Opinion

SATURDAY, JANUARY 18, 2020

SPEAK UP

Punjab chief minister Amarinder Singh

What happened in Germany under Hitler in 1930 is happening in India now. Germans did not speak then and they regretted it, but we have to speak now so that we don't regret later

ASER lessons: Fix early learning

Foundational learning a secondary focus so far, early entrants in govt schools at a big disadvantage

THE WIDE GAP between the learning levels of students in government schools and those in private schools has become something of a leitmotif of the Annual Status of Education Reports (ASER). The 2019 report focuses on 'Early Years' (ages 4-8) since these are critical to later-stage learning. Experts argue cognitive development in the pre-school years is key to learning outcomes in school, and, thus, children entering schools early—the Right to Education law and the new National Education Policy both set 6 years as the age when a child should enter formal schooling (Standard I)—will be at a disadvantage compared to those who did so at the appropriate age. Indeed, *Early Years* points at the same, with older children in the same class demonstrating sharper cognitive abilities, and, consequently, higher learning outcomes. So, with a much higher population of 4&5-year-olds in standard I in government schools (26.1%) compared with private schools (15.7%)—largely because of the lack of affordable and accessible pre-primary institutions—it can be argued, the feedstock in government schools sets them up for the disparity in learning levels. A Praja Foundation report shows that despite a 44% increase in per student spending by the Delhi government in school education in FY19, the dropout rates have remained more or less unchanged. The report talks of how, of the 3.11 lakh students enrolled in Std 9 in government schools in Delhi, 55% didn't reach Std 10, and of those that did, 25% had dropped out by Std 12. While there are many factors behind such high-dropouts—reading RTE's 'no detention till Std 8' with the poor learning levels at the primary level shows why many students simply may not be able to cope with the curriculum at the secondary and senior secondary levels—the pipeline problem perhaps starts at the foundational level.

ASER 2019 shows how poor the quality of education in government schools is even at the foundational levels. While only 6.7% of government school students in Std I who were aged 4-5 could correctly do early language tasks, this figure was 24.1% for private schools . Similarly, only 16.5% of 4&5-year-olds in Std I in government schools could demonstrate early numeracy competency, compared with 35.3% in private schools. In cognitive skills, too, government institutions lagged their private peers by six to 18 percentage points when performance of 5-year-olds was compared.

The problem is two-fold. India has one of the largest pre-school care programmes in the world—the Integrated Child Development Services (ICDS), but it remains primarily focussed on nutrition/healthcare/immunisation, with early learning often neglected at the *anganwadis*. Moreover, as the report notes, the approach to this is quite flawed, with content knowledge and instruction being the preferred method when research shows that play-based activities geared towards building memory, reasoning, and problem-solving abilities have a much larger impact on building the foundation for later learning. India needs to aggressively bolster its early education programme—in FY20, the Centre budgeted $3.9 billion for the umbrella ICDS programme while in 2017, China was spending nearly $19 billion on just early childhood education. With spending on foundational learning high, China had rational school education spends with far better results than India—in 2017, nearly 99% of its primary school students got promoted to the secondary level and 95% of the students in the junior secondary level got promoted to the senior secondary level. That, among other factors, also likely freed up money for its government to focus on higher education and R&D in the manner it has in the last decade or so.

Switching on security

Switch on/off for card payments means additional security

WITH THE DIGITAL transaction push, must come a digital security push. Digital transactions have grown in the past few years, but so have frauds related to online payments—the RBI Ombudsman's December report shows that digital-related complaints have doubled in the last two years. In FY19, digital complaints accounted for a quarter of total claims, even as complaints relating to use of stolen and cloned cards more than doubled. As the Ombudsman only receives a fraction of these complaints, actual numbers are expected to be much higher. RBI's latest move, to allow a switch-on/switch-off option for digital transactions, thus, is welcome.

RBI has made it mandatory for banks to provide a switch-on/off facility for both credit and debit cards, for all transactions, starting March 16. Currently, most purchases require two-factor authentication—entering of a CVV followed by an OTP—but, the new rule will mean another level of security as consumers will be able to deactivate their cards when not in use. Users will also be able to set and modify transaction limits for all kinds of transactions. Additionally, it will give users the choice to activate/deactivate international payments and allow/disallow contactless payments. More important, this facility shall be available via all mediums, viz, mobile app, internet banking, IVR, and ATMs. Although some banks like SBI and Axis already offer this facility, awareness was quite poor. What is not clear though is the time banks will take to switch card payments on or off. In the case of Axis bank, for instance, deactivation takes 24 hours from request. If this can be done instantaneously, it shall mean better security. For example, a person will be able to activate the card service only when they shop, and block once that is done.

Although no data is available from RBI on economic losses due to online fraud, Indian banks have long been a target for hackers. Details of 1.3 million card users had been put online last year, of which 98% were linked to Indian accounts. Cyber-security giant Norton last year highlighted that, in 2017, consumers in 20 big economies, including India, lost over $170 billion in cybercrime. India alone lost $18.5 billion. Had this technology been available, hackers would not have been able to use card details as easily. RBI, however, still needs to address security concerns relating to the digital economy. Pushing mediums like UPI can be one solution, but even these are authenticated by debit card. RBI must do more to make sure banks are security-compliant. It has mandated banks to conduct security audits, but it also has to keep introducing new mechanisms. For instance, IDBRT has been talking about blockchain to ensure additional security, and RBI can create a framework for banks to take-up the technology. Given that the central bank spends ₹3,000 to address each complaint, and complaints have been growing, it would save more if it were to invest in a more secure architecture.

