except in cases where they have exposures to NBFCs.

Neither the tax cut nor the sector-specific measures will change the near-term growth outlook dramatically. Indian firms, especially small firms, are going through a process of considerable adjustment consequent to demonetisation and the introduction of GST. Bad loans in the banking system declined in 2018-19 but remain at a high level of over 9.3 per cent of advances. Global growth has decelerated. The Seventh Pay Commission booster to consumption tapered off in 2018-19. The substantive effect of the measures announced may well be that it improves business and market sentiment and sets the stage for strong growth further down the road.

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THE MESSENGER

Shiv Malik  
Penguin Random House  
₹599, 321 pages

# Opinion

THURSDAY, SEPTEMBER 26, 2019

## Listen to Greta Thunberg

Swedish teen activist highlights the urgency of climate action, the future will be bleaker if her message is ignored

**WHAT SWEDISH TEENAGER** Greta Thunberg—who is travelling the world when, in her words, she should have been in school—is pleading, and why, is far more important than the how of it. Thunberg made a passionate plea for urgent climate action at the United Nations Climate Action Summit in New York, and lashed out at world leaders for dithering. “You have stolen my dreams and my childhood with your empty words... We are in the beginning of a mass extinction. And all you can talk about is money and fairytales of eternal economic growth. How dare you!” Thunberg raged. There are many who have criticised the style and substance of Thunberg’s activism before, and many more joined the list after her angry speech. Some commentators, nearly all of them climate-sceptics, have not so subtly brought up Thunberg’s autism, and depression in attempts to blight her activism, and the overall stance of urgent climate action. Some others believe that the immediate action that Thunberg is urging will undermine democracy as the world knows it, and raise bogeys of climate action somehow fuelling populism—of the trade protectionism and anti-immigrant kinds that are rife today, championed by known climate sceptics. There are also some who endorse the substance of Thunberg’s stance—time is running out to act on climate change, and future generations will greatly suffer if those in power today fail to take action—but, believe that Thunberg’s methods are more panic-mongering than a reasoned call to action. Whatever the criticism, there can be no doubt that Thunberg is right in foregrounding climate action, rather than climate negotiations and deals, as the need of the hour.

Nearly all of the developed world seems to be still going soft on climate action. As per the Climate Action Tracker, only seven nations—India, Morocco, the Gambia, Ethiopia, the Philippines, Costa Rica, and Bhutan—are on action paths that are “2°C compatible”; that is, if all countries were taking similar action, it would be possible to realise the Paris goal of keeping warming to <2°C from pre-industrial levels. But, a report by United in Science, a coalition of prominent climate science research institution, released just before the UN Climate Action Summit has sounded the foghorn—greenhouse gas emissions reduction must be at least tripled, and increased by up to fivefold if the world is to meet the Paris 2015 goals. Current plans take the world to average temperatures of between 2.9°C and 3.4°C by 2100, which could cause catastrophic change. Ahead of the summit, UN secretary general Antonio Guterres exhorted world leaders to take more coordinated action; “we have no time to lose,” he said, as all manner of extreme weather and weather-related events—long heatwaves, record-breaking downpour and floods, raging wildfires, glaciers getting wiped out, etc—have played out in alarming frequency in the last few years. There is overwhelming evidence that the climate crisis has deepened over the past three decades, with the last one witnessing drastically accelerated impact.

A report by the Intergovernmental Panel on Climate Change last year said that the world has nearly run out of time for action—it is now hotter than pre-industrial levels by 1°C, and will soon be hotter by 1.5°C. At 1°C of increase, we are already seeing untold devastation. In such a scenario, it is likely that Thunberg, who is seen by some as the voice of climate conscience that the world needs at the moment, has come to the stage too late. But, however bad the future that faces us, it will be much worse if we ignore what she is saying.

## Benchmarking hurts banks

New loan pricing norms will hit their margins

**W**ith two significant events ahead, the Bank Nifty has crashed by close to 1,000 points over two trading sessions, with the State Bank of India (SBI) stock losing 10%. Investors’ concerns are justified because once banks link interest rates—mainly home loans—and MSME loans to a benchmark from October 1, spreads will be under pressure.

The loans are to be benchmarked to the repo rate, the yield on the 3-6 month government bond, or certain other external benchmarks. With a chunky cut expected at the next monetary policy meet—Reserve Bank of India (RBI) is expected to reduce the repo rate by anywhere between 25 and 30 basis points—loan rates could fall further. It is not just new loans, even existing borrowers may be allowed to switch over, which means almost the entire portfolio will be repriced at lower rates. That is certain to crimp margins.

RBI’s objective in asking banks to switch to an external benchmark is to bring about faster transmission; in the past, the cuts in the repo have not resulted in matching cuts by banks. To be sure, transmission has been slow partly because in 2015 and 2016, liquidity in the system was low; also, the NPA problems persisted, eating up capital, and lenders understandably preferred to wait until they were able to bring down the cost of deposits.

As liquidity became more abundant, loan rates fell and given how it has been in a big surplus of close to ₹1.5-2 lakh crore over the past few months, rate cuts would have followed. RBI, however, is clearly unwilling to wait.

There is also some concern that customers once used to rates falling find it difficult to cope when interest rates go up, often extending the tenure of the loan rather than paying a bigger EMI. In many ways, therefore, at times like this, when we are closer to the bottom of the repo rate cycle, the current loan rates could be much like teasers. Banks might, therefore, go slow on long-term products, and wait for interest rates to settle down, and we could see volumes thinning. Otherwise, with the interest rate on deposits not floating in nature, net interest margins (nims) could contract substantially. For instance, SBI’s home loan is currently priced at about 8.1%, so, a cut in the repo would see an equivalent change in the loan rate. Once SBI drops the rate, other lenders would need to follow suit to stay competitive. Indeed, the SBI management has conceded that pricing the risk premium for a long term product like a home loan—25-30 years—is not easy and that managing the liabilities will be a challenge.

## AppTURN

Govt makes it easier for farmers to rent machinery to remove crop-stubble via an app

**B**EGINNING EVERY OCTOBER, as farmers in Punjab, Haryana, and western Uttar Pradesh set fire to paddy residue, or crop stubble, to clear their fields for the rabi sowing season, smoke and particulate matter causes the Air Quality Index (AQI) in the Delhi-NCR region to spike to an average of 250-plus—well past the ‘poor’ level. Add to this the festival season, and the national capital region sees cases of severe respiratory distress spike to tens of thousands. Many solutions, ranging from banning crackers to providing low-cost protective face masks, have been tried out. Punjab CM Amarinder Singh recently suggested that suitable compensation could encourage farmers to desist from stubble burning, since the alternative—hiring a combine harvester—costs these farmers too much. Now, the central government has come up with a strategy to make more environment-friendly alternatives to the practice of stubble burning available to farmers in the NCR more easily, and at competitive costs.

The government has launched the CHC Farm Machinery app that allows farmers to both rent and buy, among other machinery required for farm work, equipment for in-situ management of stubble from custom hiring centres (CHCs) within a radius of 50 km. According to the ministry, 40,000 CHCs have registered with the app to make available 120,000 agricultural machinery at affordable rates. The app would allow farmers to know which hiring centres are available near them, see photographs of the machinery they wish to hire, and negotiate prices before placing an order. With the NCR already bracing itself for the onslaught of air pollutants, this digital solution to a long-continuing problem is a breath of fresh air.



## NO COUNTRY FOR...

BJP leader, Kailash Vijayvargiya

As the national general secretary of BJP, I want to assure all of you that NRC will be implemented but not a single Hindu will have to leave the country. Each and every Hindu will be given citizenship

## ● SUSTAINABLE GROWTH

CHINA’S SUSTAINABILITY STRATEGY IS AN EXAMPLE OF GLOBAL LEADERSHIP. IN THE RUSH TO DEMONISE CHINA OVER TRADE, THE WEST HAS MISSED THIS POINT ALTOGETHER

# Sustainability with Chinese characteristics

## STEPHEN S ROACH

Faculty member, Yale University  
Views are personal



**I**N THE HERE and now of climate change, it is easy to lose sight of important signs of progress. China, the world’s biggest emitter of greenhouse gases, is a case in point. By changing its economic model, shifting its sources of fuel, developing new transportation systems, and embracing eco-friendly urbanisation, China’s sustainability strategy is an example of global leadership that the rest of the world should consider very carefully. In the rush to demonise China over trade, the West has missed this point altogether.

In the past 12 years, China’s economic structure has shifted dramatically from excessive reliance on smokestack manufacturing industries to low-carbon services. Back in 2006, the so-called secondary sector of GDP—largely manufacturing but also including construction and utility production—accounted for 48% of Chinese GDP, while the tertiary, or services, sector accounted for just 42% of GDP. By 2018, the shares had been reversed—41% of GDP for the secondary sector and 52% for services. For large economies, structural changes of this magnitude in such a short period are virtually unprecedented.

This shift was no accident. In March 2007, former Premier Wen Jiabao famously warned of a Chinese economy that was becoming increasingly “unstable, unbalanced, uncoordinated, and unsustainable.” This sparked a vigorous debate over sustainability risks that had a major impact on China’s most recent five-year plans and reforms. The leadership concluded that the Chinese economy could no longer afford to stay the energy- and pollution-intensive course set by Deng Xiaoping’s hyper-growth gambit in the early 1980s.

Consistent with this dramatic structural transformation, China has been aggressive in shifting the mix of its fuel consumption away from carbon-intensive coal to oil, natural gas, hydro, and renewables. Although coal

still accounted for 58% of China’s total primary energy consumption in 2018—more than three times the 18% share in the rest of the world—that is down sharply from 74% in 2006, the year before Wen’s “Four Uns” first drew serious attention to sustainability.

Significantly, China is leading the world in embracing non-carbon renewables such as wind, solar, and geothermal biomass. In 2018, China’s renewables consumption was 38% larger than that in the United States and triple that of Germany. While renewables still account for just 4% of China’s total primary energy consumption, they have been growing by 25% annually over the past five years (including 29% growth in 2018). If China remains on this path, then renewables could hit 20% of China’s total energy consumption by 2025—a major breakthrough on the road to a cleaner, less carbon-intensive economy.

China’s rapidly changing transportation model is a third key component of its sustainability strategy. China has the world’s largest high-speed rail network, the fastest-growing subway system, and is leading all efforts in the rush to embrace electric vehicles. According to World Bank estimates, China is expected to exceed 30,000 km (18,641 miles) of installed high-speed rail by next year, up from more than 25,000 kms by 2017, and to add considerably more in the years ahead. This energy-efficient mode of long-distance connectivity stands in sharp contrast to the carbon-intensive transportation network created the US interstate high-

way system in the 1950s and 1960s.

Finally, the urban environment—obviously critical to any sustainability challenge—is especially, important in China where rapid urbanisation still has about three decades to go, with the urban share of its population likely to rise from nearly 60% at present to 80% by 2050. Yes, as in other countries, roads in China’s major cities are severely congested. But, China is doing something about it, boasting seven of the world’s 12 longest subway networks. Moreover, China’s electric vehicles (EV) market dwarfs those elsewhere, with sales of over 500,000 EVs in 2017, versus slightly less than 200,000 in the US and Europe. And China’s EV lead is projected to widen considerably over the next decade.

China also stands out for its focus on a new eco-city urban model, featuring low-energy construction materials, light mass transportation, and well-planned “green space” urban pockets. The Xiong’an New Area, planned as a “subsidiary centre” south of Beijing, is particularly noteworthy in this regard, as is the existing Sino-Singapore Tianjin Eco-city and Hainan’s recently announced plan to shift to all clean-energy vehicles. According to one recent estimate, China currently has plans to construct over 250 eco-cities. As a relative latecomer to urbanisation, China has the opportunity to rely on new

models of city planning and energy efficiency that were not available to the first movers in the industrial world.

Is all this enough to make a difference for China and the planet? The good news is that China’s share of global emissions has flattened out, albeit at a high level. China’s share of global carbon dioxide emissions doubled from 14% in 2001 to 28% in 2011, but has not increased since. While China’s CO2 emissions did rise by 2.2% in 2018, that was less than in the US (2.6%), Russia (4.2%), and India (7.0%) while falling well short of outright declines of 1.6% and 2% in Europe and Japan, respectively.

Alas, the good news in China is probably not good enough for a planet that many judge to be already in crisis. It is one thing to bend the curve and stabilise the emissions *share*. It is a different matter altogether to achieve the 20% reduction in the *level* of emissions as originally stipulated in the 2015 Paris climate agreement. Nonetheless, by shifting away from carbon-intensive manufacturing to low-energy services, and embracing EVs, high-speed rail, and eco-friendly

urbanisation—and likely to stay the course on all these trends—China is setting a high bar for the rest of the world.

While the trade war is important, China is winning the far more important battle for sustainability. To its credit, China is focusing on this battle at a point when its *per capita* output is barely more than one-third the level in the so-called advanced economies. A relatively poor country has made a conscious choice to shift its focus from the quantity to the quality of growth.

What about the rest of us?

**While renewables still account for just 4% of China’s total primary energy consumption, they have been growing by 25% annually over the past five years**

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## Gig economy needs a new labour gig

Court intervention can do little, as it cannot change the fundamental assumptions on which labour laws have been drafted

## SARAYU NATARAJAN & ALOK PRASANNA KUMAR

Natarajan is Founder, Aapti Institute, & Kumar is a Senior resident fellow, Vidhi Centre for Legal Policy. Views are personal

**CALIFORNIA RECENTLY PASSED** an important legislation classifying gig economy workers (such as Uber drivers) as “employees” of the platforms on which they seek work, that is, only if such companies have control over the hours and nature of work. Workers can, now, claim benefits under existing labour laws. While labour groups hail this as a victory, platforms claim that this will reduce flexibility.

The legislative intervention comes at an important juncture in history. The future of work, and workers, is poised to change forever. Thus, it becomes important to explore the nature of change and the ensuing considerations for policymakers. The changes expected will require a very different kind of labour law that will need to balance the interests of employers and workers.

Labour laws have their origins in the industrial and manufacturing context, where there was a designated workplace, and an identifiable workforce. The laws were primarily focused on addressing power imbalances by mandating recognition of unions, ensuring workplace safety, and creating legal structures for peaceful resolution of disputes. They also allowed for collectivisation of labour to bargain with management for improvement in working conditions.

The next stage entrenched the rights of workers, which were won through collective bargaining. Payment of bonus, gratuity, provident fund, pensions, and health and maternity benefits were enshrined as a matter of right, with a belief that the legal relationship of employee and employer was stable, and capable of determination. However, this notion has been upturned by the rise of gig economy platforms.

The gig economy consists of plat-

forms which connect service providers with consumers. They raise concerns that defy classification in the pre-existing legal frameworks. Companies which own these platforms claim that the service providers are not really workers or employees, but, in fact, “independent contractors”, who enjoy flexibility of work hours and freedom to choose nature of work. These “gigs” allow people to step in and out of paid work at their convenience, while also doing away with the requirement of a fixed workplace.

However, workers are always under surveillance with ratings systems, and face threats of deactivation via non-transparent means. Their earnings are also volatile, as far as monthly incomes are concerned. This is specifically disadvantageous to women, who cannot avail of benefits, like maternity leaves available under traditional laws. These concerns co-exist with workplace safety issues. In India, apps such as Urban Clap pose new challenges in terms of safe workplaces.

