



On the front foot

The RBI's efforts to boost growth could change the sentiment in the economy

The humble onion almost halted the onward march of the Reserve Bank of India (RBI) in its endeavour to bring down financial costs in the economy. Almost, because the RBI, despite finding its hands tied by rising inflation thanks to onion prices, found other means to drive down interest rates in the market, and in the system, in its monetary policy announcement on Thursday. At the press conference after the announcement, Governor Shaktikanta Das declared, only half in jest, that the proceedings of the Monetary Policy Committee, which decided to hold rates, had already been discounted by the market. “But don’t discount the RBI,” he warned, pointing out that the central bank had at its disposal various instruments. True to the statement, the RBI unleashed several measures that had an electric effect on the markets, driving down bond yields by 10-20 basis points in a matter of a minutes. The exemption to banks from providing for cash reserve ratio on fresh retail loans disbursed after January 31 to purchase automobiles and residential houses, and to MSMEs, will help banks shave off a part of their costs. The hope is that they will pass on at least a part of that saving to borrowers as lower rates. Second, the introduction of one- and three-year term repos at policy rate of 5.15% for a total of ₹1 lakh crore is also aimed at prodding rates downward as banks now pay 6%-6.5% on deposits. Third, the RBI has fine-tuned its liquidity management process in a manner designed to help banks manage their interest costs better.

Whether banks really do what the RBI has signalled to them – transmit lower rates to borrowers – depends on various factors, not the least of which is demand for credit. The RBI’s statement that it would maintain an accommodative stance “as long as necessary to revive growth” clearly signals its commitment to growth. By explicitly saying that there is “policy space available for future action”, the RBI has signalled that there could be at least one more cut in the months ahead in this rate-easing cycle. The decision to extend the one-time restructuring of MSME loans, linking pricing of loans to medium enterprises to an external benchmark, and the nod for permitting extension of date of commencement of commercial operations for loans to commercial real estate are all welcome measures that raise questions of excessive forbearance but will certainly help the industry. The inflation projection – 6.5% in the current quarter and 5.4%-5.0% in the first half of 2020-21 – reflects the current realities. The projected GDP growth of 6% for 2020-21 appears achievable, assuming that the nascent signs of recovery sustain. The RBI has gone on the front foot to boost growth in this policy after the conservative Budget presented last week. It is to be hoped that these steps will change the sentiment in the economy.

For a data firewall

The leak of medical information speaks to the urgent need for a data protection law

The report by a German cybersecurity firm that medical details of millions of Indian patients were leaked and are freely available on the Internet is worrying. The firm listed 1.02 million studies of Indian patients and 121 million medical images, including CT Scans, MRIs and even photos of the patients, as being available. Such information has the potential to be mined for deeper data analysis and for creating profiles that could be used for social engineering, phishing and online identity theft, among other practices that thrive on the availability of such data on the Darknet – restricted computer networks which exchange information using means such as peer-to-peer file sharing. The reason for the availability of this data is the absence of any security in the Picture Archiving and Communications Systems (PACS) servers used by medical professionals and which seem to have been connected to the public Internet without protection. Public data leaks have been quite common in India – from government websites enabling the download of Aadhaar numbers to electoral data rolls being downloaded in bulk, among others. Unlike the data protection regulations in place in the European Union and in the U.S., India still lacks a comprehensive legal framework to protect data privacy. The Draft Personal Data Protection Bill 2019 is still to be tabled but could enable protection of privacy.

The draft Bill follows up on the provisions submitted by a committee of experts chaired by Justice B.N. Srikrishna to the Ministry of Electronics and Information Technology in 2018. The committee sought to codify the relationship between individuals and firms/state institutions as one between “data principals” (whose information is collected) and “data fiduciaries” (those processing the data) so that privacy is safeguarded by design. While the 2019 version of the Bill seeks to retain the intent and many of the recommendations of the Justice Srikrishna committee, it has also diluted a few provisions. For example, while the Bill tasks the fiduciary to seek the consent in a free, informed, specific, clear form (and which is capable of being withdrawn later) from the principal, it has removed the proviso from the 2018 version of the Bill that said selling or transferring sensitive personal data by the fiduciary to a third party is an offence. There are other substantive issues with the Bill pertaining to the situations when state institutions are granted exemption from seeking consent from principals to process or obtain their information. Yet, considering the manner in which public data are being stored and used by both the state and private entities, a comprehensive Data Protection Act is the need of the hour.

Listening to the call of the informal

The voices of India's tiny entrepreneurs, living in rural areas and the urban fringes, should not be ignored



ARUN MAIRA

A week after the Budget, it is clear that successive policies of the government over the years have left the informal sector stigmatised. The government and its policy advisers want to dress the sector up to their preferred versions of formality. However, in the process, they could dampen its growth potential, as two recent papers reveal.