BigFOUL

The SAI sexual offences scandal exposes the sorry state of affairs; govt can't hope for sports glory unless this changes

SERIAL SEXUAL ABUSE of gymnasts by former US gymnastics national team doctor Larry Nassar—over 250 athletes had complained, and Nassar was later sentenced to 200 years of imprisonment by courts—had shocked the sporting world. An *Indian Express* report reveals similar rot in Indian sports. Just as the US association turned a blind eye to Nassar's crimes for a good 15 years, the Sports Authority of India seems to have ignored sexual offences by the coaches on its rolls. As per the report, of the 45 cases reported over the last decade, coaches were accused in 29, but rarely did the authority take visible action. Rather, it shifted coaches to smaller places, or directed a token pay cut, or cut in pension. In one case, the report highlights, even after five complaints and the case dragging on for six years, the authority handed a mere slap on the wrist—a 10% pension cut—for the offender; that too, for one year. While SAI has 45 cases to deal with, compared with a Nassar's 250, times have changed. Sexual offences, including harrassment, are no small matter and the world now refuses to brush it under the carpet—as the MeToo movement across the world, and the resulting trials of high profile offenders have shown.

SAI's sorry treatment of the very sportspersons whose interests it is supposed to protect and promote is just one aspect of its abject failure. The authority has been caught on the wrong foot elsewhere, too. CAG reports talked of rampant wasteful expenditure, on infrastructure, on unused equipment, on even mobile phones for its chairperson, vice-chairperson and their personal staff. Thanks to how poorly SAI has performed on sports administration, India doesn't have any sporting glory to speak. If things remain the same, forget the 50 medals in the 2024 Olympics the government is aiming for.

BUDGET PRIORITIES

AS THE FY18 PERIOD SHOWS, A LARGE FISCAL PUSH TO REVIVE GROWTH MAY END UP HURTING RATHER THAN HELPING A RECOVERY

Lessons from India's growth history

PRANJUL BHANDARI

Bhandari is Chief India economist, HSBC. *Views are personal*

WE LOOK AT the possible macroeconomic foundation of the slowdown, and whether there are any lessons for the upcoming budget.

It is useful to divide the slowdown into FY18 and 2019. After falling for five years, India's investment rate began to rise in FY18, driven largely by higher public sector spending. This had three key implications: (1) because savings did not rise in tandem, the savings (S) minus investment (I) differential fell, and the current account balance (C) worsened in line with the 'C=S-I' macroeconomic identity; (2) graphically, the downward sloping 'I' curve moved right (see graphic), and for the given upward sloping 'S' curve, economy-wide interest rates rose; (3) while the objective of higher investment was to spur a recovery, growth fell instead. Investment may have risen, but the fall in net exports (C) that it triggered offset the rise, leading to lower GDP growth.

Challenges in 2019 proved a bit different—marked by strong risk aversion in India's banks as uncertainties around asset quality grew. Credit growth weakened and the rate transmission was impaired, leading to: (1) the vertical financial intermediation curve moving left in our S & I graph, as banks became unwilling to intermediate efficiently. The new intermediation curve became a binding constraint, intersecting the I curve at a higher interest rate than before. Alongside this, funds available for investment shrank; (2) the silver lining is that S-I rose, and the current account balance improved; (3) but, RBI may not have wanted the rupee to appreciate during a downturn and began to buy dollars. Risk aversion at banks may have ended up placing more of the country's domestic savings abroad. There are two important takeaways for budget 2020: one, as the FY18 period shows, a large fiscal push to revive growth may end up hurting rather than helping a recovery; and two, the experience in 2019 suggests steps that lower risk aversion at banks should be a national policy priority. The slowdown in 2019 has been a much talked about phenomenon, but the fact it is not standalone has received less focus. 2019 is the the third year of growth slowdown. These sub-periods have some things in common: economic growth was lower than in the previous year; and interest rates remained elevated. In fact, all the key interest rate spreads were higher than their long-term average, and rising, during this period. And, yet the two periods were distinctly different, with different lessons for reviving growth.

The hallmark of 2017 and 2018 was a rise in investment. Details show a big push by the public sector. The contribution of public investment to GDP growth rose from 0.1ppt in 2016 to 0.8 ppt in 2017. This spending spree was not costless. Public sector borrowing rose from 7.5% of GDP in 2016 to 8.4% in 2018, and there were three not-so-desirable outcomes:

i) Worsening of the C: The rise in savings was not in step with the investment spurt. Consequently, the savings S-I differential, fell. When domestic savings proved insufficient, the reliance on external funding rose. The CAD widened rapidly from 0.6% in 2016 to 2.1% in 2018.

ii) Upward pressure on interest rates: The fall in S-I had implications for economy-wide interest rates. Think about it as an upwards sloping S curve and a downward sloping IR curve. As the I curve moves out (to the right) due to a push in public investment, rates rise for similar savings behaviour. No surprise then that almost all interest rate spreads in India began to rise around that time.

iii) Lower growth: While the idea behind higher investment was to spur growth, growth fell instead. GDP on the expenditure side is C+I+G+X-M. A closer look reveals that while I (and G) rose, (X-M) fell. Because domestic savings did not rise enough to fund the investment spree, it was accompanied by a wider CAD.