Countries around the world are waking up to the need for re-orienting their labour laws to address these inequities. Initial intervention, with drivers and organisations approaching courts, have had mixed results. In the United States, for instance, different state courts took diametrically opposed views on consideration of gig economy workers as employees.

Even courts are limited by the laws and the specific legal frameworks within which they operate.

Besides, court intervention cannot

change the fundamental assumptions on which the law has been drafted, namely, a fixed workplace, and an identifiable workforce. While this may matter less in claims concerning minimum wages or social security, such assumptions do matter for occupational safety. Part of the problem lies in defining workplaces since work is carried out at customers’ location.

Thus, addressing these concerns requires legislative intervention. A good starting point of such legislative measures will be an acceptance of the changed nature of the employee-employer relationship within the gig economy paradigm. This has to be done with a view to address the serious power imbalances between workers and platforms. Knee-jerk over-regulation might result in a sudden loss of livelihoods, weakening the case for regulations. On the other hand, loose and *laissez-faire* approaches may have little impact on the ground.

At the moment, there are few, if any, coherent legislative proposals at the Union or state level to address these concerns. The government needs to examine existing laws, including the proposed labour codes, and introduce a legislative framework, which will be conducive for gig economy platforms, and the millions engaged in providing their services.

A good starting point can be to address the gaps in the four Codes mooted by the Union government, and proposing legislative tools and policy frameworks that will be necessary to prepare for the coming future.

**A good starting point of legislative measures will be an acceptance of the changed nature of the employee-employer relationship within the gig economy paradigm**

## LETTERS TO THE EDITOR

### UK SC ruling

The UK Supreme Court (SC) has shown that it can rule independent of the interest of the government of the day, something judiciaries in other democracies can emulate. Its unanimous ruling that the prerogation of the British Parliament by PM Boris Johnson was ‘unlawful’. It was a clinching ruling in that it illumined the nature of Westminster democracy, and made the will of the people, represented by the Parliament, fundamental. It holds out relevance and applicability for our own country as its Parliament is modelled on the British system. The UK top court made it clear that the ruling was about ‘prorogation’ and not about ‘Brexit’. If the ruling vindicated the Opposition’s stand on the prorogation of the Parliament and benefited it in the political tussle to get the upper hand, it was only incidental to its establishing the illegality of the prorogation. As a corollary of the ruling, the House of Commons has gavelled into session. The ostensible reason for the prorogation was to facilitate a Queen’s Speech ‘to outline the new government’s new policies and proposals’. But, the real intent was to stymie parliamentary scrutiny. Despite a string of political and legal setbacks, like losing parliamentary majority and receiving court strictures for preventing the Parliament from doing its job, and attracting the charge of stifling democracy, Johnson declared that the ruling with which he ‘strongly disagreed’ and termed a ‘serious mistake’ would not deter him from delivering Brexit. There is now considerable uncertainty about Brexit before the deadline. Labour Party’s stand is that Johnson has no mandate for a ‘no-deal Brexit’ and the Brexit crisis can only be settled by a general election.

— G David Milton, Maruthancode

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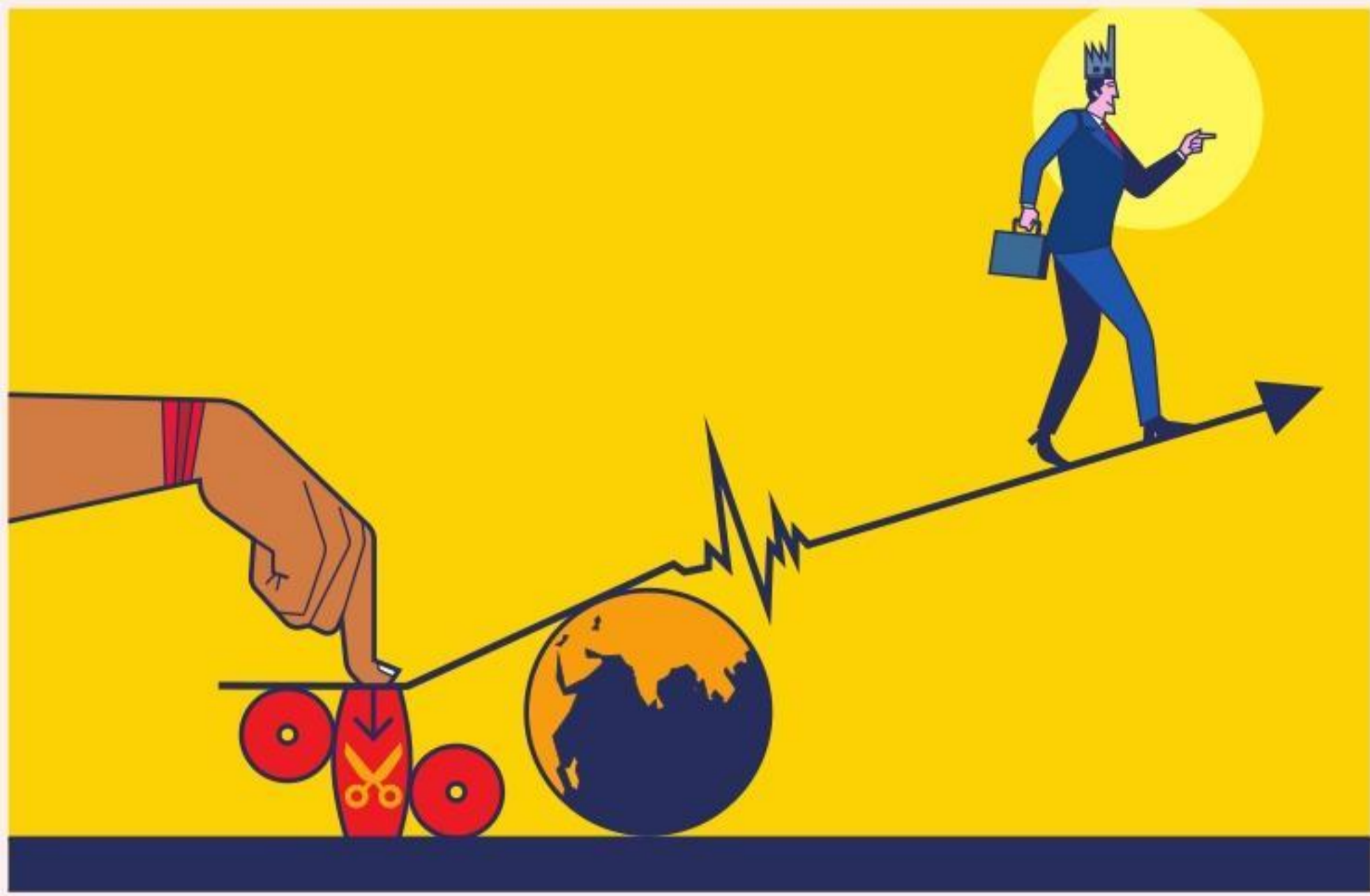


ILLUSTRATION: SHYAM KUMAR PRASAD

**TV MOHANDAS PAI & S KRISHNAN**

Pai is chairman, Aarin Capital Partners; Krishnan is a tax consultant



● **MODI GOVERNMENT**

# Incentivising risk-takers, entrepreneurs

Reduced taxes will reduce the pressure on companies to generate higher returns, improve risk-return trade-off for investors, and increase investment

**FINANCE MINISTER** Nirmala Sitharaman has slashed the corporate income tax (CIT) for domestic companies to 22% in order to promote growth and investment, and announced a new CIT of 15% for new domestic manufacturing companies, thereby providing a boost to the Make-in-India initiative. The new effective CIT would be 25.17% inclusive of a new lower surcharge of 10% and cess of 4%. With this announcement, the Narendra Modi government has fulfilled the promise made by the former finance minister in FY16 of a CIT of 25% with no exemptions/incentives and provided a filler to manufacturing companies with a lower 15% CIT. It is for the first time that the government of India has used an ordinance to slash IT rates outside the conventional Budget.

India's CIT is now closer to the worldwide average statutory CIT of 23.03%. A study conducted by the Tax Foundation, a tax policy non-profit organisation based in the US, on the CIT rates across 208 tax jurisdictions in 2018 revealed that India had the highest CIT, at 35%, amongst the large economies in the world. The study further indicated that the average statutory CIT rate is

20.65% in Asia, 28.4% in BRICS, 21.86% among EU countries, 23.93% in OECD countries and 27.63% in the G7, which comprises of the seven

wealthiest nations in the world. The US has a combined statutory rate of 25.84%. The majority of the 208 separate jurisdictions surveyed have corporate tax rates below 25%, and 103 have tax rates between 20% and 30%.

Before the CIT rate cut, the marginal CIT for FY20 was 35% for companies having a turnover above ₹400 crore in FY18, and dividend distribution tax (DDT) of 20.56%. The accompanying table indicates that these companies had to earn pre-tax income of over 27% in FY20, by investing, running a business and creating jobs to enable investors in that company to earn a post-tax dividend of 12%. After the CIT reduction, it has to earn a pre-tax income of 23.5%. A sole proprietor of a business earning more than ₹5 crore in FY20 has to earn only around 21% to get the same return, disincentivising scale! In comparison, a company in the US with an effective CIT of 25.85% has to earn a pre-tax income of 20.22% in CY2019 to enable an investor to earn a post-tax dividend of 12%.

Before the CIT cut, India was collecting a total tax of about 55.64% on the Profit before Tax (PBT), whereas the US collected a total tax of 40.67%. The tax collected by India on PBT increased by 52% between FYs 2013-14 and 2019-20, forcing companies to generate a higher pre-tax income to enable an investor to earn the same post-tax dividend. The compulsion to generate a very high return imposes a high cost on the economy, reduces money for reinvestment, disincentivises investment and makes India a rent-seekers' economy, always intent on avoiding taxes!

The high CIT had increased the cost

## Pre-tax return required to generate 12% post-tax income

	FY19-20 <sup>1</sup>	FY19-20 <sup>2</sup>	FY13-14	US CY19
Equity investment (₹ cr)	100	100	100	100
Profit before Tax (₹ cr) (A)	23.52	27.05	21.90	20.22
Pre-tax return on equity (%) (derived figure to get to after tax ROE of 12%) <sup>3</sup>	23.52	27.05	21.90	20.22
Corporate tax rate (%) (B)	25.17	34.94	33.99	25.84
Corporate tax paid (₹ crore) (C = A * B)	5.92	9.45	7.44	5.22
Profit after tax (₹ crore) (D = A - C)	17.60	17.60	14.46	15.00
Dividend distribution tax rate (%) (E)	20.56	20.56	17.00	0.00
Dividend distribution tax paid (₹ cr) (F = D * E)	3.62	3.62	2.46	0.00
Dividend paid to shareholders (₹ cr) (G = D - F)	13.98	13.98	12.00	15.00
Dividend tax - high net worth individual (%) (H)	14.25	14.25	0.00	20.00
Dividend tax paid by HNI (₹ cr) (I = G * H) <sup>4</sup>	1.98	1.98	0.00	3.00
Net return (dividends) to shareholders (₹ cr) (J = G - I)	12.00	12.00	12.00	12.00
Total tax to govt. (₹ cr) (K = C + F + I)	11.52	15.05	9.90	8.22
Total tax to govt. (%) (PBT) (L = K/A)	48.98%	55.64%	45.21%	40.65%

Note:  
<sup>(1)</sup> After the CIT rate cut on 20th September 2019. CIT @ 22%; surcharge @ 10% and Health and education cess at 4%. Effective tax rate (ETR) is 25.17%;  
<sup>(2)</sup> Before the CIT rate cut. CIT @ 30%; surcharge @ 12% and Health and education cess at 4%. ETR is 34.94%;  
<sup>(3)</sup> A net return of 12% to shareholders is considered by summing up the government of India bond rate of 6.5% to 7% and an average risk premium on equity of 5%;  
<sup>(4)</sup> It is assumed that an individual having a total annual income of more than ₹5 crore has invested in a private company and the entire dividend received is more than ₹10 lakh.

## INDIAN AGRICULTURE SECTOR,

despite the sharp reduction in its contribution to GDP from 58% in the 1950s to 18% in 2010s, continues to support the livelihood for half of country's population. The dependence of the population on agriculture has resulted in fragmentation of farm holdings, not only rendering them uneconomical, but has also put them on weaker pedestal in terms of bargaining power. The average farm size in India stands much smaller at about 1.3ha, against 169ha in the US, 53ha in the UK, 52ha in France and 45.7ha in Germany. The fact that 86% of total operational holdings in the country are of small and marginal farms (size less than 2ha, Economic Survey 2019) indicates the reasons for the perpetual indebtedness and low incomes in Indian farming. A World Bank report (2019) on Maharashtra Agricultural Competitiveness Project, conducted during 2011-18 to increase productivity, profitability and market access of the farming community in the state, suggests that aggregated marketing through FPOs increased profitability to about 45%. Besides enhancing bargaining power, FPOs bring the advantage of economies of scale in both pre- and post-harvest farm operations, enhancing profit margins, and can also establish forward- and backward-linkages that can bring back the value of services such as warehousing, quality standardisation, finance, etc, from the existing opaque, dilapidated and inefficient value chains

# Turning farming into enterprise

The only way the farming sector can be brought back from the 'take home' to 'reap the value' model is through collectivisation of farmers' interests through FPOs

**V SHUNMUGAM & TULSI LINGAREDDY**

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for most agricultural commodities.

Collective operations in Indian agriculture have a century-old history, with the enactment of the Cooperative Society Act 1904 that enabled formation of agricultural credit cooperatives. The momentum in formation of FPOs gained following the amendment to the Companies Act 1956 in 2002. Among the 5,000 FPOs registered in India during the past decade and a half, about 3,200 are registered as FPCs, while the rest as cooperative societies (NABARD 2018). NABARD and the Small Farmers' Agri-Business Consortium (SFAC) are actively promoting FPOs, apart from

state governments and other Indian and international funding agencies.

Despite efforts to promote FPOs, the progress has been limited primarily due to operational and structural issues. Most operational constraints are due to lack of adequate financial resources and infrastructure facilities, inability to establish forward- and backward-linkages, lack of skills and professional expertise, inadequate awareness amongst farmers as well as financial institutions about FPOs, etc.

Inadequate finance, indicated by many field studies, turns out to be the single largest impediment for success of FPOs.

of capital, thereby making Indian companies globally uncompetitive. Cost of capital is the hurdle rate below which no company would be able to run a sustainable business. The weighted average cost of capital (WACC) in India is around 12% considering 10-year G-Sec rate of 6.5% to 7%, and average risk premium on equity of 5%. The US WACC is 7%, in Europe it is 7.16%, and globally it is 7.9% (Prof Aswath Damodaran, Stern School of Business, NYU).

Indian companies are unable to compete globally when their cost of capital and CIT is significantly higher than the overseas competitors. When overseas companies with a lower cost of capital invest and operate in India, they dominate. In addition, Indian companies become a prime target for acquisition by global companies, which have a lower cost of capital. It is one of the major reasons why our entrepreneurs were selling out their companies, being unable to fight the battle of WACC.

Prime Minister Modi, during his 2019 Independence Day speech, recognised the role and contribution of wealth creators in India. He said, "Wealth creators should not be viewed with suspicion. They are the wealth of the nation. It is necessary that those who create wealth in the country should be equally respected and encouraged." Wealth creators and entrepreneurs are the ones who take the risk, invest and create jobs. One big issue deterring the risk-takers was the high taxes on capital in India, which had gone up further in FY20 with the increase in surcharge for high net-worth individuals (HNI) who are major investors, as well as tax terrorism on an unprecedented scale.