In the first paper, published by the National Bureau of Economic Research, economist Seema Jayachandran argues that there is no strong evidence from studies conducted in many developing countries that formalisation improves business outcomes. In the second article, a background paper for the International Labour Organisation (ILO), economist Santosh Mehrotra calls formalisation an evolutionary process during which small, informal enterprises learn the capabilities required to operate in a more formal, global economy. He says they cannot be forced to formalise.

The formalisation trap

The key question here is: Who benefits from formalisation of informal firms? Formalisation does reduce the last-mile costs for banks. The state finds it easier to monitor and to tax the firms that adopt its version of formality. However, the process can also produce adverse outcomes for the informal sector firms themselves, as anthropologist James C. Scott explains in *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*.

In India, which currently faces

an unemployment problem, the informal sector provides the vast majority of opportunities both for its youth and for people coming off the farm to earn incomes. Hence, India’s policymakers need to look at the demerits of formalisation from the perspective of informal sector enterprises.

Ms. Jayachandran’s study reveals that most of the formalities imposed from above, while making it easier for the state and the formal sector to do business with the informal sector, add to the costs of the firms that outweigh the benefits of formalisation.

She also finds that informal firms are able to improve their ability to do business in various ways. For example, small entrepreneurs gain from forming effective associations with their peers. They benefit greatly from ‘mentoring’. Skills of small entrepreneurs and their employees are best developed on-the-job. This is because they cannot afford the loss of income by taking time off for training. ‘Soft’ skills, to form associations, manage enterprises, matter as much for the success of the enterprises as ‘hard’ resources of finance and facilities. In fact, the productivity of enterprises depends on their soft skills.

There is a desire to connect small firms in India more firmly with global supply chains. Mr. Mehrotra points out that the primary motivation of multinational companies for expanding their global supply chains is to tap into lower cost sources of supply. Supply chains compete with each other. When wages and costs increase in their source countries, they look for other lower cost sources. The lowest cost firms at the end of supply chains are generally informal. Thus, the push by the state to formalise firms is countered by the supply chain’s drive to lower its costs.



A second-hand clothes market in Kolkata. • GETTY IMAGES

The thrust of the Indian government’s policies should not be to reduce the size of the informal sector. Rather, it must be to improve working conditions for the citizens who earn incomes in the sector. Their safety at work, their dignity, and their fair treatment by employers must be the thrust of any reform. Indeed, even in developed industrial countries, the informal sector is growing with advances in technologies, emergence of new business models, and growth of the gig economy. There too, policymakers are struggling to invent new systems to project the rights of workers while maintaining the dynamism of an entrepreneurial economy.

Reorienting policies

Hence, India’s jobs, incomes, and growth challenge necessitates a re-orientation of policies towards the informal sector.

First, the government and its policy advisers must stop denigrating the informal sector and trying to reduce its size. Second, the development of an economy, from agriculture to the production of

more complex products in industry, is a process of learning. Informal enterprises provide the transition space for people who have insufficient skills and assets to join the formal sector. Large schemes to provide enterprises with hard resources such as money and buildings, which the government finds easier to organise, are not sufficient for the growth of small enterprises.

Policymakers must learn how to speed up the process of learning within informal enterprises.

Third, policymakers must learn to support informal enterprises on their own terms. And they should not impose their own versions of formality on them for their own convenience. Making it easy for MNCs and large companies to invest will not increase growth of the economy if enterprises and incomes at the bottom of the pyramid do not grow. The voices of tiny entrepreneurs in the rural heartlands and on the fringes of Indian cities must be listened to while developing policies for ‘ease of doing business’.

Fourth, networks and clusters

of small enterprises must be strengthened. They improve the efficiency of small firms by enabling sharing of resources; they give them more clout to improve the terms of trade in their favour within supply chains; and they reduce the ‘last mile costs’ for agencies and providers of finance and other inputs to reach scattered and tiny enterprises.

Fifth, the drumbeat for labour reforms must be changed. A vocal crowd has been harping on the need for bold reforms to make it easier for employers to hire and fire workers. They advocate the raising of the size of enterprises (in terms of numbers of employees) to which laws should apply. These hire and fire laws are already not applicable to the small sector, where the vast majority of enterprises employ less than 10 persons. Hence, there is an urgent need for labour reforms in other ways. The laws should be simplified, and their administration improved. And, their thrust should be to improve the conditions of workers.

Finally, the social security framework for all citizens must be strengthened, especially for those who have to scramble for work in the informal sector. Health insurance and availability of health services must be improved, and disability benefits and old-age pensions must be enhanced. The purpose of ‘labour reforms’ must be changed to provide safety nets, rather than make the workers’ lives even more precarious with misdirected attempts to increase flexibility.