It is tempting to assume that fiscal policy should be pro-cyclical, i.e., fiscal deficit must widen during slowdowns. However, a widening at a time when domestic savings are not enough can put upwards pressure on rates, and pressure net exports, taking away from growth. While some slippage is inevitable this year because revenues have fallen, and it is not possible nor prudent to cut some expenses, a growth revival policy based on a large fiscal push could backfire.

A balance here may be to stick to the new FRBM rule, which allows a fiscal slippage of 0.5%, not more. Any higher government spending would be better paid for by disinvestment, rather than by running a higher fiscal deficit.

RBI cut rates by 135bps, but this barely got transmitted. Economy wide interest rate spreads widened over the year. Something else was going wrong.

Following the NBFC fallout in late-2018, there was much uncertainty about the balance sheet. India's banks had been an important lender to NBFCs, and suddenly they were not sure about the quality of loans. The sharp fall in GDP growth also raised worries about the NPL cycle. In its latest review, RBI also raised concerns that after declining in early 2018, NPLs could rise again.

India's banks became increasingly uncertain of their asset base and thus extremely risk-averse. Credit growth slowed and the spreads kept widening.

What risk aversion means for macro?

i) Higher rates and lower investible funds: We go back to S-I curves. They intersect at point e0, which determines the investment levels and interest rates. Now let's introduce a financial intermediation curve (see graphic), which determines whether the country's banks are functioning normally. Think about it as a vertical line crossing at e0. The rise in aversion in 2019 meant the intermediation curve moved left. Banks were now only willing to intermediate partially. The new intermediation curve intersected the investment curve at a higher i1. And, the funds available for investment shrank.

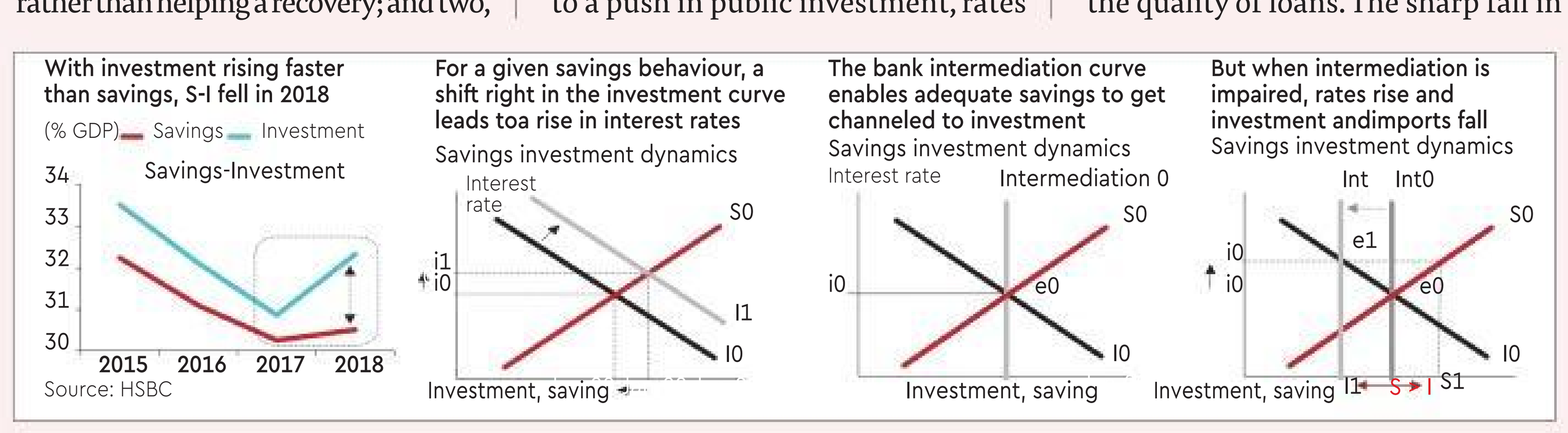
ii) Improving CA balance: At the i1, savers may want to save more (all else unchanged). In this situation, the S-I gap improves (increases). And given the S-I-C identity, so does the CA balance. What is the mechanism here?

As investment falls, imports fall as well, improving trade balance. Indeed, CAD has shrunk from 2.1% in 2018 to an expected 1.2% in 2019.

iii) ...but domestic savings are getting placed abroad: There is another angle to the risk aversion fallout. Think of the intermediation curve as allocating domestic savings between domestic investment and funds placed abroad. So, risk aversion at banks can lower domestic investment, placing more of a country's domestic savings abroad.

Budget 2020 presents an opportunity to reduce banks' risk aversion through a host of policies, including (1) strengthening the IBC, (2) untangling stalled investment (3) reducing the weight of government mandates on PSBs, (4) a regulatory overhaul of shadow banks , and (5) increasing the pace of strategic disinvestments and public asset recycling to lower fiscal pressures that weigh on India's banks (e.g. a sharp sell-off in the 10-year G-sec rate can impinge on bank profitability given their large holding of G-secs).