Individuals having an income of more than ₹1 crore are subject to IT surcharge between 15% to 37%, resulting in high tax rates of 35.88% to 42.74%. They pay IT at rates varying between 11.96% to 14.25%, on dividend income exceeding ₹10 lakh and long-term capital gains (LTCG) tax of 12% to 14.25% on gains exceeding ₹1 lakh from listed companies. If the investment is in an unlisted company, the IT is 24% to 28.5%, after considering the LTCG benefits. In a listed company, the LTCG arises after 12 months, while it is 24 months for unlisted securities, so much for incentivising investment. The risk on unlisted securities is higher due to lack of liquidity and inadequate price discovery, but taxes are more. In India, the higher the risk, higher is the tax. Along with the CIT reduction, the finance minister has also provided some relief to high income earners by withdrawing the enhanced surcharge applicable on capital gains arising on sale of equity shares/units of an equity mutual fund that are liable to Securities Transaction Tax. But the enhanced surcharge on dividend income continues.

Imposition of DDT and the additional tax on individuals on dividend income beyond ₹10 lakh resulted in multiple levels of dividend taxation. Distribution of dividends is another form of return of capital and tax rate on dividends is generally linked to the capital gains tax rate. A higher dividend tax relative to the capital gains tax could discourage companies from distributing earnings through dividends. A reduction in the effective DDT to 15% and withdrawal of taxation of dividends beyond ₹10 lakh will increase the return to investors and incentivise them towards higher investments.

Reduced taxes will reduce the pressure on companies to generate higher returns, improve the risk-return trade-off for investors, and increase investment. Limiting the CIT effective tax rate at 25.17% is enabling Indian companies to provide a risk-adjusted return of 12% to the shareholders at a lower pre-tax income of 23.5% compared to 27% before the rate cut. It will also improve the liquidity for banks and financial institutions for lending and enable them to reduce lending rates. This should increase the capital efficiency of the economy and provide the much-needed growth impetus for the economy.

## ● CORPORATE TAX CUT

# A bold move by the government

**VISHAL ANAND**

The author is partner, Corporate & International Tax, PwC India

With reduced tax rates for domestic companies, India will be on a par with the global economy

**WITH THE APPROACHING** festive season, corporates and investors have been given an early present as finance minister Nirmala Sitharaman has proposed certain tax rate reductions and other relief aimed at boosting the economy and promoting growth and investment. These proposals will be brought in through the Taxation Laws (Amendment) Ordinance 2019 that will make certain amendments to the Income-tax Act 1961 (Act) and the Finance (No. 2) Act 2019. These amendments are mainly in relation to reduction of income-tax rates for domestic companies. The key features are:

**Headline tax rates for domestic companies reduced to 22%:** A new provision will be inserted into the Act (Section 115BAA), providing a domestic company with an option to pay income-tax at the rate of 22% (plus applicable surcharge and cess), subject to condition that while computing total income, they will not avail any exemption/incentive such as deduction under Section 10AA, accelerated depreciation, investment allowance, deduction of capital expenditure on specified business and expenditure on scientific research or claimed any set-off any brought-forward losses attributable to such deductions, etc.

This amendment has been aimed at promoting growth and investment and will come into effect from assessment year (AY) 2020-21 onwards. The option is required to be exercised on or before the return filing due date, and once the option is exercised, it cannot subsequently be withdrawn. Further, domestic companies opting for such concessional tax regime will not be required to pay the minimum alternate tax (MAT). The tax rate for companies opting for this regime is to be increased with a surcharge of 10% regardless of the quantum of income.

For domestic companies that decide not to opt in for this concessional tax regime and continue to claim tax holiday/incentives will continue to pay income-tax at the prevailing rate of 25%/30% (plus applicable surcharge and cess), depending on the turnover threshold of ₹400 crore for FY18. However, the headline MAT rate has been reduced from 18.5% to 15% with effect from AY2020-21. Such companies can also opt in for the concessional tax regime after the expiry of tax holiday/exemption period.

**Reduced tax rate of 15% to domestic manufacturing companies:** To provide a boost to the 'Make in India' initiative and attract fresh investments in manufacturing, a new provision is proposed to be introduced (Section 115BAB) to provide an option to a newly incorporated domestic manufacturing company to pay tax at a rate of 15% (plus applicable surcharge and cess). This option is available to a domestic company subject to the following conditions:

■ It is incorporated on or after October 1, 2019, and commences its production on or before March 31, 2023, and (i) is not formed by splitting up/reconstruction of business already in existence, (ii) does not use any previously used machinery or plant, and (iii) does not use any building that was previously used as a hotel or a convention centre;

■ It is engaged solely in the business of manufacture or production of an article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it; and

■ While computing its total income, it has not availed any exemption/incentives such as deduction under Section 10AA, accelerated depreciation, additional depreciation, investment allowance, deduction of capital expenditure on specified business and expenditure on scientific research or claimed any set-off any brought-forward losses attributable to such deductions, etc.

The above option is required to be exercised on or before the return filing due date, and once the option is exercised, it cannot subsequently be withdrawn. Domestic companies opting to be taxed under this regime will not be required to pay MAT. Similar to above, the tax rate for companies opting for this regime is to be increased with a surcharge of 10% regardless of the quantum of income.

With the reduced tax rates for domestic companies, India will now be on a par with the global economy. Manufacturing sector is likely to get a boost with the headline tax rate for newly incorporated domestic manufacturing companies being reduced to 15%. The proposed measures and amendments will provide a fillip for both domestic and foreign investments, which will provide a boost to India's economy.

sent, warehousing capacity is estimated at 158.5 million metric tonnes (mmt), significantly lower than the required capacity of 252 mmt (at 80% of 315 mmt) of foodgrains and oilseeds produced annually in the country. Regulated warehouses within the existing warehousing capacity are much smaller at about 8 mmt.

A concern area is lack of awareness amongst farmers and inadequate infrastructure facilities for meeting required quality and standards of agricultural produce so that their farm produce can fetch a better price. At present, most of the crop output is sold to traders without even grading and standardisation due to lack of facilities and awareness amongst farmers, leading to less price realisation. In this regard, the World Bank report (2019) indicates that simple adoption of sorting and grading practices had increased farm profits by 15% on an average. In addition to creation of infrastructure for quality standardisation and grading, awareness of the same and its benefits such as better price realisation for their produce and access will help them adopt techniques and practices whose adoption will help them produce to market expectations.

Skill development is another area that needs to be addressed. Majority of the existing FPOs have been involved in the areas of aggregation for marketing and sales, followed by input procurement and to some extent processing. In this regard, it is essential to ensure there are adequate facilities for skill development in FPOs to

take the farmers' produce through various stages of supply chain. In addition, adequate facilities shall be provided to impart entrepreneurial skills amongst farmers, particularly officiating members, so that FPOs can be managed professionally.

The distribution of FPOs is skewed to seven states (Tamil Nadu, Karnataka, Madhya Pradesh, West Bengal, Maharashtra, Rajasthan)—50% of total FPOs in India. Appropriate awareness around FPOs, their formation process and their demonstrated benefits must be spread amongst farmers of states with lower penetration.

Apart from operational issues, we need to address structural problems through consolidation of the ecosystem within which modern-day FPOs operate in.

Recent success stories show that FPOs can be the intimate model for increasing farmers' incomes and empowering them through collective operation and better bargaining power to gain larger share in consumer price. One such success story is Nashik-based FPC Sahyadri Farms, set up in 2011, which has grown to be the largest FPO in India with 8,000 farmer members and having a turnover of ₹3,000 crore.

The only way the farming sector can be brought back from the 'take home' to 'reap the value' model is through collectivisation of farmers' interests through FPOs, and what better it can be if a statutory authority provides for their enhanced presence, connecting them to financial sources and institutions, and the ability to move them up the value chain.

## TELLING NUMBERS

### How the fortunes of Indians in rich list changed in 2019

#### THE TOP 10

Rank	Name	Wealth (Rs crore)	Change	Company
1-	Mukesh Ambani, 62	380,700	3%	Reliance Industries
2-	SP Hinduja, 83 & family	186,500	17%	Hinduja
3▲	Azim Premji, 74	117,100	22%	Wipro
4▼	LN Mittal, 69 & family	107,300	-6%	ArcelorMittal
5*	Gautam Adani, 57 & family	94,500	33%	Adani Ports & SEZ
6-	Uday Kotak, 60	94,100	20%	Kotak Mahindra Bank
7-	Cyrus Poonawalla, 78	88,800	22%	Serum Institute of India
8▲	Cyrus Pallonji Mistry, 51	76,800	11%	Shapoorji Pallonji
8▲	Shapoor Pallonji Mistry, 54	76,800	11%	Shapoorji Pallonji
10▼	Dilip Shanghvi, 63	71,500	-20%	Sun Pharmaceutical

▲ Rank increase YoY; ▼ Rank decrease YoY; - No Rank change YoY; \* New to Top 5  
Source: Hurun Research Institute; IIFL Wealth Hurun India Rich List 2019

ON WEDNESDAY, Hurun Report India and IIFL Wealth released the Hurun India Rich List 2019, which has found that the richest Indians saw their average wealth decline by 11 per cent over the last year. "If we exclude the new wealth added this year, the cumulative wealth of the IIFL Wealth Hurun India Rich List 2019 dropped by Rs 3,72,800 crore," it states. According to the list, "344 individuals or more than a third of this year's list witnessed wealth reduction and another 112 failed to meet the cut-off of Rs 1,000 crore — almost half of last year's list".

The Hurun India Rich List has collected data on 953 individuals across 41 industries this year. The cut-off for inclusion was a minimum wealth of Rs 1,000 crore. This year's list grew by 15 per cent. In other words, 122 more people were included in that cut-off mark compared to last year. Compared to the 2016 list, the number of entities included is up 181 per cent.

Among the key highlights:  
 ■ With a net worth of Rs 94,500 crore, Gautam Adani (57) stormed into the top 5; his wealth increased by 33% or Rs 22,300 crore  
 ■ Average wealth of the list is around Rs 5,300 crore and the average age is 60 years  
 ■ 29 new billionaires (in US\$ terms) in 2019 — taking the total to 138

Indians; 5 individuals lost the dollar billionaire status

■ 13 Non-Promoter CEOs feature in the IIFL Wealth Hurun India Rich List 2019, of whom two reside in India

■ Led by Roshni Nadar of HCL, 152 women feature on the list

Mukesh Ambani, 62, head of Reliance Industries, is the richest Indian with a wealth of Rs 3,80,700 crore — that is roughly 2.2 times the historic dividend transferred by India's central bank — the RBI — to the Union government recently. Or, roughly 2.6 times the revenue foregone by the Union government as it cut corporate income tax rates to their lowest level recently.

While Ambani's wealth grew by just 3 per cent, the biggest gainer over the past year — in terms of percentage change — was Gautam Adani and family. Their wealth soared by 33 per cent — the highest improvement among the top 10 richest Indians. The other big gainers over the past year were Azim Premji of Wipro, Uday Kotak of Kotak Mahindra Bank and Cyrus Poonawalla of the Serum Institute of India.

Rounding off the top 10 is Dilip Shanghvi of Sun Pharmaceuticals whose wealth declined by 20 per cent. LN Mittal of ArcelorMittal was the other one among the top 10 whose wealth declined.

## THIS WORD MEANS

### QUANTUM SUPREMACY

A goal of computing. Has Google got there?

ON FRIDAY, the *Financial Times* published from the UK reported that a draft research paper claimed Google researchers have achieved a long-ought-after goal in physics called "quantum supremacy". The paper had appeared on the NASA website and was then pulled down, but the *FT* had retrieved a copy.

Quantum supremacy refers to a quantum computer solving a problem that cannot be expected of a classical computer in a normal lifetime. This relates to the speed at which a quantum computer performs. According to reports about the vanished draft paper, said to have been written by scientists at Google and the Quantum Artificial Intelligence Lab collaboration that includes NASA researchers, the quantum processor took 200 seconds to perform a calculation that

the world's fastest supercomputer, Summit, would have taken 10,000 years to accomplish. The draft paper is believed to be an early version of a paper that has been submitted to a scientific journal.

What differentiates a quantum computer from a traditional computer is the way the two store information. The former stores information in the form of bits that can take only two values, zero or one, whereas a quantum computer stores it in the form of quantum bits (qubits) that can take on various combinations of zero and one. The phrase "quantum supremacy" was coined in 2011 by John Preskill, Professor of Theoretical Physics at the California Institute of Technology in a talk he delivered on the benefits of using quantum hardware over traditional computers.

# The Trump-Biden-Ukraine story

## SIMPLY PUT

A call between Trump and the Ukraine President has triggered a new crisis in the US, with the Democrat-led House of Representatives deciding to initiate an impeachment inquiry against the President

EXPRESS NEWS SERVICE  
NEW DELHI, SEPTEMBER 25

NANCY PELOSI, the Speaker of the United States House of Representatives, has announced that the House would begin a formal impeachment inquiry against President Donald Trump to hold him accountable for a "betrayal of his oath of office, betrayal of our national security and betrayal of the integrity of our elections".

Trump is alleged to have tried to enlist a foreign country, Ukraine, on his side in a personal political battle with Joe Biden, the senior Democratic Party leader who was President Barack Obama's vice-president from 2009 to 2017. Biden is the frontrunner to be the Democratic party's nominee against Trump in the presidential election of 2020.

In a telephone conversation two months ago, Trump is alleged to have pressured Ukrainian President Volodymyr Zelenskiy to open a corruption investigation in his country against Biden and his son Hunter Biden. Before this call, the President issued a personal order to freeze more than \$391 million of US aid to Ukraine, *The Washington Post* and *The New York Times* have reported.

The aid Trump allegedly ordered frozen was intended for use in training and equipping Kyiv's forces against continuing Russian hostility. The money was in two packets: \$250 million from the Defence Department's Ukraine Security Assistance Initiative; \$141 million from the State Department's foreign military financing program. The funds — which would have lapsed on September 30 — were finally released on September 11.

The announcement by Pelosi on Tuesday greatly increases the possibility that Trump will become the fourth individual in the 230-year history of the American presidency to face removal from office by impeachment. None of the previous three — Andrew Johnson (1865-69), Richard Nixon (1969-74) and Bill Clinton (1993-2001) — was removed as a result of impeachment (see inset).

#### Developments so far

Two years of speculation on possible impeachment, as Department of Justice Special Counsel Robert S Mueller III probed the alleged Russian interference in the 2016 presidential election, ended in July with Mueller neither indicting nor exonerating the President. But in August, an intelligence community whistleblower filed a fresh complaint about Trump, which an inspector general of the intelligence community deemed "credible" and "urgent", and forwarded to the acting Director of National Intelligence, Joseph Maguire.

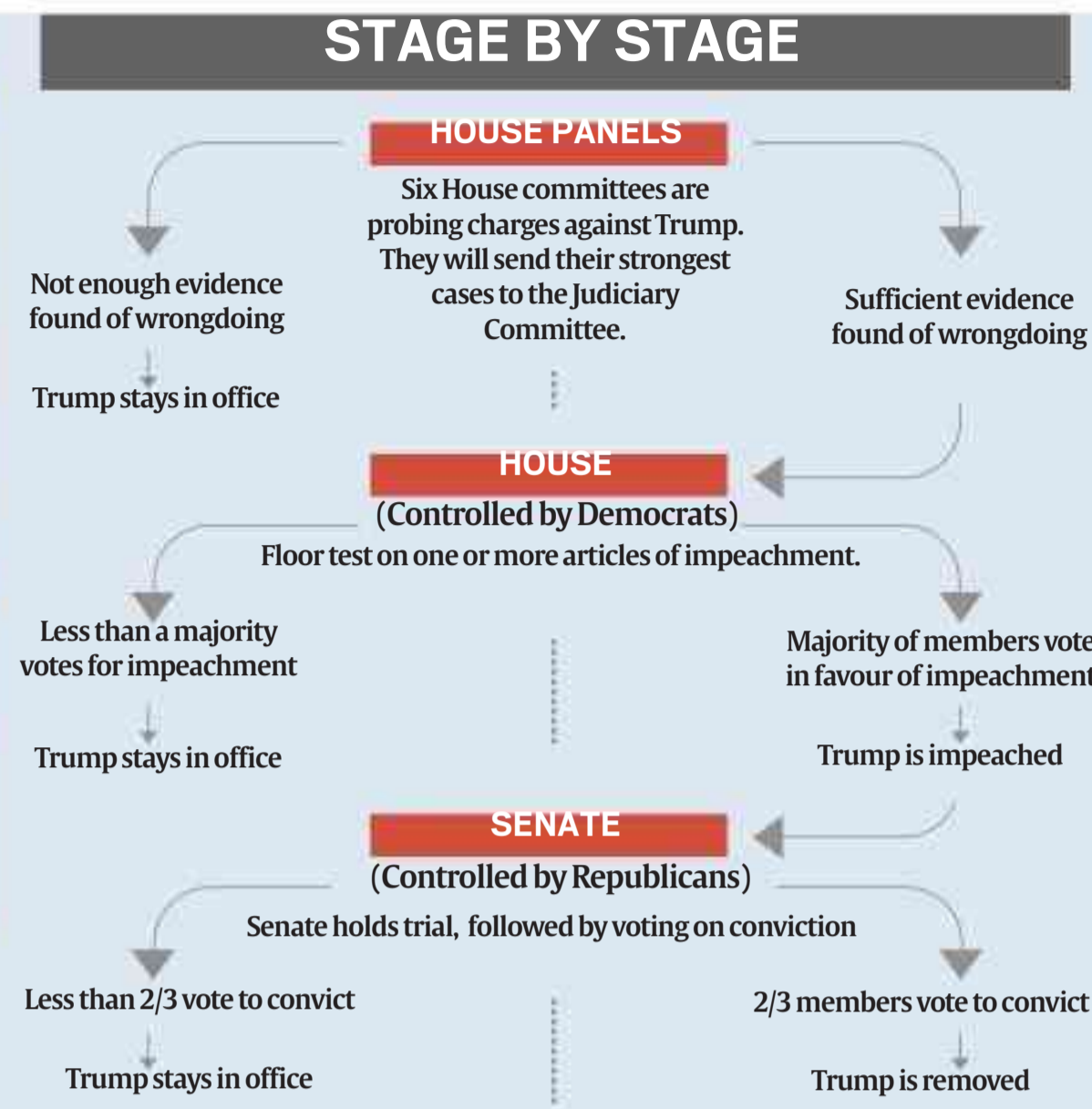
On September 13, House Intelligence Committee chairman Adam Schiff subpoenaed Maguire, accusing him of "improperly" withholding the contents of the whistleblower's complaint citing "confidential and potentially privileged communications". Schiff expressed "grave concerns that (Maguire's) office, together with the Department of Justice and possibly the White House, are engaged in an unlawful effort to protect the President and conceal from the Committee information related to his possible 'serious or flagrant' misconduct, abuse of power, or violation of law".

Over September 18, 19, and 20, reports in *The Post*, *The NYT*, and *The Wall Street Journal* revealed that the whistleblower's complaint, made on August 12, was about a phone call between Trump and Zelenskiy on July 25, in the course of which Trump had asked the Ukrainian leader "about eight times" to investigate Hunter Biden. Several Democratic lawmakers called for an impeachment inquiry on September 20.

As the scandal escalated, Trump confirmed he had discussed Biden with Zelenskiy in the context of "all the corruption taking place": "We don't want... Biden and his son creating [sic] to the corruption already in the Ukraine." He also said he would release the full transcript of his call



Nancy Pelosi, Speaker of the US House of Representatives, announces the launch of an impeachment inquiry against President Donald Trump. Reuters



## How a US President can be impeached

EXPRESS NEWS SERVICE  
NEW DELHI, SEPTEMBER 25

ON TUESDAY, US House of Representatives Speaker Nancy Pelosi announced that the House would launch an impeachment inquiry against President Donald Trump, over his alleged efforts to pressure Ukraine to investigate Joe Biden, Trump's potential rival in the 2020 elections. How does impeachment take place?

#### What it means

Impeachment is a provision that allows Congress to remove the President of the United States. Under the US Constitution, the House of Representatives (lower House) has the "sole power of impeachment" while the Senate (upper House) has "the sole power to try all impeachments". The Chief Justice of the US Supreme Court has the duty of presiding over impeachment trials in the Senate.

#### Grounds for impeachment

The President can be removed from office for "treason, bribery, or other high crimes and misdemeanors". What constitutes these "high crimes" and "misdemeanors" (misde-

meanours), however, is not clearly spelt out. *The New York Times* explained that the expression "high crimes and misdemeanors" came out of the British common law tradition. "Essentially, it means an abuse of power by a high-level public official. This does not necessarily have to be a violation of an ordinary criminal statute," *The NYT* said. Historically, in the US, it has encompassed corruption and other abuses, including trying to obstruct judicial proceedings.

#### Impeachment history

No US President has ever been removed as a direct result of impeachment. The House did impeach two Presidents — Andrew Johnson (1968) and Bill Clinton (1998) — but the Senate did not convict them. In between, President Richard Nixon (1974) resigned before he could be removed.

#### The process

**HOUSE VOTE:** It begins with an investigation by a House committee. In the Nixon and Clinton cases, the House Judiciary Committee held that investigation and recommended articles of impeachment to the full House. In Trump's case, six committees are investigating him on impeachable offences. If they find that

there is enough evidence of wrongdoing, it will refer the matter to the full House (see flow chart).

**HOUSE VOTE:** When the full House votes, if one or more of the articles of impeachment gets a majority vote, the President is impeached. Next, the proceedings move to the Senate.

**SENATE TRIAL & VOTE:** The Senate holds a trial, overseen by the chief justice of the Supreme Court. A team of lawmakers from the House, known as managers, play the role of prosecutors. *The NYT* explained. The President has defence lawyers, and the Senate serves as the jury. If at least two-thirds of the Senators present find the President guilty, he is removed and the Vice President takes over as President.

#### Numbers in the Houses

The House has 235 Democrats, 199 Republicans, and one independent. The Democrats could, therefore, impeach Trump with no Republican support.

The Senate has 53 Republicans, 45 Democrats and two independents who usually vote with the Democrats. Conviction of the President would require 67 votes, which cannot happen unless some Republicans vote against him.

with the Ukrainian leader. The transcript was released Wednesday late evening India time.

On September 24, Schiff tweeted that the whistleblower had expressed the desire to speak directly with the House Intelligence Committee, and might testify "as soon as this week". And Pelosi announced the House will begin a formal impeachment inquiry because "the actions taken to date by the President have seriously violated the Constitution".

#### Biden and Ukraine

The Bidens' connection with Ukraine began in April 2014, when Hunter, son of then Vice-President Biden, joined the board of Burisma Holdings, a Ukrainian natural gas firm owned by the oligarch Mykola Zlochevsky, a former minister in the government of Viktor Yanukovich, a leader with close links to Russia who had just been removed as President by Ukraine's Parliament.

In February 2015, a man called Viktor Shokin became the prosecutor general of Ukraine, and took charge of an ongoing in-

vestigation of money laundering, tax evasion, and corruption against Zlochevsky and Burisma. The US and the International Monetary Fund accused Shokin of going slow on corruption. In March 2016, Biden went to Kyiv, and threatened President Petro Poroshenko that he would hold back a scheduled \$1 billion US loan if he did not fire Shokin. In 2018, Biden boasted that as a result of his threat, the "son of a bitch... got fired".

From the spring of 2019, according to multiple US media reports, Trump's personal lawyer Rudy Giuliani started to pressure the Ukrainians to dig up dirt on Biden from the Burisma episode. The withholding of the military aid, and Trump's July 25 phone conversation with his Ukrainian counterpart were allegedly part of the same tactics of pressure. Hunter Biden is no longer with Burisma.

Commentators have pointed out that Biden's actions in 2016 were on behalf of President Obama, and that there was no evidence that he intended his son to benefit in any way. Also, as a commentary in *The Atlantic*

has argued, Biden's demand for a tougher prosecutor was more likely to increase the pressure on Burisma than to take it off.

#### What happens now

Based on reports in the US media, it would appear that a large number of Democrats believe that the new accusations represent an open-and-shut case against Trump, much more easy to grasp for the public than the complex nuances of the Mueller report. The President used taxpayer money as a bargaining chip to force a foreign government to go after a personal political rival — this sounds like clear-cut impropriety, in their view. "Right now, we have to strike while the iron is hot," Pelosi told House Democrats on Tuesday.

Late Wednesday night India time, *The NYT* was reporting that 209 Representatives supported an impeachment inquiry. All except one — an Independent — were Democrats, making up more than two-thirds of the 235-strong House Democrat group. No Republicans were in favour of the impeachment inquiry.

# Why RBI has put restrictions on a cooperative bank, what happens now

GEORGE MATHEW  
MUMBAI, SEPTEMBER 25

ON TUESDAY, the Reserve Bank of India (RBI) slapped restrictions on Punjab and Maharashtra Cooperative Bank Ltd (PMC Bank), a leading cooperative bank headquartered in Mumbai, appointed an administrator and superseded its board of directors, sending shock waves among thousands of its depositors. Panic-stricken customers rushed to bank's branches across the state and were unable to withdraw more than Rs 1,000. They had not been aware that the bank, which was under the supervisory glare of the RBI, was being milked by real estate players led by HDIL with the connivance of bank officials.

#### What is the reach of PMC Bank?

Founded in 1984, PMC Bank was the youngest bank to get the status of a sched-

uled bank in 2000 and a licence of authorised dealer category 1 in the year 2011 for forex business by the RBI. PMC Bank has 137 branches spread across seven states with 81 of these in Mumbai, Navi Mumbai, Thane and Palghar regions, 10 in Pune and 12 in the rest of Maharashtra. The bank has several small businesses, housing societies and institutions as its customers. It was popular in the Sikh community as some of the original promoters were from the community-based in Mumbai.

#### What went wrong?

Going by the Annual Report and Balance Sheet, everything appeared to be hunky-dory. The bank, which has a deposit base of just over Rs 11,000 crore, reported a net profit of Rs 99.69 crore in 2018-19 as against Rs 100.90 crore in 2017-18. The bank showed 3.76 per cent (or Rs 315 crore) of advances (Rs 8,383 crore) as gross nonperforming assets (NPAs) in March 2019, which was a good

performance considering that public sector banks recorded over 10 per cent gross NPAs.

But it turned out that the bank had suppressed the sticky assets and under-reported them; the total bad loans could be between Rs 2,000-2,500 crore. There was no way the bank could have made provisions for such high levels of bad loans. Though the auditor of the bank did not flag the issue in the Annual Report of 2018-19, the RBI became tough in the wake of huge divergence in bad loan reporting.

The bank was funding a clutch of companies, mainly in the troubled real estate sector, led by Housing Development & Infrastructure Ltd (HDIL). Commercial banks have already declared HDIL a defaulter. Rakesh Kumar Wadhawan is the Chairman of HDIL and his son Sarang Wadhawan is the Vice Chairman and MD. PMC Bank's Managing Director Joy Thomas on Wednesday went on record to say that the bank had given loan to Wadhawan even af-

ter the company (HDIL) defaulted on its loans to other banks and the firm was taken to National Company Law Tribunal (NCLT) for insolvency proceedings. However, Thomas claimed that the loan was much lower than Rs 2,500 crore quoted in the media.

On August 20, 2019, NCLT admitted an insolvency plea moved by the Bank of India against HDIL in connection with a Rs 522-crore loan default.

#### What is the Wadhawan connection?

The Wadhawans of HDIL group had close links with PMC Bank for a long time. PMC Bank's chairman, Waryam Singh, was on the board of HDIL for nine years (2006-15) until he resigned as a director. Incidentally, Kapil Wadhawan, chairman and MD of Dewan Housing Finance Ltd (DHFL), which is also facing a liquidity crunch, is a cousin of Sarang Wadhawan. After the Wadhawan family divided the group business, real estate (HDIL) was managed by Rakesh

Wadhawan while the mortgage business (DHFL) went to his brother, the late Rajesh Wadhawan, father of Kapil Wadhawan.

What has surprised bankers is that HDIL, already a defaulter and taken to NCLT for insolvency, managed to get a pay order worth around Rs 96 crore from PMC Bank for a settlement at the Bank of India. However, Thomas of PMC Bank had claimed this was given with the backing of Wadhawan's personal guarantee. "Loans given to HDIL and other entities were suppressed despite defaults. The RBI supervision was also lax. They should have flagged these issues long back. I don't believe their auditors did not know about this," said Vishwas Utagi, former general secretary of Maharashtra State Bank Employees Federation. Utagi said the RBI was forced to step in after the HDIL was taken to NCLT for insolvency proceedings and it was not in a position to repay the loans and the bank was unable to make provisions.

#### What's the way forward?

The RBI has appointed J B Bhoria as administrator of PMC Bank; he is expected to take appropriate measures to bring the bank back on the rails. The 14-member board of the bank headed by Waryam Singh has been superseded.

Going by the RBI's actions on the co-operative banking front, one option is for PMC Bank to be merged with another bank. Between 2004 and 2018, the RBI has merged 72 cooperative banks in Maharashtra alone. Across the country, the number of urban co-operative banks has fallen from 1,926 to 1,551 in the last 15 years.

If the bank is liquidated, which is less likely, depositors will get Rs 1 lakh irrespective of the amount they had deposited. Small depositors need not panic as the bank has Deposit Insurance and Credit Guarantee Corporation cover under which deposits up to Rs 1 lakh are covered. The bank has also claimed it has enough assets to cover the liabilities.



## The Indian EXPRESS

FOUNDED BY  
RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

# House is sovereign

There are lessons for India in UK apex court order that upholds democratic accountability of parliament



UPENDRA BAXI

THE UNITED KINGDOM Supreme Court, in a slender but significant judgment, decided that the prorogation of parliament by the Queen of England, acting on the advice of the Privy Council, was unlawful on the grounds of parliamentary sovereignty and democratic accountability. It historically held the action was so patently unlawful that “when the Royal Commissioners walked into the House of Lords it was as if they walked in with a blank sheet of paper”. This unanimous judgment of all 11 justices (the twelfth was not empanelled to avoid the casting vote of the chief justice for which apparently the Constitutional Reform Act 2005, makes no provision).

The situation before the Court was pregnant with the politics of power but it, like the Indian counterpart, focussed merely on constitutionality of the prime minister’s action of prorogation of parliament in mid-session. This was truly a *Kesavananda Bharati* moment for the British court. But unlike the full Indian court, there was no riot of concurring and dissenting opinions.