Co-authored with Aayushi Chaudhary, Economist, HSBC
Edited excerpts from HSBC's Lessons from India's three-year growth itch (January 16, 2019)



Bold measures needed for revival

Given the current economic situation, all eyes are now on the budget day, hopeful for some measures that can take the economy to the $5-trillion level by FY 25

GAUTAM KHATTAR

Partner, Indirect Tax with PwC India. *Views are personal*

THE FINANCE MINISTER will present her second budget on February 1, 2020. While there are high hopes in terms of reduction of personal tax rates, ease of doing business, and other economic measures, the FM may have limited flexibility to dole out a big munificence.

A sneak peek into the bygone year indicates that both the government, and India Inc have had to walk a tight rope given the varied economic parameters. The GST regime which has successfully outgrown its infancy seems to be battling issues like unachievable revenue targets, false credit claims, and contradictory advance rulings across states, leading to varied interpretations of the provisions. The rate reduction on various goods and services, and deferment in annual return/audit report along with other compliance deadlines have contributed to reduced GST revenue collections. Withdrawal of clarifications on critical aspects such as GST treatment of intermediary services, discounts, and other promotional schemes offered by companies has created ambiguity within the trading fraternity. Also, for exporters of services, the delay in release of GST refunds has led to blockage of funds. By end-2019, the WTO ruling has put a question mark on various export incentives (including MEIS, SEZs, EOU, and the EPCG schemes), which are inconsistent with the WTO's global trade norms.

Thus, there are expectations the budget will offer a stimulus package to boost consumption and GDP growth.

While, the GST Council will take decisions around GST, India Inc will look forward to budget announcements on measures such as electronic invoicing, and new return system, which are proposed to be implemented from April 2020. Further, certain provisions under GST law should be reframed to avoid potential disputes. These include levy of GST on common functions between distinct entities, and on free services. The credit provisions should be revised to allow seamless flow of credits, e.g. input tax credit on construction services needs to be amended to allow tax credits where the constructed facility is used in the course/furtherance of businesses like the real estate or hospitality industry.

The government introduced the Sabka Vishwas Scheme in the last budget to settle pending excise and service tax disputes. This received an overwhelming response from taxpayers. Similar schemes should be considered in the upcoming budget to cover all pending customs disputes under the erstwhile central indirect tax laws.

As a trade facilitation measure, and for faster disposal of pending matters, the government must constitute a separate advance ruling authority for customs related matters. At present, the advance ruling is playing a dual role for matters under customs as well as those under income tax. There is a substantial back-log on the application filed before the advance ruling authority.

Further, the AEO status holder—AEO-T2 and AEO-T3—from a policy standpoint, have been provided with the facility to paste MRP tickers on the importer's premises. However, this has been a challenge to implement on the ground, on account of the enabling provisions under the Customs Act. Hence, an appropriate amendment or suitable instruction needs to be issued to allow such AEO status holders to avail the benefit of pasting MRP stickers in their premises.

Looking at aspecific industries, namely telecom and automobile, the expectation is to bring about clarity on classification of parts of telecommunication networking equipment. This will help avoid the ongoing disputes on account of reduced customs duty of 10%/nil. While last year's budget offered series of concessions, including nil customs duty on parts used for manufacture of electric vehicles (EVs) to incentivise the automobile sector, as per the Phased Manufacturing Program (PMP), there is a proposal to move away from this exemption from customs duty on parts of EVs by April 2021. This exemption should continue for a longer period to promote manufacturing of EVs in India.

With the current economic situation, all eyes are now on the budget day, hopeful for some bold measures that can bring the economy back on track, and take it to the $5-trillion level by FY 25.

With contributions from Kishore Kumar, Director, & Ashima Agrawal, Senior analyst, Indirect Tax, PwC India

LETTERS TO THE EDITOR

A swashbuckling player

BCCI has attributed MS Dhoni's exclusion from its central contracts to him not playing competitive cricket since July 2019. Implicit in it is the admission that the decision to omit his name from the Annual Player Contracts was not taken on the basis of his 'form'. Reportedly MS Dhoni is practising with Jharkhand Ranji Trophy team. Whether MS Dhoni continues to play or calls it a day, he has earned his place in international cricket. It is but natural, that in a land where cricket is an absolute religion for most people MS Dhoni, a star match-winning player is eulogized as a demi-god. As a wicket-keeper, he has always shown quick reflexes and seldom missed chances to stump and catch. As a swashbuckling batsman, he executed 'helicopter shots' and sent the audiences into raptures. As a captain, he has kept his cool in tense moments and led the team to perform to the best of its ability. It has been an incredible journey from being a ticket collector to the world stage as one of the world's finest players. His long hairstyle impressed General Musharraf so much so that he advised him to not have a hair-cut. He sported an army insignia on his wicket-keeping gloves in a 2019 World Cup match to be told by ICC not to repeat it. His business interests also attracted controversies. Little controversies fade before his immense contributions to Indian cricket and his status as a much-loved national icon.

— G David Milton, Maruthancode

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De-coding Taiwan's presidential elections

Taiwan's electorate have spoken—not just on Hong Kong but also on China, and going forward, their own future

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ILLUSTRATIONS: ROHNIT PHORE

LAST WEEK, TAIWAN'S incumbent President Tsai Ing-wen recorded a landslide victory. Tsai won the second term with 57% of the popular vote. Tsai won with 8.2 million votes, 1.3 million more than in 2016, the last election. Tsai's party, the Democratic Progressive Party (DPP) won 61 of the 113 seats. Tsai's rival Han Kuo-yu of the Kuomintang (KMT) racked up 39% of the popular vote. The KMT won 38 seats in the unicameral parliament.

In the middle of last year, Tsai had been practically written off, with a severe setback in the local elections. In fact, Tsai's nomination for re-election in 2020 was doubtful. Instead, Han Kuo-yu who had won the mayoral elections in Kaohsiung was feted, riding the "Han" wave. How did Tsai upend the soothsayers?

China factor: Hong Kong

The answer to Tsai's spectacular landslide victory lies across the straits from Taiwan—in China.

It would not entirely be an exaggeration to say that Tsai's political star ascended with China's serial descent into mis-steps in Hong Kong. For Taiwan, the China-Hong Kong Special Administrative Region (HKSAR) under the rubric of "One Country, Two Systems" is a closely watched model-in-progress. It is a model that China hopes will coax self-governing Taiwan—a country of 23 million back to the fold of the "motherland".

That could be China's wishful thinking. For China, 2019 unraveled with Hong Kong wracked by anti-China protests. One in seven in Hong Kong protested, uniting as one voice against an extradition bill whereby Hong Kongers could be sent to China for trial. The protests were interpreted as proof of failure, pitting the odds for a China-Taiwan reconciliation and rapprochement lower than before.

Taiwan's older generation, the generation that went into exile in Taiwan after the civil war on the mainland (1949) has given way to a younger demographic profile (the median age is 40.9 years). Though not entirely China's fault, Hong Kong has lost its legendary shine. Not only is Hong Kong's economy floundering, but there have been unexpected glitches in the Mass Transit Railway (MTR). Tourism is struggling to stay afloat. Larger underlying issues such as the lack of universal suffrage, China's political interference, the question of Hong Kong identity, Hong Kong being tailed into the Greater Bay Area (Guangdong-Macau-Hong Kong) and fears of Hong Kong's coming economic eclipse by Shenzhen, long swept under the carpet, are out at the forefront.

There have been allegations of China's 'black hand' in Hong Kong too. Though China says quite the opposite, pinning the blame on western media's 'black hand', allegations of 'thugs for hire' (Hong Kong triads) who attacked protestors, fake news, Chinese-media narrative and not least, Hong Kong police-force that seemed to be more on China's side than the people of Hong Kong have turned the tide against China in Hong Kong—and by default, across the straits in Taiwan.

China factor: political optics

Tsai's spectacular landslide victory can also be attributed to the political dispensation and optics of the two major political parties—the DPP and the KMT, especially their thinking on cross-strait relations.

For China, re-unification with Taiwan is of primacy. But the wind in Taiwan is of a complicated kind. The DPP has been widely viewed as openly wary of China and is independence-leaning. In comparison, the KMT, the nationalist party—the party that took the decision of coming to exile, is pragmatic. The KMT supports 'one China', but the interpretation is quite different from China's. In recent years, the KMT has chosen to build economic and political bridges with China. The KMT's stance can be explained in terms of seeking to boost Taiwan's economic opportunities. China is Taiwan's largest trade partner.

China Factor: campaign trail

The China factor echoed and reverberated through the campaign trail too. Tsai chose to ignore China's 'one China' principle. Instead, Tsai chose to interpret the implications of Hong Kong for Taiwan. To reinforce the same, Tsai pitched herself as the candidate that would not buckle under China's pressure—military or economic. Tsai also chose to frame Taiwan's democracy as the model for Hong Kong—contrary to China's 'one-China' model for Taiwan.

> **Tsai's spectacular landslide victory can also be attributed to the political dispensation and optics of the two major political parties — the DPP and the KMT, especially their thinking on cross-strait relations**

This stance helped Tsai, whose popularity partly stems from the passage of Taiwan's same-sex marriage law, the first in Asia, in May 2019. Economically, in the face of trade war, Taiwan reaped the fallout of "trade diversion effects" which worked in Tsai's favour. Global supply chains moved to Taiwan because of Taiwan's mature technology industry. This in turn, unleashed a spillover effect in real estate and hospitality. Taiwan posted a 2.9% growth in the GDP in the third quarter of 2019.

In comparison, Tsai's opponent Han "the commoner president" as he called himself, supported the broad rubric of 'one China' (but not 'one country, two systems' per se, this subject to dialogue) as core of cross-strait relations. Han sought to hitch Taiwan's economic star to China. "The 21st century belongs to China," said Han famously.

Han sought to replicate the populism that worked in his favour in the 2018 local (mayoral) election in Kaohsiung. This backfired. Given Hong Kong's loss of identity and lack of suffrage, the China lodestar was at its unattractive best. Han's populism backfired too, as local media unearthed stories that showed that Han was not the neighbor next door, but lived in a cushy neighbourhood, drove an expensive car and engaged in speculative real estate.

What made Han's case worse were allegations that emanated from a Chinese spy Wang "William" Liqiang which surfaced in Australia. Wang, who has hogged headlines in Australia since last year indicated in a report to the Australian Intelligence Service Organisation (ASIO) that China had infiltrated media, grassroots organisations and temples to influence the elections in Han's favour. One organisation in Kaohsiung "Wecare Kaohsiung" held a rally with demonstrators holding placards that said "Dismiss pro-communist mayor". As these allegations swirled, news site Formosa (*My-formosa.com*) said that those who distrusted Han grew from 27% (in Feb 2019) to 57% (in Nov.2019). China responded saying that Wang was a fraudster, a fugitive on the run, convicted in 2016. The KMT and Han have denied the allegations.