Written in elegant and firm language, and accessible to all, the judgment is very brief (71 paragraphs and 24 pages and heard only for three days). The judicial courage, craft, and contention have a common core in India and UK — judicial review has its basis primarily in safeguarding people’s basic rights but in the Indian context, the end is achieved by a prolixity of judicial opinions addressed to multiple constituencies and the high art of speaking to the future. May be, judicial verbosity emanates in India from the verbosity of the written Constitution itself? Or, each justice values the freedom to write, to concur as well dissent? Or still some are anxious to attain judicial immortality and be remembered by posterity with pride? Perhaps, the ancient Hindu law tradition of *nibandkaras* (essayists) reincarnates law-giving in the form of an erudite discourse. Different judicial styles reveal both the language of power and the power of language — a subject worthy of study by law and sociolinguistics.

The UK Supreme Court has available to it two diametrically opposed readings. The first was the model of judicial self-restraint or ac-

commodation with other institutions of co-governance; in effect, to treat the questions raised as the pursuit of politics by other means. The second was to check the political executive by insisting on the basic principles of the common law, which protect parliamentary sovereignty. It adopted the latter course saying that although the “United Kingdom does not have a single document entitled ‘The Constitution’, it nevertheless possesses a Constitution, established over the course of our history by common law, statutes, conventions and practice”. Though not codified, “it has developed pragmatically, and remains sufficiently flexible to be capable of further development” and it “includes numerous principles of law, which are enforceable by the courts in the same way as other legal principles”. The principle of judicial duty stands reiterated: “... the courts have the responsibility of upholding the values and principles of our constitution and making them effective: And it is their particular responsibility to determine the legal limits of the powers conferred on each branch of government, and to decide whether any exercise of power has transgressed those limits.” The courts “cannot shirk that responsibility merely on the ground that the question raised is political in tone or context”. The judicial duty then lies in the discovery of the first principles of constitutional law, which regulate the application of constitutional discipline over the uses of political power. I do not think that the Indian Supreme Court’s jurisprudence, and its demosprudential co-governance of the nation, is substantially different in result, though the contexts vary enormously.

However, the British Supreme Court does not confine the sway of such principles merely to the “protection of individual rights”, but includes “principles concerning the conduct of public bodies and the relationships between them”. These principles are “a concomitant of parliamentary sovereignty”. Accordingly, the “power to prorogue cannot be unlimited”. Indeed, no power is, at least in a constitutional democracy.

The Court boldly faces the question: “How, then, is the limit upon the power to prorogue to be defined, so as to make it com-

patible with the principle of parliamentary sovereignty?” It dexterously links the doctrine of parliamentary sovereignty with democratic accountability to people at large: “Ministers are accountable to parliament through such mechanisms as their duty to answer parliamentary questions and to appear before parliamentary committees, and through parliamentary scrutiny of the delegated legislation which ministers make. By these means, the policies of the executive are subjected to consideration by the representatives of the electorate, the executive is required to report, explain and defend its actions, and citizens are protected from the arbitrary exercise of executive power”. And in the present case, judicial duty consists in applying some “legal limits” because a mere executive fiat proroguing parliament runs “the greater ...risk that responsible government may be replaced by unaccountable government ...the antithesis of the democratic model”. It was precisely this fear of limitless executive power that led the apex court in India to prescribe and develop the principle of the basic structure and essential features of the Constitution.

Neither the monarch, nor the prime minister, may insulate themselves from parliamentary sovereignty and democratic accountability. Considerable judicial regard for “the responsibilities and experience of the prime minister” does not overcome the “court’s responsibility to determine whether the prime minister has remained within the legal limits of the power”. The Court will intervene if “the consequences are sufficiently serious”; far from being a mere judicial say-so, it has to rest on the discovery and affirmation of sound basic principles of constitutional good governance.

Of course, no judicial decision is beyond socially responsible critique. But in asking parliament to finally decide the terms and conditions of Brexit, the British court has valuably upheld the principles of democratic accountability of a sovereign parliament.

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## PEEKABOO, GUESS WHO

SC seeks an end to trolling and lying online. But the cure must not be worse than the disease

THE SUPREME COURT, responding to a plea by Facebook, has expressed serious concern about the electronic Wild West that internet technology has opened up, and directed the government to file an affidavit within three weeks outlining a strategy to get social media platforms to share information with law enforcement without compromising the privacy of citizens. The court had asked why citizens must suffer being trolled and maligned with the impunity conferred by anonymity, and without hope of easy legal remedy. It is a serious question, since clarity concerning guidelines would remove the arbitrariness with which action has been sought and draconian curbs applied. But in a nation that has become pathetically eager to both give and take offence, it is a difficult question concerning the countervailing claims of different rights, and it is particularly vexed by the depressing reality that none of the stakeholders involved have kept their hands clean.

At the risk of seeming contrarian, may we ask why the government, which will now draft the affidavit, permits the rampant misuse and abuse of the law against citizens who speak out online? Even after the offensive Section 66A of the Information Technology Act was struck down as unconstitutional in 2015, the harassment of citizens involved in opinionating, advocacy or discussion has continued, without the government requiring application of mind from the police. Some governments have stooped to using the instrument directly against their own people. Caution is now required, since the imperative of public order and safety is often used to justify innovations that are revealed to be intrusive or coercive. The court may wish to consult its own ruling in *Shreya Singhal vs Union of India*, delivered by justices J Chelameswar and Rohinton F Nariman: “It is clear that Section 66A arbitrarily, excessively and disproportionately invades the right of free speech and upsets the balance between such right and the reasonable restrictions.” In the judges’ view, Section 66A suffered from the deficit of “vagueness”, encouraging arbitrariness. The guidelines which the government is required to produce may be as arbitrary in practice, because perceptions of right and wrong are socially determined, rather than legally.

The social media platforms which would follow these guidelines have not consistently been ideal guardians of the balance between privacy and accountability. Facebook is still firefighting the Cambridge Analytica scandal and allegations of letting its platform be used to influence the US elections and Brexit. And troll-teeming Twitter is permanently beleaguered by allegations of unresponsiveness to complaints of abuse. The court, which over the years has expanded the contours of free speech, has entered deep waters here, and may finally see fit to rely on existing laws and processes. If applied prudently and morally, they should suffice the purpose.

## THE PILLAR STANDS

By asserting the supremacy of parliament, the UK Supreme Court upholds democratic first principles

LAST MONTH, BRITISH Prime Minister Boris Johnson sought to circumvent the first principles of deliberative democracy through a procedural technicality. The PM, by “advising” the titular head of state, Queen Elizabeth, to prorogue (suspend) parliament for five weeks, would have escaped a in-depth debate around the modalities of the Brexit deal Johnson is seeking to put in place before the October 31 deadline. There was also a very real possibility of a disastrous “no deal Brexit”. On Tuesday, the highest court in the United Kingdom ruled unanimously to enforce the supremacy of parliament, and, in doing so, established the resilience of the institutions that form the pillars of democracy during a political crisis that has vitiated the public discourse.

In a sharp and unambiguous 24-page judgment, the 11-member bench highlighted the higher judiciary’s responsibility in defining the limits to the powers of the executive. To do so, it rightly concluded, is not judicial over-reach but rather the essential task of the higher courts in a democracy, which values checks and balances to power. The court also established, rightly, that the legal precedent and conventions that form the bedrock of the UK’s constitutional morality cannot be discarded for the exigencies of partisan politics. By trying to avoid a debate on a contentious and important issue, Johnson undermined the core principle of parliamentary accountability, according to the court. It said: “The Court is bound to conclude, therefore, that the decision to advise Her Majesty to prorogue Parliament was unlawful because it had the effect of frustrating or preventing the ability of Parliament to carry out its constitutional functions without reasonable justification.”

Accountability to parliament, as the judgment notes, “lies at the heart of Westminster democracy”. Since the people of Britain voted by a slender majority to leave the European Union, the country has been mired in a political crisis, with the threat of economic uncertainty looming. Added to that, the prospect of the executive riding rough-shod over the legislature, claiming the backing of the will of the people, would be a challenge to the very idea of parliamentary democracy. The Supreme Court of the United Kingdom has made it clear that it is parliament, collectively, that represents the will of the people, not merely those few members who lead the government. And that the institutions that make democracy a legal and moral endeavour can stand against populism. It is a lesson that has resonance beyond the British Isles.

## ALWAYS BIG B

In his 50-year tinsel journey, Amitabh Bachchan has set the mood for Bollywood, remaining larger than life always

THIS YEAR’S DADASAHEB Phalke Award has gone to Hindi cinema’s greatest star. Dilip Kumar was perhaps the better actor, Raj Kapoor the greater showman, Dev Anand more charming and Rajesh Khanna was better at romance. The younger audience may have identified more with the Khans. But for 50 years, Bollywood has not had a shahenshah as charismatic as Amitabh Bachchan.

The thespian did not always have it easy. He made his film debut as a voice narrator in Mrinal Sen’s *Bhuvan Shome* (1969). But in those days, Bachchan’s baritone had few takers. And his tall frame was deemed too awkward for the romantic parts. Bachchan was first noticed in the K A Abbas film *Saat Hindustani* (1969). In his memoirs, Abbas recalls telling “the tall young man... in a way we have no heroine in our film”. One of his early films, *Anand* (1971), got Bachchan a Filmfare award for the Best Supporting Actor. But this Hrishikesh Mukherjee film was all about Rajesh Khanna, the philosopher’s stone for every producer then. This was the time when the Dilip-Raj-Dev trio were on their way out, but still held some sway. And there was jubilee Rajendra Kumar as well. However, these were also times when ideals and morals were put to question. Bollywood needed a hero who was a rebel but introspective, abrasive at times yet with a palpably tender side. Inspector Vijay in Prakash Mehra’s *Zanjeer* (1973) was the prototype of such an “angry young man”.

From *Saat Hindustani*, *Anand* to *Zanjeer*, *Deewar* and *Sholay* to *Hum* and *Shahenshah* to *Black*, *Paa*, *Piku* and *Pink* this century, Bachchan’s tinsel journey, in some ways, encapsulates Bollywood’s changing moods. He defied life-threatening injury, came out of bankruptcy, held his own amidst generations of younger actors and at times, even defied the conventional. But Big B, who came to Bombay after giving up a princely job in a private company, never found the muse to be less than larger than life.



BALRAM BHARGAVA

ON WORLD CONTRACEPTION Day, there is a need to talk about the reproductive health practices and rights of people in India. It is commendable that the government under Prime Minister Narendra Modi has been vocal about the need for a small and healthy family to contribute to India’s socioeconomic growth in the long term. To achieve this vision, there is a need to highlight the importance of Sexual and Reproductive Health and Rights (SRHR), which are fundamental for family planning and the overall well-being of individuals.

India’s family planning programme dates back to the 1950s and it has made significant progress. The recent emphasis on increasing spacing between children and providing access to the basket of contraceptive choices poses the promise of universal access to reproductive health services. The National Family Health Survey (NFHS) 4 shows that the use of modern contraceptive methods (mCPR) continues to be around 48 per cent since 2006. In the states which showed mCPR decline, sterilisation contributed to more than 70 per cent of contraceptive use. Further, according to NFHS 4, female sterilisation in India continues to be around 37 per cent since 2006, despite health complications and deaths, highlighting the gender inequality in contraceptive use. This could be because of lack of accessibility or awareness of other contraceptive methods and requires immediate redressal.

India has a vast repository of health and demographic data. But such a repository can also be confusing. For instance, contraceptive

## THE RIGHT COUNT

Sexual & reproductive health data need to be accurate to form effective basis for policy

Researchers have pointed out that data quality gets affected due to factors like interviewer bias, which leads to incorrect data entry. This often occurs while collecting female sterilisation data, which is impacted by over-reporting women as never users and reporting current female non-users as cases of hysterectomy. The level of the bias has been found to be higher in the states that recorded a decline in mCPR, which reflects that the findings were influenced due to errors in data collection.

use data from large-scale surveys show different levels in selected geographies, making planning challenging. These inaccuracies could be due to errors in data collection.

The errors in data collection impact the quality of data, which compromises the survey findings. The quality of these findings is crucial for policy planning to address reproductive health and maternal and child health issues. Researchers have pointed out that data quality gets affected due to factors like interviewer bias, which leads to incorrect data entry. This often occurs while collecting female sterilisation data, which is impacted by over-reporting women as non-users and reporting current female non-users as cases of hysterectomy. The level of the bias has been found to be higher in the states that recorded a decline in mCPR, which reflects that the findings were influenced due to errors in data collection. Also, there is difficulty in distinguishing between methods like sterilisation and hysterectomy for some interviewers, which leads to incorrect reporting. Research shows that state-level decline in the utilisation of mCPR and decline in sterilisation acceptance could lead to a reduction in the use of mCPR.

There is a need to address data quality issues and introduce technological interventions in data collection, training, and capacity-building of survey officials. The role of the National Data Quality Forum (NDQF), a multi-institutional initiative hosted by Indian Council of Medical Research (ICMR) becomes crucial when it comes to addressing the gaps

between data collection and analysis and using that data for advocacy and policymaking. NDQF aims at improving data quality for better and efficient research, identify discordance and errors, and establish protocols and good practices for improving data quality. NDQF plans to create an integrated platform to share new ideas, develop advanced techniques with the use of Artificial Intelligence (AI) and technology, for improving data quality in health and demographic research for effective policy planning.

There is a need to promote forums like NDQF to reduce the errors in data collection and bring together the brightest minds for developing robust data quality frameworks. Further, the onus should be on making data collection inclusive of people, choice, agency, awareness, and decision-making. It is also crucial to address women’s reproductive rights. According to NFHS 4, 36 per cent females and only 0.3 per cent males underwent sterilisation which showcases the level of the disparity. With male sterilisation on rapid decline, Ministry of Health and Family Welfare released the National Health Policy 2017 which aims uptake of male sterilisation to 30 per cent. Therefore, the focus should be on improving data for identifying the issues in contraceptive use and addressing gender inequality in SRHR in India. The ICMR-NIRRH Mumbai has taken this up as a priority area of research.

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## SEPTEMBER 26, 1979, FORTY YEARS AGO

COMPANY DONATIONS PROVISIONS OF SECTION 293-A of the Companies Act banning company donations to political parties have been amended by an ordinance to plug loopholes in it. Under the issued ordinance, contributions — direct or indirect (cash, in kind or by provisions of any service or assistance) — by a company to a political party or for political purposes have been made punishable. According to an official statement by the Department of Company Affairs, receipt of contribution from a company by any member or office-bearer of a political party or by any other person for or on behalf of a political party has also been made an offence under the ordinance.

ONGC STRIKE OFF THE TWO-DAY-OLD STRIKE by workmen and officers of ONGC was called off this morning after an assurance by the deputy prime minister, Y B Chavan, that adequate police protection would be given to those working in Assam. The personnel who had stopped work in the oil fields in Gujarat resumed work today. Workers in the Bombay High offshore project had not joined the strikers. The Bombay High project workmen had threatened to stop crude and allied gas production from 6 a.m today. About 25,000 employees were involved in the ONGC strike which affected the working of the Koyali refinery and two fertiliser plants in Gujarat.

LEFT UNITY EVEN AS THEY are making poll adjustments with the Janata (S)-Congress combination, the Marxists are conscious of the post-election battle that awaits them. That is precisely the reason why the CPM manifesto released in New Delhi today lays accent on consolidation of the Left forces. While explaining the main features of the manifesto to newsmen, B T Ranadive, politburo member, made it clear that continuous struggle will have to be waged even after the election, both inside and outside Parliament. For this to be possible, he said, the Left forces must strive to increase their strength in the Lok Sabha.

WHAT THE OTHERS SAY

“Mr Johnson and his team — including his chief adviser Dominic Cummings — have proved utterly ineffective. Just as well when they are trying to rule by decree and suspend democratic government.” —THE INDEPENDENT

# You can't shop for teachers

Massive recruitment of teachers in Delhi University and focus on world rankings are myopic moves that are symptomatic of a larger crisis in higher education



SHOBHIT MAHAJAN

THE UNIVERSITY OF Delhi is reportedly set to finish recruitment of more than 5,000 teachers very soon. And no, that astonishing number is not a typographical error. There are about 4,500 vacant positions in the 80 odd colleges under the University and around 850 positions in the faculties of the University. Earlier this year, the Ministry of Human Resource Development, for reasons best known to them, had ordered the University to fill these positions within six months.

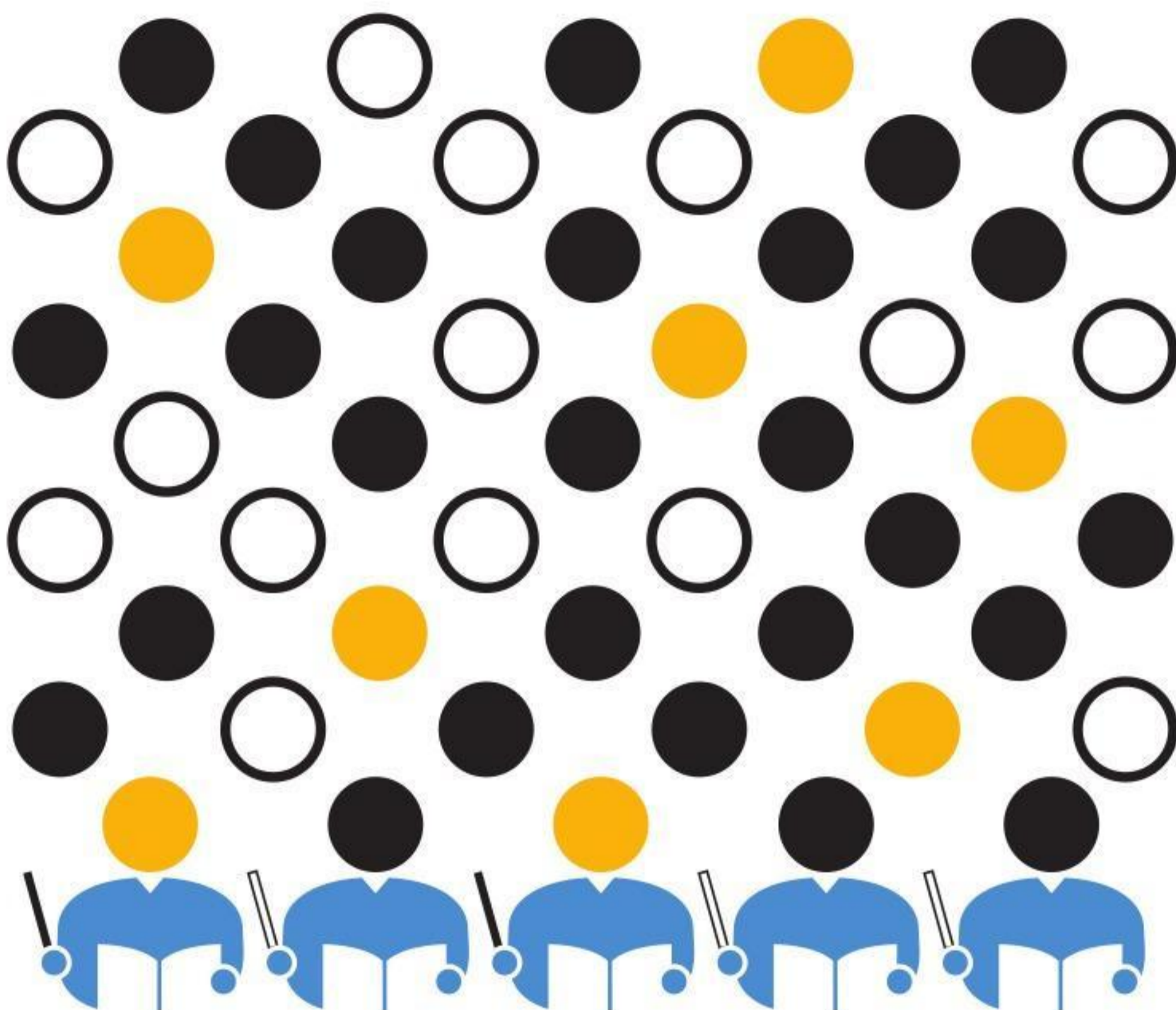
There are several reasons for such an astonishing number of vacancies. First, there have been almost no appointments in the last decade or so for reasons which are not entirely academic. In the interim, many teachers have superannuated and their positions have fallen vacant. In addition, the expansion of the enrolment because of OBC reservation increased the number of positions by almost half. Recently, the EWS reservation has added to this pool. Given that the appointment of such a huge number of people will have a profound effect on the teaching and research environment of the colleges, and the faculties, it is important to delve into several aspects of the current lightning drive to recruit.

The vast majority of positions in the colleges are already being staffed by teachers who are oddly termed as ad-hoc, though they teach as much, and sometimes, more than the regular faculty. These teachers have all the requisite qualifications for a permanent position but are given appointments from semester to semester. And, for some of them, this has been going on for a decade. The devastating psychological toll that this arrangement takes on the teachers can only be imagined. The situation in the faculties of the University is different — here, by and large, there are no ad-hoc appointments.

The critical issue in this whole exercise is the recruitment process itself. The recruitment is decentralised for the colleges and so in principle, one can conceive that such a huge number of appointments would be done concurrently and thereby could take place in a reasonable amount of time. Further, since most vacant positions already have ad-hoc teachers teaching against them, and these have been deemed to be competent (or else, they would not have been reappointed year after year) and qualified, one can imagine that the colleges would be able to fill the positions.

For the university faculties on the other hand, the recruitment is centralised. The process is as follows: The number of candidates to be called for the interview per vacant post is determined by the UGC and a shortlisting of the applicants is done according to an academically suspect formula which is given by, well, the UGC. Whatever happened to university autonomy is another matter. The selection committee which interviews the candidates and selects them, consists of external experts as well as the Vice Chancellor and the Visitor's nominee, apart from the head of the concerned department.

This might seem like a reasonable process ordinarily — but these are hardly ordinary times. Filling up 850 positions involves interviewing around 10,000 candidates at the minimum, as per the UGC



CR Sasikumar

guidelines. Assuming even a perfunctory interview lasting 30 minutes, that means a staggering 5,000 hours of interviews. Since these committee meetings cannot be held concurrently, they would have to work for almost a year without a break! One can only imagine the quality of the candidates chosen by overworked and overburdened selection committees.

This elementary mathematical anomaly aside, which seems to have escaped the MHRD, there is a more serious aspect to this farce: No academic institution worth its name ever goes in for such mass recruitments of its teaching faculty. The reason is simple — it is almost impossible that one would be able to find such large numbers of teachers and researchers of excellence at any given instant of time. In addition, in any discipline, new sub-disciplines might emerge in the future which would need specialists. Academically, it makes a lot more sense to stagger appointments over a long period of time, something which institutions like the IITs and IIMs have been doing. The bureaucrats at the MHRD were, obviously, blissfully unaware of the academic consequences of their diktat before issuing it.

The selection itself is done primarily on the basis of the research capabilities of the applicant without any reference to her/his teaching capabilities or inclinations. Generating new knowledge is obviously an integral and important part of the University's function in society. However, only focusing on research is to take a myopic view — good teachers are essential to motivate and train future researchers, and teachers. Thus, one should factor in the applicant's ability to teach as well.

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Of course, it would be difficult and impractical for a selection committee to gauge such capabilities in a short interview. However, this could easily be done by the concerned departments where the candidates could be asked to host a seminar or teach a class, and their peers could rate them on their teaching skills. This assessment could be shared with the selection committee which could then give it due weightage before selecting. Once again, there is nothing particularly revolutionary about this process — the IITs and IIMs have been doing this for years.

For the past few years, we have been witnessing an almost maniacal obsession with the global university rankings amongst our educational policy-making establishment. Sanctioning money for infrastructure, research and human resources are all for the goal of improving our position in these rankings. Unfortunately, what our policy makers and administrators do not realise is that research and teaching are done by humans. Buildings and laboratories are crucial but they are superfluous in the absence of high quality teachers and researchers. The Tuglaqi firmans to hire on a massive scale in an impossibly short time period might be fine for some other mass sectors, perhaps. But building world-class academic institutions needs patience, some familiarity with how academia works and a willingness to modify straightjacketed processes. If we ignore these self-evident facts, a majority of our institutions will stagnate at best and decay into oblivion at worst.

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# Imagining a new India

It's a nation where all citizens have an equal shot at pursuit of their own happiness



JANMEJAYA SINHA

INDULGING ONE OF my hobbies of listening to great speeches, I turned the other day to Martin Luther King's immortal "I have a dream" speech, where he talked of the "fierce urgency of now" to address the tribulations suffered by the "negro seared in the flames of withering injustice". I feel "the tranquillising drug of gradualism" is not good enough to allow Indians a fair chance if we do not address five major crises enveloping India. My own dream for India is one where it has addressed the crises in:

**Water:** The government has undertaken a multi-faceted mission mode approach that has three parts to it — revitalising rivers and fresh water lakes, harvesting rain water and changing the incentives in agriculture. A nationwide mission has been undertaken to restore our rivers ravaged by widespread encroachment and interference in their natural flows. Measures have been taken to address the colossal scale of sewage polluting the rivers. City sewage systems have been revamped and a big focus has been put on increasing the number and maintenance of sewage treatment plants in every city. At the same time, urgent measures have been taken to ensure rain water is better harvested during the monsoon so that ground water levels are managed up. Indian urban conglomerations that have become like plastic sheets and do not absorb rain water have taken firm steps to address this.

Finally, the plea of Ashok Gulati and others has been heard and agriculture has been freed from misdirected intervention. There has been a stop to the supply of free intermittent power that led to water pumps pulling out and wasting ground water and allowing for perverse cropping patterns to get established. Minimum support prices have been replaced by direct benefit transfers to farmers and the export of water (T N Ninan's evocative phrase for rice and sugar exports from water-starved regions) has stopped. A more sustainable framework for water has led to a palpable increase in ground water and rivers have become cleaner and flow stronger.

**Smart cities:** One hundred smart cities have come up to absorb the out migration from the rural areas in UP and Bihar. These cities have affordable houses, piped water, power supply and toilets linked to the city sewage systems with well-developed waste sites. The cities minimise travel between residences and work places because work places are in close proximity to residential colonies. All work places have charging stations for electric vehicles and streets are lined with trees and broad walking pavements and cycle lanes. Taxes have been imposed on private car use in city centres to prevent congestion. Public toilets are plentiful as are trash bins so public areas stay clean. Training facilities have been established for training

poorly educated people for low-skill service industries. The population of metros like Mumbai and Delhi are not growing. There are reports of out-migration from large metro aggregations to newer smart cities.

**Digital apartheid:** All Indians are provided with smartphones and cyber clinics have been funded to encourage ease with a digital environment. Citizen convenience has become a government mantra and most services can be accessed digitally. Services like police verification, getting an election card, obtaining a driving licence, making payments to government can be done remotely and all applications can be submitted through a digital interface. India has also joined the group of cyber-capable nations that can defend the country from cyber attacks and has the capability to inflict damage to other countries in the same way.

**Health:** All health records in India are digitised and are centrally stored. Privacy laws have been established and patient's records can only be accessed with individual consent. People anywhere in India can call in to centres that deal with common concerns with ease. The primary health centres have all been transformed, digitised and linked to 30 specialist health centres for diagnosis and care. The PHCs are staffed by qualified nurses who engage with specialist's centres by video and advise their patients. Patient visits have reduced and convenience has increased. The district hospitals are not crowded and it is easy to access the specialised hospitals in smart cities.

**Education:** The government has introduced a school voucher system where municipal schools are run by the private sector. All Indian children are enrolled in school. A strong accreditation council has been set up by government that maintains and publishes school outcomes widely. Parents can use their school vouchers to choose to send their children to schools within five km of their residences. Paid fully, private schools are fully residential and located out of the cities. Teacher training institutes have been set up and all teachers need to spend one week a year learning from each other on teaching methodologies and new course work. The ratio of teachers to students in primary schools has come down from 46 to 25. All schools are equipped with TVs, computers and phones and powered by renewable sources of energy. Digital penetration in education in India has taken off and a variety of models are being used — instructors joining over phone with the material presented via computer, over video conference or just by providing digital access on computers with drop down menus for further inquiry and more advanced learning. Teaching outcomes are better and the productivity of the Indian economy is showing improvement.

Yes, I have a dream that kids will be judged by the "content of their character", not denied opportunities due to the lack of basic services. I dream that as a nation we have realised that "now is the time to make justice for all of God's children" a reality. Yes, I have a dream that all Indians have an equal shot at pursuit of their own happiness.

The writer is chairman, Boston Consulting Group, India. Views are personal

# A hundred small steps

Government should restructure PDS to meet goal of 'one nation, one ration card'



SUBHASHISH BHADRA AND VARAD PANDE

ON INDEPENDENCE DAY this year, Prime Minister Narendra Modi called for national integration through several "one nation" initiatives such as a singular mobility card, tax regime and electricity grid. One such initiative, "One Nation, One Ration Card", is meant to enable a resident from, say, Darbhanga, to access her food rations in Patna or Mumbai. The Ministry for Food and Public Distribution has commenced pilots between Maharashtra-Gujarat and Andhra-Telangana, and has committed to a national rollout by June 30, 2020.

The Economic Survey 2017 estimated that over nine million Indians change their state every year. For them, the "One Nation, One Ration Card" is a gamechanger because it makes their rations "portable", allowing them to pick up foodgrains from any ration shop in the country. It also benefits nonmigrants by allowing them to transact at better-performing shops locally. This local "choice effect" is extremely popular in Andhra Pradesh, which has introduced such portability within the state since October 2015. A study by researchers at the Indian School of Business (ISB) found that over 25 per cent of Public Distribution System (PDS) beneficiaries in the state now use portability.

However, we must approach this bold vision with utmost caution because PDS is a crucial lifeline for many of the 800 million Indians it reaches. It provides them with at

least 5 kg of grain per person per month, equivalent to 25 per cent of an individual's recommended calorie intake. Even well-intentioned changes that shock the system can therefore have potentially catastrophic outcomes for some. In 2017, it was reported that a 11-year old Dalit girl named Santoshi Kumari from Jharkhand died when her family was unable to access rations in the aftermath of large-scale revisions in the beneficiary list. Over 18 starvation deaths have been reported in the state since September 2017. Such tragedies must be prevented at all costs and we should therefore be cautious while restructuring the program.

We believe that three considerations are important to keep in mind while thinking about the "One Nation, One Ration Card" initiative. First, fundamental processes related to the PDS need to be redesigned to empower every individual. The State of Aadhaar Survey 2017-18 found that nearly 6.5 per cent of PDS beneficiaries in Rajasthan were denied ration because the shopowner claimed to be out of food grain. This translates to over 3.5 million people in Rajasthan alone. A beneficiary has no mechanism to question whether the shop owner is telling the truth or diverting rations. Portability and biometrics will not solve this problem completely.