Landslide for Tsai

The above were some of the factors that swayed the electorate. In her victory speech, Tsai noted that "peace, parity, democracy and dialogue" were the keys to stability with China. Xinhua has reported that Beijing was still ready to work with compatriots in Taiwan to "advance the process toward peaceful re-unification of the motherland". But to China's chagrin, 60 countries including the US, Japan and the UK have congratulated Tsai. Reflecting the mood in the country, in interview with the BBC Tsai said "We are an independent country already and we call ourselves the Republic of China, Taiwan." Clearly, Taiwan's electorate have spoken—not just on Hong Kong but also on China, and going forward, their own future.

DATA DRIVE

Crime & conviction

WHILE THE LACK of data on lynching became talking point about the National Crime Records Bureau's latest Crime in India (CIR) Reports, one point that has somehow no got highlighted enough is the fact that for the first time in nearly three decades, the conviction rate for IPC crimes has reached 50%. The last time this happened was in 1988. CIR 2018 highlights that the conviction rate at an average remained stagnant at around 40% from 2009-2013. However, ever since, the rate has shown a significant increase. Also, in case of the cognisable crime rate—crime per lakh population—there is a sudden dip from 2016 onwards (from 581.8 in 2015 to 379.3 in 2016), with only a marginal increase in 2018.

However, this has largely been due to a change in the methodology. The new methodology, called Principal Offence Rule (POR), was adopted in 2016. Under this new methodology, only the gravest crimes are counted.

When it comes to the total IPC and SLL crimes' cognisable rate, Kerala (1463.2) is the state with the most crime rate, followed by the capital Delhi (1342.5).

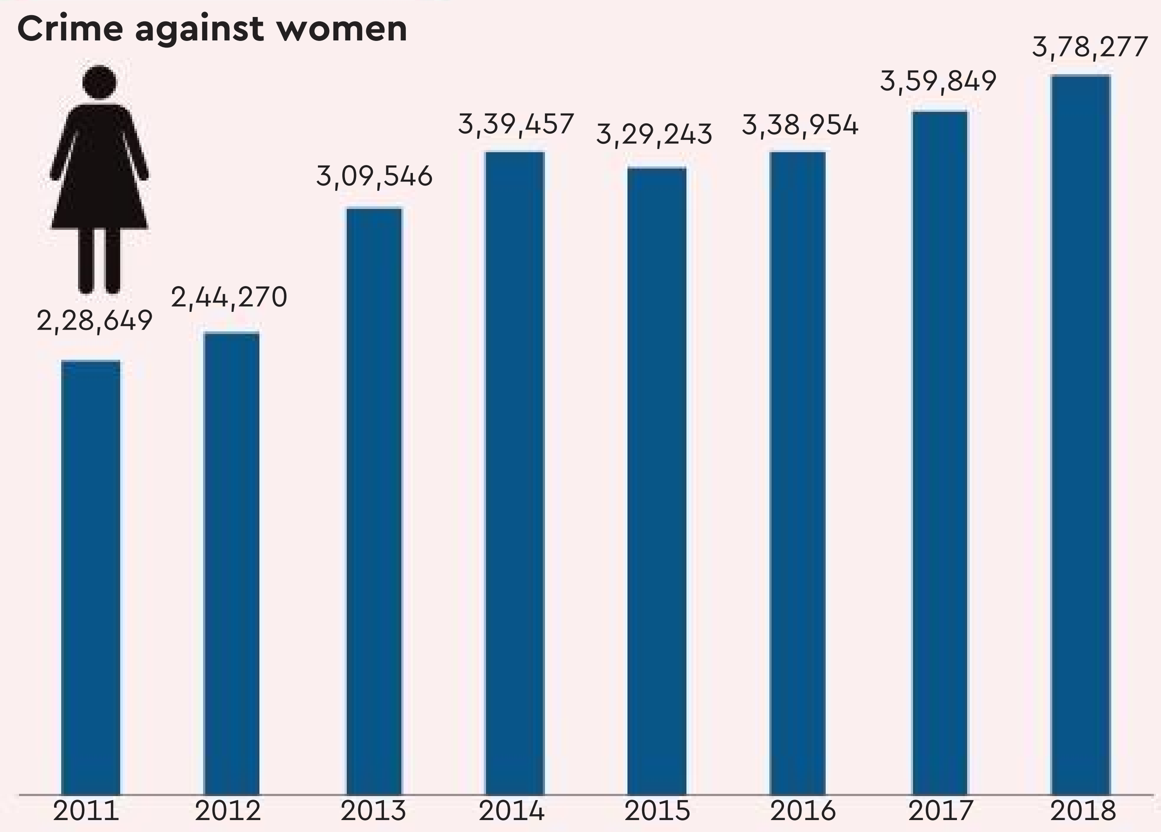
The data also shows that there hasn't been a significant dip in the number of crimes against women and children. On the contrary, the numbers show a growth.

As women and children are the most vulnerable sctions of the society, government needs to improve justice delivery in such cases.