Portability in Andhra Pradesh does well because it exists in an environment of accountability of ration shops. The state gov-

ernment collects feedback in real time through a mobile-based system. The central government should use this opportunity to make PDS more user-centric. It should track denial of service on a real-time basis through mobile-based surveys. It should commission research on the experiences of particularly vulnerable groups such as the elderly, migrants, disabled and tribals to modify the process where needed. It should enable beneficiaries to track the amount of food at nearby ration shops using their mobile phones.

Second, the operational backbone of the PDS needs to be restructured to promote portability. States should be brought together on a national platform that is based on the same technical standards and can therefore "speak" to each other (what technologists call "interoperability"), so that portability works seamlessly across states. The system should be based on what technologists call "open APIs" so that states can customise the user interface to their local needs, and add features and additional entitlements as they deem fit. The system should enable real time tracking of inventories and rapid response to low stock situations.

Thirdly, while leveraging the power of Aadhaar for PDS, the government should actively address privacy and exclusion risks that the use of Aadhaar and a centralised PDS platform can lead to. In early 2018, the UIDAI in-

roduced privacy protecting features such as virtual ID and tokenisation. However, few actually use them. The government should enable every section of society to understand and use these features through both online and offline methods. The government should also acknowledge that authentication failures will happen in any biometric system. Studies by ISB in multiple states point to a 1-3 per cent failure rate, potentially affecting 8-24 million people at a national scale. To prevent denial of service, the government should ensure availability of non-biometric means of authentication (such as OTP or PIN), as well as manual overrides.

In conclusion, we suggest that the central government adopt a patient path of "a hundred small steps" while implementing this vision. It should start by encouraging all states to roll out within-state portability. This will also increase their operational and technical capacity. In the meantime, it should work on a national technical platform that works for all states. Such a gradual rollout will prevent transition glitches that show up as harmless statistics in reports, but are a matter of life and death for millions in our country. We owe this to Santoshi, and to many others like her.

The writers work at Omidyar Network India, an investment firm focussed on social impact through equity investments and grants, with an emphasis on technology

## LETTERS TO THE EDITOR

### HEAR THEM OUT

THIS REFERS TO the article, 'Being Greta Thunberg' (IE, September 25). The young climate change activist deserves all praise for raising her voice about a serious concern, at a time when governments do not seem to be taking stock of the issue. What worries me is that in India, such voices when raised by young people are increasingly getting suppressed with the tag of "anti-national".

Nikita Gupta, Tricity

### REAL TEST

THIS REFERS TO the editorial, 'The test ahead' (IE, September 25). The abrogation of Article 370 was the easier part. The real test starts now. While the Government of India cannot be faulted for all the precautions taken in the run up to annulling Jammu and Kashmir's special status, the prolonged continuation of the clampdown indicates its nervousness. With the identity of Kashmiris at stake, there is bound to be a simmering discontent among the local populace. Has New Delhi bitten more than it can chew?

Kamna Chhabra, Gurugram.

THIS REFERS TO the editorial, 'The test ahead' (IE, September 25). The fact of there being no deaths in the Naya Kashmir can be interpreted in two ways: Either Indian security forces have retreated as a part of their larger strategy. The silence in the Valley could be a lull before the storm. The government must, therefore, lift curbs and restrictions which are affecting the daily

### LETTER OF THE WEEK AWARD

To encourage quality reader intervention, The Indian Express offers the Letter of the Week award. The letter adjudged the best for the week is published every Saturday. Letters may be e-mailed to [editpage@expressindia.com](mailto:editpage@expressindia.com) or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301. Letter writers should mention their postal address and phone number.

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life of people.

Tarsem Singh, Mahilpur

### FOR THEIR FUTURE

THIS REFERS TO the editorial, 'A new approach' (IE, September 25). To become more aware about climate change, we must dare to ask ourselves, "Are we going to give our future generation a safe planet to live in?" Let's not hurt the prospects of our coming generation. We need honest commitment to avert climate change rather than just paying lip-service.

Neha Yadav, Lucknow







## संचार की हद

हाल के वर्षों में आम जनजीवन में आधुनिक तकनीकी का दखल बढ़ा है, उससे कई स्तरों पर लोगों का जीवन स्तर बेहतर हुआ है, जीने के तौर-तरीकों में सहजता आई है। निश्चित तौर पर विज्ञान से जुड़ी उपलब्धियों के सकारात्मक उपयोग की मानव जीवन में यही भूमिका होनी चाहिए। लेकिन विर्डबना यह है कि आमतौर पर हर देशकाल में मौजूद असामाजिक तत्त्व भी विज्ञान और आधुनिक तकनीकों का ही सहारा लेकर अराजकता फैलाते हैं। पिछले कुछ समय से भारत में वाट्सऐप या फेसबुक जैसे अन्य सोशल मीडिया के मंचों से अफवाहें फैलाने और उसके जरिए लोगों के बीच नफरत और उन्माद पैदा करके हत्या तक की घटनाएं सामने आईं। इसके अलावा, सोशल मीडिया आज किसी व्यक्ति के चरित्रहनन, झूठी और आक्रामक बातें करके परेशान करने, फर्जी खबरें फैलाने का भी हथियार बनता जा रहा है। कुछ वेबसाइटों पर आसानी से घातक हथियारों की खरीद-बित्रीं के भी मामले देखे गए। मुश्किल यह है कि कई बार इस तरह की खबरें या अफवाह फैला कर हिसक माहौल पैदा करने वालों का पता नहीं चल पाता और कानूनी कार्रवाई के दौरान असली दोषी आसानी से पकड़ में नहीं आता।

यों, सोशल मीडिया के नुकसान को देखते हुए इस पर लगाम लगाने के हक में आवाजें उठने लगीं हैं। लेकिन मंगलवार को सुप्रीम कोर्ट ने इस पर यह सख्त टिप्पणी की कि तकनीक ने एक खतरनाक रूप अख्तियार कर लिया है और समय आ गया है जब सोशल मीडिया का दुरुपयोग रोकने के लिए तय समयसीमा के भीतर दिशानिर्देश बनाए जाएं। इस मसले पर याचिका की सुनवाई करते हुए सुप्रीम कोर्ट के एक जज को यहां तक कहना पड़ गया कि सोच रहा हूं कि अब स्मार्टफोन का इस्तेमाल बंद कर दूं। निश्चित रूप से सोशल मीडिया के भिन्न मंचों की अपनी अहमियत है और वे आज अभिव्यक्ति के एक अहम औजार के रूप में काम कर रहे हैं। लेकिन जिस पैमाने पर इसका बेजा इस्तेमाल बढ़ा है, उसमें इस बात की जरूरत है कि घातक असर पैदा करने वाले संदेशों का प्रसार करने वालों की पहचान करने और उन्हें कानून के कठघरे में खड़ा करने के लिए सख्त नियम-कायदे बनाए जाएं। इस संबंध में अदालत ने केंद्र सरकार से यह भी स्पष्ट करने के लिए कहा है कि क्या वह सोशल मीडिया का इस्तेमाल करने वालों को आधार से जोड़ने पर विचार कर रही है।

इसमें कोई शक नहीं कि सोशल मीडिया के मंचों पर ऐसी अनेक उपयोगी जानकारियां और किसी घटना के विभिन्न पहलू से जुड़े तथ्य भी साझा किए जाते हैं, जो किन्हीं वजहों से मुख्यधारा के सूचना-स्रोतों के जरिए सामने नहीं आ पातीं। लेकिन सच यह है कि चूँकि इसके ज्यादातर उपयोगकर्ता अभी इसके सकारात्मक इस्तेमाल को लेकर अपेक्षित स्तर तक संवेदनशील, सजग और जागरूक नहीं हैं, इसलिए कुछ लोगों को अफवाह और झूठी खबरें फैला कर अपनी मंशा पूरी करने में आसानी होती है। यह अपने आप में एक विद्रूप है कि महज अफवाह की आग की वजह से भीड़ में तब्दील होकर लोग किसी ऐसे व्यक्ति की भी पीट-पीट कर जान ले ली जाती है, जिसका उससे कोई ताल्लुक नहीं होता। यह न सिर्फ कानून-व्यवस्था और समाज की सोच को कठघरे में खड़ा करता है, बल्कि इससे उन तकनीकों पर भी विचार करने की जरूरत महसूस होती है, जिनके जरिए आज किसी झुट को आग की तरह फैलाना आसान हो गया है। जाहिर है, इस पर लगाम के लिए एक ठोस व्यवस्था वक्त की जरूरत है, लेकिन यह ध्यान रखने की जरूरत होगी और सुप्रीम कोर्ट ने भी इससे सरोकार जताया है कि ऐसी पहलकदमी में लोगों की निजता का अधिकार, उनकी प्रतिष्ठा और देश की संप्रभुता का हनन न हो।

## इमरान का कबूलनामा

पाकिस्तान के प्रधानमंत्री इमरान खान ने इस बात को स्वीकार कर लिया है कि उनकी सेना और खुफिया एजेंसी आइएसआइ आतंिकियों को प्रशिक्षण देती रही है और अलकायदा जैसे वैश्विक आतंकी संगठन के लड़ाके भी इन्होंने ही तैयार किए हैं। यह पहला मौका है जब पाकिस्तान के किसी प्रधानमंत्री ने सच्चाई को स्वीकार करते हुए अपनी सेना और खुफिया एजेंसी का पर्दाफाश किया है। इमरान खान की यह स्वीकारोक्ति चौंकाने वाली इसलिए है कि अब तक पाकिस्तान पूरी दुनिया से यही कहता आया है कि आतंकवाद फैलाने में उसकी कोई भूमिका नहीं है और कोई आतंकी संगठन उसके यहां नहीं है। हालांकि इमरान खान पहले भी परोक्ष रूप से यह चुके हैं कि सेना और आइएसआइ आतंकी तैयार करती है। पाकिस्तानी प्रधानमंत्री ने अमेरिका में एक विचार संस्था- कार्डिफल ऑन फॉरन रिलेशंस में एक चर्चा के दौरान इस हकीकत को माना है। सवाल यह है कि आखिर क्या वजह है कि इमरान खान अब सच्चाई को स्वीकार कर रहे हैं और दुनिया के सामने असलियत ला रहे हैं, जबकि उनकी छवि तो सेना की मदद से बनने वाले प्रधानमंत्री की रही है।

पाकिस्तान की गिनती दुनिया के उन चंद मुल्कों में होती है जो आतंकवाद को बढ़ावा देते हैं। पिछले कुछ सालों में पश्चिमी देश जिस तरह आतंकवाद का शिकार हुए हैं, उसके बाद से ही पाकिस्तान पर शिकंजा कसना शुरु हुआ। जिस अलकायदा के लड़ाकों ने न्यूयॉर्क के वर्ल्ड ट्रेड सेंटर और पेंटागन पर आतंकी हमले करके दुनिया को हिला दिया था, उसे खड़ा करने में पाकिस्तान का बड़ा था। इस बात को अब इमरान खान ने उजागर किया है। हालांकि पाकिस्तान की आतंकवाद की नीति के पीछे अमेरिका की भूमिका कम नहीं है। लेकिन जब अमेरिका खुद इसका शिकार बना तब उसके कान खड़े हुए। अमेरिका ने ही पाकिस्तान के ऐबटाबाद में अलकायदा सरगना उसामा बिन लादेन का खात्मा किया था। सवाल है कि अगर पाकिस्तान आतंकवाद को बढ़ावा नहीं देता तो कैसे इतना बड़ा आतंकी उसके यहां पनाह लिए हुए था और वह भी पाकिस्तान सेना के प्रमुख अड्डे से कुछ ही दूरी पर। जाहिर है, बिना सेना और आइएसआइ के यह संभव नहीं होता। आतंकवाद के मुद्दे पर जब से अमेरिका ने पाकिस्तान पर दबाव बनाना शुरु किया तब से पाकिस्तान को अपनी रणनीति बदलने पर मजबूर होना पड़ा है।

भारत तो पिछले तीस साल से सीमापार आतंकवाद का दंश झेल रहा है। पाकिस्तान ने पहले पंजाब में आतंकवाद फैलाया और फिर कश्मीर में। भारत में अब तक मुंबई हमला, संसद भवन पर आतंकी हमला, उड़ी, पटानकोट जैसे जितने आतंकी हमले हुए, वे सब पाकिस्तान ने कराए। भारत ने समय-समय पर इस बात के ठोस सबूत भी दिए कि उसके यहां पल रहे जैश-ए-मोहम्मद, लश्करे-तैयबा आतंकी संगठनों ने ही ये हमले किए। लेकिन हैरानी इस बात यह कि पाकिस्तान ने कभी इस बात को नहीं माना कि ये आतंकी उसकी जमीन पर रह रहे हैं। पर अब इमरान खान का रुख अलग है। शायद सच्चाई कबूल करके वे दुनिया के सामने अपनी छवि को पाक साफ बनाना चाहते हैं, ताकि ये संदेश जाए कि वे पाक साफ हैं पर सेना और आइएसआइ पर उनका नियंत्रण नहीं है। पाकिस्तान का अब तक इतिहास रहा है कि वहां निर्वाचित सरकारें भी सेना और आइएसआइ की मेहबानी से ही चल पाईं हैं। ऐसे में यदि इमरान खान आतंकवाद के मुद्दे पर सेना और आएसआइ को कठघरे में खड़ा करते हैं तो यह बड़ी बात है। इमरान खान को चाहिए कि अगर वे सच्चे दिल से आतंक के खिलाफ हैं तो वांछित आतंिकियों को भारत के हवाले करें।

## कल्पमेधा

**शब्द मानव समाज द्वारा प्रयोग किया जाने वाला सर्वोत्तम रसायन है।**

**- रुडयार्ड किपलिंग**



## निरंकार सिंह

**एक अनुमान के मुताबिक धरती के तापमान में एक डिग्री सेल्सियस बढ़ोतरी से कृषि पैदावार में दस फीसद की गिरावट आती है। अगर बांग्लादेश का उदाहरण लिया जाए तो उसकी कृषि पैदावार में चालीस लाख टन की कमी आएगी। हर साल पृथ्वी पर जल और खनिजों सहित प्राकृतिक संसाधनों के जबर्दस्त दोहन से जंगल साफ हो रहे हैं। पीने लायक पानी की कमी है। लिहाजा भूकम्प, सूखे और बाढ़ जैसी प्राकृतिक आपदाएं बढ़ती जा रही हैं।**

**एक अनुमान के मुताबिक धरती के तापमान में एक डिग्री सेल्सियस बढ़ोतरी से कृषि पैदावार में दस फीसद की गिरावट आती है। अगर बांग्लादेश का उदाहरण लिया जाए तो उसकी कृषि पैदावार में चालीस लाख टन की कमी आएगी। हर साल पृथ्वी पर जल और खनिजों सहित प्राकृतिक संसाधनों के जबर्दस्त दोहन से जंगल साफ हो रहे हैं। पीने लायक पानी की कमी है। लिहाजा भूकम्प, सूखे और बाढ़ जैसी प्राकृतिक आपदाएं बढ़ती जा रही हैं।**