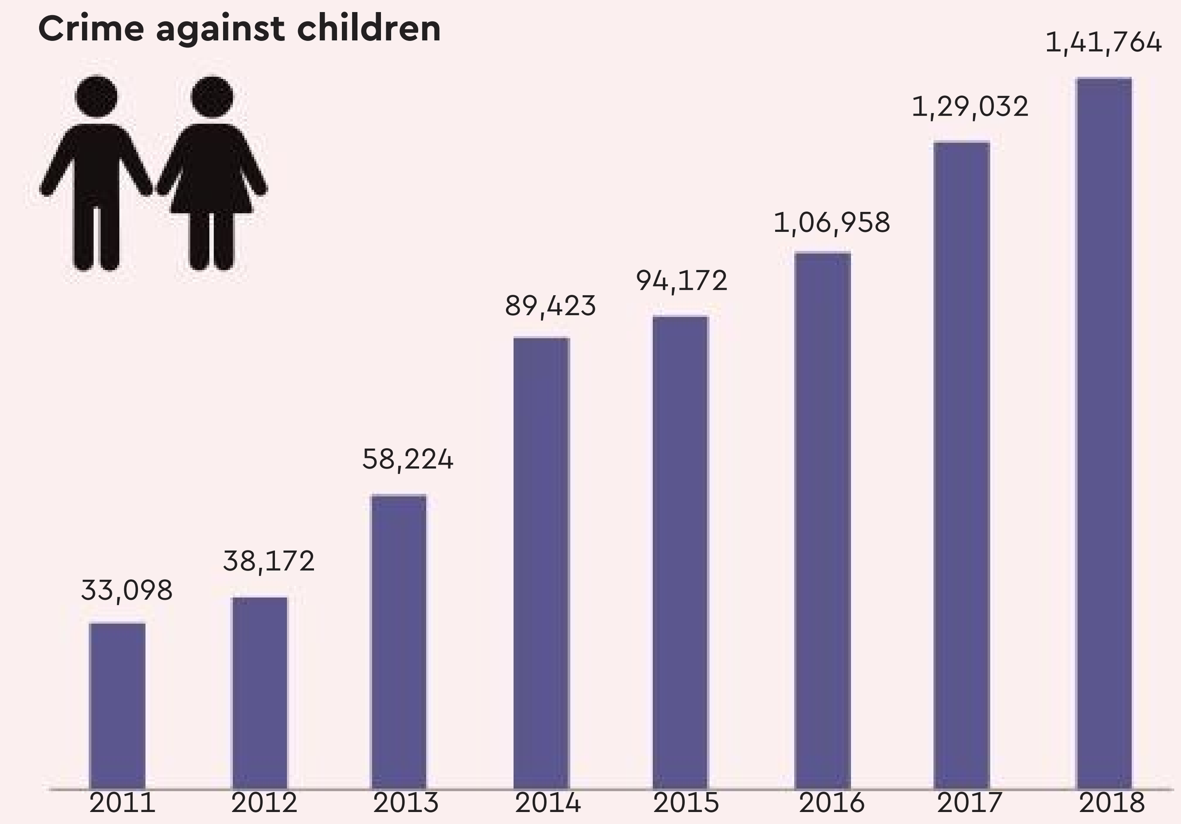
Data indicates that conviction rate in crimes against women was less than half the total conviction rate at 21.7%. Pendency rate—cases pending for trial at the end of the year/total cases per trial—was a high 90.7%.

In case of children, the crime rate was 31.8%, and for conviction was 37.8% in IPC cases. The pendency in such cases was 89.8%.

Crime against women

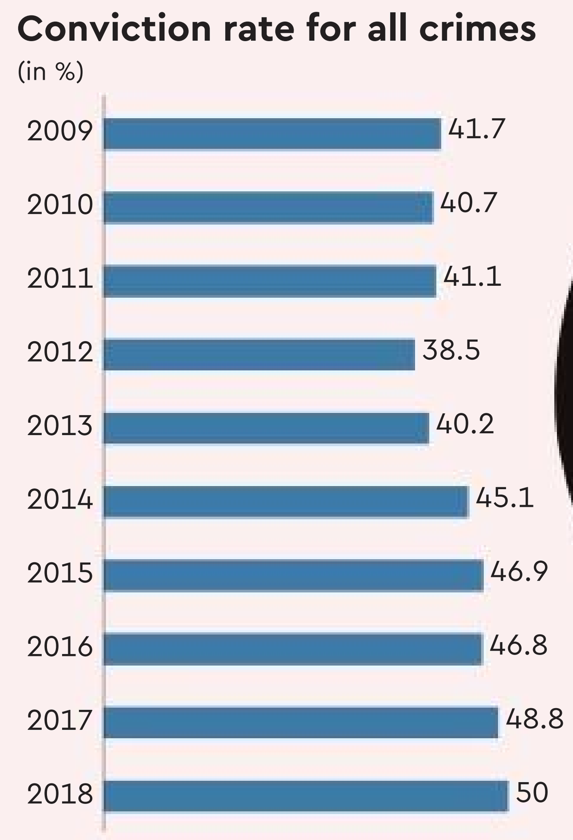


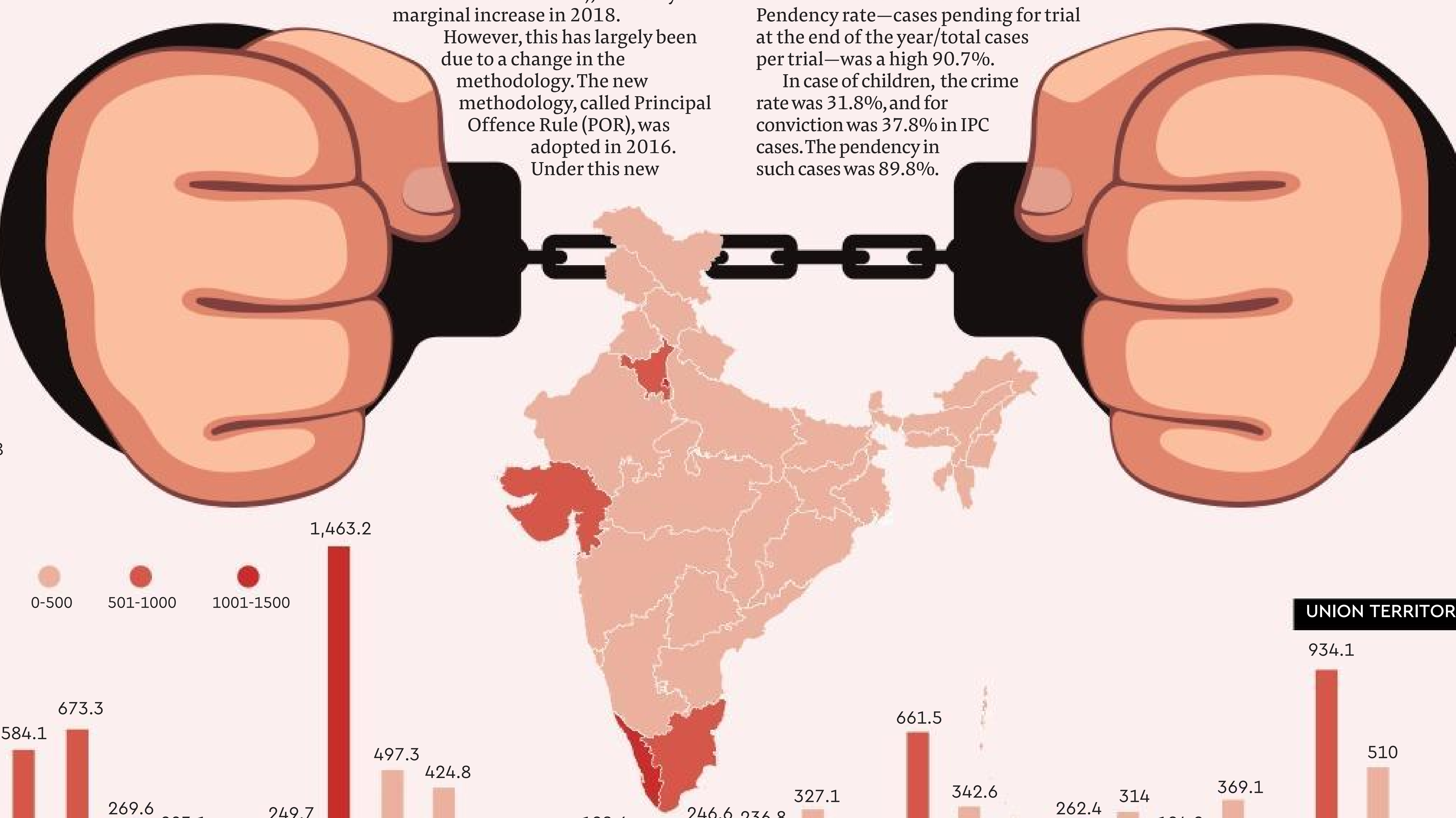
Crime against children



Conviction rate for all crimes

(in %)



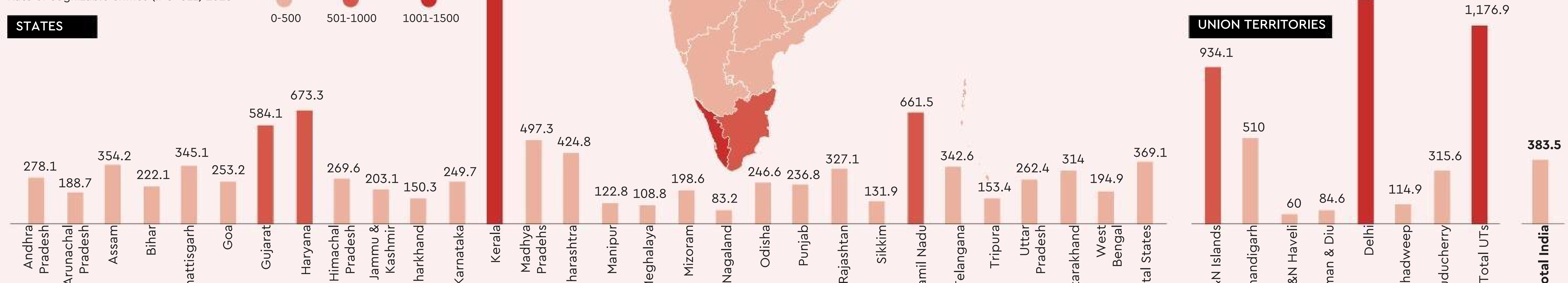


Crime rate for all crimes

(Crime per lakh population)

Total IPC and SLL crimes 2018

Rate of cognizable crimes (IPC+SLL) 2018



Source: Crime in India report, NCRB, 2018