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दुनिया के एक सौ तिरसठ देशों के चालीस लाख लोग जलवायु संकट को दूर करने के लिए सड़कों पर उतरें। इसी महीने संयुक्त राष्ट्र युवा जलवायु शिखर सम्मेलन से पहले इन प्रदर्शनकारियों ने जलवायु संकट से निपटने के लिए कदम उठाने की मांग की है। धरती के बढ़ते तापमान से जलवायु जिस तेजी से बदल रही है, अब वह हमारे अस्तित्व के लिए खतरा बनती जा रही है। भविष्य में वैश्विक तापमान और तेजी से बढ़ने का खतरा सिर पर है, क्योंकि आने वाले समय में कार्बन डाइआक्साइड के उत्सर्जन में और ज्यादा बढ़ोत्तरी हो सकती है। वैज्ञानिकों ने पांच करोड़ साल पहले के वार्मिंग माडल के अध्ययन के बाद यह भविष्यवाणी की है। अमेरिका के मिशिगन विश्वविद्यालय और एरिजोना विश्वविद्यालय के शोधकर्ताओं ने बढ़ते वैश्विक तापमान के अध्ययन के लिए पहली बार सफलतापूर्वक एक जलवायु मॉडल का उपयोग किया जो धरती के प्रारंभिक अवधि के वैश्विक तापमान से

## एकता कानूनगो बक्षी

मेरी दादी अक्सर एक कहावत का बहुत प्रयोग किया करती थीं। कहती थीं कि ‘जैसा खाएं अन्न, वैसा बने मन’। काफी हद तक उनकी यह कहावत भोजन और उससे होने वाले प्रभाव के मापदंडों पर सही बैठती है। अब देखिए, जब हम गरिष्ठ और मिर्च-मसालेदार भोजन लंबे समय तक करते हैं तो कुछ समय बाद पेट में विकार उत्पन्न होने लगते हैं। नतीजतन, हम कुछ सुस्त और चिड़चिड़े-से हो जाते हैं। लेकिन कभी-कभी यह भी होता है कि जीवां का स्वाद बदलने के लिए चटपटा भोजन करते हैं तो मन प्रसन्न हो जाता है। शरीर का ‘प्रोसेसिंग यूनिट’ एकदम सैधा है। उसके अंदर हम जैसा ‘इनपुट’ डालते हैं, वह वैसा ही ‘आउटपुट’ वह हमें देने लगता है। हालांकि वह हमें अलग-अलग तरीके से सचेत जरूर करता रहता है। जब भी हम खाने-पाने में अति करने लगते हैं या फिर खान-पान में किसी प्रकार की कमी होने लगती है, तब हमारा शरीर हमें संकेत अवश्य देता है, ताकि हम अपनी जीवनशैली को वापस सही पटरी पर ले आएं। सही भोजन और व्यायाम करना तो फिर भी हमारे नियंत्रण में है, पर उन अवांछित विचारों का क्या किया जाए जो हमारे मन और मस्तिष्क पर अनचाहे

## जलवायु का संकट

आज जलवायु परिवर्तन धरती की सबसे गंभीर समस्या बन चुकी है। फिर भी इस मुद्दे पर होने वाले वैश्विक सम्मेलन चर्काचीथ तक ही सीमित रह जाते हैं। जब-जब जलवायु परिवर्तन पर सम्मेलनों का आयोजन हुआ है तब-तब प्रमुख राष्टों द्वारा कोई सार्थक पहल सामने नहीं आई है। जहां से हम चलते हैं, फिर वहीं पहुंच जाते हैं। इन आयोजनों पर नौ दिन चले अढाई कोस वाली कहावत सटीक बैठती है। वर्तमान संदर्भ में बात करें तो जलवायु परिवर्तन पर पेरिस समझौता वर्ष 2020 से अमल में आने को तैयार है। लेकिन हमने यह स्वीकार करना होगा कि इस गंभीर चुनौती का मुकाबला करने के लिए उतने प्रयास नहीं किए जा रहे हैं जितने कि होने चाहिए। सवाल है कि पर्यावरण को सबसे ज्यादा दुषित आखिर कर कौन राते है। हकीकत तो यह है कि विकासशील देशों में जहां विश्व की अरसी फीसद से अधिक आबादी निवास करती है, ग्रीन हाउस गैसों के उत्सर्जन में उनकी भागीदारी सिर्फ बीस फीसद ही है। विकसित देशों में प्रतिव्यक्त कार्बन उत्सर्जन तेरह टन है, जबकि विकासशील देशों में यह तीन टन से भी कम है। अमेरिका में प्रतिव्यक्ति उत्सर्जन भारत की तुलना में बीस गुना अधिक है। दुनिया में सिर्फ पंद्रह फीसद जनसंख्या के साथ अमीर देश सैंतालीस फीसद से ज्यादा कार्बन डाइआक्साइड उत्सर्जित कर रहे हैं। जलवायु परिवर्तन पर यदि हमें काम करना है तो हरित ऊर्जा को बढ़ावा देना होगा। सौर ऊर्जा, पन बिजली, बायो गैस आदि को लेकर लोगों में जागरूकता फैलानी होगी, ताकि लोग पर्यावरण को लेकर सचेत हों। जलवायु परिवर्तन को लेकर यदि हम सचेत नहीं हुए तो वह दिन दूर नहीं जब हम

# धरती को बचाना होगा

मिलता-जुलता है और जिसे भविष्य की पृथ्वी की जलवायु के सदृश्य माना जाता है।

वैज्ञानिकों के सबसे बड़े समूह ने दुनिया को यह चेतावनी देते हुए कहा है कि अब धरती को बचाने के लिए बहुत कम वक्त रह गया है। अगर फौरन कुछ नहीं किया गया तो पृथ्वी को भारी नुकसान होगा। हाल में दुनिया के एक सौ चौरासी देशों के करीब पंद्रह हजार वैज्ञानिकों ने बायोसाइंस जनरल के लेख ‘वर्ल्ड साइंटिस्ट-वार्निंग टू ह्यूमैनिटी-ए सेकेंड नोटिस’ पर दस्तखत किए। धरती को लेकर यह अब तक का सबसे बड़ा सम्मेलन था, जिसमें दुनिया भर के वैज्ञानिकों ने शिरकत की। पर्यावरण विज्ञानी विलियम रिपल ने बायोसाइंस के इस लेख में लिखा है कि धरती को बचाने का दूसरा नोटिस लोगों दे दिया गया है। वैज्ञानिकों के मुताबिक पृथ्वी से जुड़ी कई चुनौतियों जैसे पेड़ों की कटाई, ओजोन परत में छेद, मौसमी बदलाव आदि के बारे में पच्चीस वर्ष पहले ही चेतावनी दे दी गई थी। आज जब इन चुनौतियों पर अध्ययन किया गया तो पता चला कि हालात बदतर हो चुके हैं। ताजे पानी में छब्बीस फीसद की गिरावट आई है और तीस करोड़ एकड़ जंगलों का सफाया किया जा चुका है। इन ढाई दशकों में स्तनधारी जीवों, पक्षियों आदि में उनतीस फीसद की गिरावट देखी गई है।

विकासशील देशों की इस अध्ययन रिपोर्ट में 2010 और 2030 में एक सौ चौरासी देशों पर जलवायु परिवर्तन के आर्थिक असर का आकलन किया गया है। जलवायु परिवर्तन के कारण वैश्विक जीडीपी में हर साल 1.6 फीसद यानी बारह सौ खरब डॉलर की कमी हो रही है। अगर जलवायु संकट के कारण धरती का तापमान इसी तरह बढ़ता रहा तो 2030 तक यह कमी 3.2 फीसद हो जाएगी और 2100 तक यह आंकड़ा दस फीसद की पार कर जाएगा। जबकि जलवायु संकट से लड़ते हुए कम कार्बन पैदा करने वाली अर्थव्यवस्था को खड़ा करने में वैश्विक जीडीपी का मात्र आधा फीसद खर्च होगा। जलवायु संकट का सबसे ज्यादा असर गरीब देशों पर हो रहा है। 2030 तक विकासशील देशों की जीडीपी में ग्यारह फीसदी तक की कमी आ सकती है। एक अनुमान के मुताबिक धरती के तापमान में एक डिग्री सेल्सियस बढ़ोतरी से कृषि पैदावार में दस फीसद की गिरावट आती है। अगर बांग्लादेश का उदाहरण लिया जाए तो उसकी कृषि पैदावार में चालीस लाख टन की कमी आएगी। हर साल पृथ्वी पर जल और खनिजों सहित प्राकृतिक संसाधनों के जबर्दस्त दोहन से जंगल साफ हो रहे हैं। पीने लायक

पानी की कमी है। लिहाजा भूकम्प, सूखे और बाढ़ जैसी प्राकृतिक आपदाएं बढ़ती जा रही हैं।

चस्तुतः पृथ्वी की एक बहुत सुसंबद्ध व्यवस्था है। पिछले साठ-सत्तर सालों में हमारी गतिविधियों के कारण वातावरण में कार्बन डाइआक्साइड काफी तेजी से बढ़ी है। किसी एक देश में छोड़ी जाने वाली कार्बन डाइआक्साइड फौरन समूचे वातावरण में घुल जाती है और किसी एक स्थान पर समुद्र में छोड़ा गया कचरा धरती के एक सिरे से दूसरे छोर पर पहुंच जाता है। इसलिए उत्सर्जन और प्रदूषण का असर स्थानीय नहीं रहता और वह विश्वव्यापी प्रदूषण की समस्या बन जाता है। जैव विविधता को हो रहे नुकसान और भूरक्षण के कारण भविष्य में मौसम में और तेज बदलाव आ सकते हैं। इसी तरह ग्रीनलैंड में छोड़े गये और समुद्र की सतह में छह मीटर की वृद्धि से भारी आर्थिक-सामाजिक नुकसान हो सकते हैं। यह साफ हो चला है कि हमारी



पृथ्वी उस युग में प्रवेश कर चुकी है, जिसमें आदमी नाम की प्रजाति ही सर्वाधिक महत्त्वपूर्ण पर्यावरणीय शक्ति है। इसलिए जलवायु संकट के लिए जिम्मेदार बदलावों को रोका जा सकता है।

धरती का तापमान जिस रफ्तार से बढ़ रहा है, वह इस सदी के अंत तक प्रलय के नजारे दिखा सकता है। दुनिया इसी सदी में एक खतरनाक वातावरण परिवर्तन का सामना करने जा रही है। भारत सहित पूरी दुनिया का तापमान छह डिग्री सेल्सियस तक बढ़ जाएगा। पेट्रोलियम पदार्थों का कोई वैकल्पिक ईंधन ढूंढ़ने में विफल दुनिया भर की सरकारें इन हालात के लिए जिम्मेदार हैं। पीडब्ल्यूसी (प्राइस वाटरहाउस कुपर्स)के अर्थशास्त्रियों ने अपनी एक रिपोर्ट में चेतावनी दी है कि अब वर्ष 2100

# खुशियों की राह

हमारे शरीर की रोग-प्रतिरोधक क्षमता बेहतर होनी चाहिए और उसे मजबूत रखने के लिए हम नियमित उचित आहार और पौष्टिक तत्व उसे देते रहते हैं, उसी तरह मानसिक दृढ़ता और मनोबल से काफी हद तक असाध्य रोगों को भी परास्त किया जा सकता है।

जरूरी नहीं कि हर समय हमारे आसपास ऐसे लोग मौजूद रहें जो हमें सकारात्मक ऊर्जा देते रहेंगे। जरूरी यह है कि खुद के लिए हम खुद

दिनभर की ऐसी खुराक तैयार करें जो हमें सकारात्मक और ऊर्जावान बनाए रख सके। मसलन, हम सुबह ‘मेडिटेशन’ या फिर कोई प्रेरणास्पद किताब के कुछ पन्नों से अपने दिन की शुरुआत कर सकते हैं। यह भी सच है कि स्वयं से अधिक प्रेरणा हमें और कौन दे सकता है! इसलिए अपनी बार-बार आलोचना करने की आदत से हमें परहेज करना चाहिए। छोटे-छोटे प्रयास और सफलता पर खुद ही अपनी पीठ थपथपा लेने में कोई बुराई नहीं है। दूसरों से प्रशंसा और स्वीकृति पाने के लिए पूरे समय निरर्थक प्रयास करते रहने को लक्ष्य बनाने में तो कई बार हम खुद ही निराशा का रास्ता अनायास खोल देते हैं।

एक अच्छा तरीका यह है, जिससे हम खुद को

तक वैश्विक औसत तापमान को दो डिग्री सेल्सियस के अंदर तक रखना असंभव हो गया है। इसलिए इसके घातक नतीजे सारी दुनिया को भोगने होंगे।

अब सवाल उठता है कि जलवायु संकट से निपटने के लिए किया क्या जाए। क्या हम जलवायु बदलाव के विनाशकारी प्रभावों का समापन या प्रबंधन कर सकते हैं, जबकि लगातार बढ़ती वैश्विक आबादी अपनी निरंतर विस्तारवादी इच्छाओं, लालच और भूख को संतुष्ट करने के लिए विश्व के सीमित संसाधनों पर भारी दबाव डाल रही हो? इस पर लगाम कैसे लगाई जा सकती है, यह गंभीर सवाल है। विकास के प्रचलित मॉडल पर चलते हुए तो हम इसका समाधान नहीं खोज सकते हैं। इस संकट का अनुमान महात्मा गांधी ने पहले ही लगा लिया था। उन्होंने चेतावनी दी थी कि यदि आधुनिक संभत्ता, प्रकृति का ध्यान नहीं रखती है और मनुष्य प्रकृति के साथ तालमेल बना कर रहते हुए अपनी इच्छाओं को घटाने के लिए तैयार नहीं होता है तो अनेक प्रकार की सामाजिक-राजनीतिक उथल-पुथल, पारिस्थितिकीय विनाश और मानव समाज के लिए अन्य दुर्भाग्यपूर्ण स्थितियां जन्म लेंगी। असीमित उपभोक्तावादी प्रवृत्तियां और मूल्यों के प्रति आलस्यपूर्ण उदासीनता मानवता की शान्ति की ओर बढ़ने में मदद नहीं करेगी। आर्थिक चुनौतियों की ही तरह आधुनिक विश्व के सामने पर्यावरणीय चुनौतियां हैं जो विभिन्न प्रकार के विनाशों, खाद्य और ऊर्जा संकट, सामाजिक तनावों और संघर्षों की ओर ले जा रही हैं। महात्मा गांधी का स्वराज या स्वशासन और स्वदेशी के माध्यम से लोगों को अपने पर्यावरणीय, सामाजिक, राजनीतिक और सांस्कृतिक वातावरण पर नियंत्रित करने का दृष्टिकोण आज के बाजार संचालित पूंजीवादी तरीके के विकास की तुलना में विश्व की ज्यादा संतुलित और पर्यावरण-मित्र विकास की ओर ले जाने में ज्यादा सक्षम है।

हमारे पास गांधी जी के बताए रास्ते की ओर लौटने के सिवा कोई विकल्प नहीं है। आखिर टिकाऊ विकास क्या है? यह विनाश की अवधारणा के साथ प्रकृति और भारी पीढ़ियों के प्रति गांधीवादी नैतिक दायित्वों को मिलाने से ही तो बना है। इस नैतिक दायित्व के भाव का लोगों, समाजों और सरकारों द्वारा निर्वहन हुए बिना टिकाऊ विकास का विचार सफल नहीं हो सकता। इसके बिना आम लोगों के आम संसाधनों के संरक्षण के लिए चल रहे प्रयास भी केवल कानूनी उपायों के वित्तीय सहायताओं के बूते सफल नहीं हो सकते। वे केवल तभी सफल हो सकते हैं, जब नैतिक दायित्व की भावना सभी पक्षों की भागीदारी से मजबूत की जाए।