Small enterprises need other forms of support to play their vital role in increasing employment and incomes at the bottom of the pyramid.

Arun Maira is a former member of the Planning Commission

Complicating the tax regime further

The new system fails to offer any major relief to individual taxpayers, while removing incentives to save and invest



MOHAN KUMARAMANGALAM

As the country waited with bated breath for any signs of demand stimulation in this year’s Budget, Finance Minister Nirmala Sitharaman delivered the longest Budget speech in the history of independent India. Her weakest punch was reserved for the last round, at which point we were just happy to exhale.

Three quarters of the way into her speech, Ms. Sitharaman announced what she claimed was a move to provide significant relief to individual taxpayers by simplifying the income tax law. The relief, she said, will be in the form of lower tax rates for which individuals will have to give up on the exemptions they enjoy under the existing regime. The simplification of the income tax law, the Finance Minister said, will benefit both the assesseees and the assessors.

In essence, the government de-

cided to give a small section of taxpayers an opportunity to pocket more money, in the process hoping that they will give up on their savings instruments such as the Public Provident Fund and various life insurance products, and also abandon their investment in what in India is viewed as a safe haven asset – real estate.

The question that arises here is: Does the new tax regime really put more money into the hands of taxpayers? Taking the case of a typical taxpayer who is not a homeowner – considering that the new regime does not provide any exemption on interest on home loans – it is clear that in a majority of cases, the regime will leave the individual poorer. That said, there may be a few cases, as in the case of salaried personnel without any exposure to standard investments, where the new system might be of some benefit.

Left worse on both counts

The second part of Ms. Sitharaman’s value proposition was that the new system would provide relief to taxpayers who, she said, have struggled with a cumber-



some process, with more than 100 exemptions. The Minister’s claims would have held true had the older system been discontinued altogether. Instead, what she delivered leaves taxpayers with double the amount of work – they now also have to compare the two systems and make a decision on which one is more favourable for them. Another factor complicating the taxpayers’ filing process is that it isn’t clear now which exemption will be scrapped in the near term and which one will continue in the long term. The new system, therefore, leaves taxpayers worse on both counts.

The more concerning issue with the new tax system has two elements. One, it marks a departure from a scenario where the state used direct taxes and exemptions to incentivise investment in key sectors; this the new regime does without providing an equally effective mechanism on the indirect taxation front. An example of the latter would have been an exemption on the purchase of electric vehicles, with the goal of reducing our dependence on fossil fuels. Similarly, an increase in incentive for home ownership would have provided a sagging real estate sector with some much needed fillip. It is ironic that the government, while disincentivising investment in insurance on the one hand, is also attempting to publicly sell stakes in India’s largest insurance provider on the other hand.

The second important issue with the new tax system is that it removes all incentives to save in an economy that is already seeing a steady decline in our household savings rate, fuelled by unemployment. Nobel-winning behavioural economist Richard Thaler, a favourite of Narendra Modi and who ap-

plauded the Prime Minister for his work on Swachh Bharat, has worked extensively on encouraging Americans to save for retirement. It was his research that persuaded American lawmakers to reform the retirement scheme. This change encouraged employers to enrol workers automatically for the retirement savings plan, increasing participation rates among young American workers. Our government seems to be encouraging the young taxpayers to do the opposite.

Finally, it was disappointing that the Budget gave such a disproportionate emphasis on tax reform, considering the fact that taxpayers constitute hardly 2.5% of the population. With 60% of the population engaged in agriculture and allied activities, any real demand stimulation would have had to begin with the rural sector. Hence, the low allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme and PM-KISAN was unfortunate.

Mohan Kumaramangalam is a working president of Tamil Nadu Congress Committee

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

A macabre theatre

Nothing divides India more than its elections. Even going by this maxim, the cleavage has never been as distinct as it is in the poll-bound Delhi. A rising crescendo of calumny against the Shaheen Bagh protests has been on view. The Prime Minister has insinuated publicly that the protests are a “conspiracy” of dubious intent. The Election Commission seems to dawdle and indulge the habitual lawbreakers. In creating such a macabre political theatre, the Bharatiya Janata Party (BJP) hopes to dent AAP’s well-entrenched credibility. In their desperate attempt to win an election they appear to be losing, the BJP leaders are trying to turn Indians against Indians. It is, of course, a deplorable ploy, rooted in misinformation, canards and toxic slogans. But, it is also pitiable. In a democracy, elections are won and lost. But, at

stake in Delhi is much more than power. In the cauldron of hate and desperation, the BJP is boiling a toxic potion that will encourage vulnerable victims like the self-proclaimed “Rambhakt”, who fired at protesters at Jamia Millia. All of which makes the Delhi elections a test of how far popular opinion and social taste may or may not have moved over the last five years of Narendra Modi’s rule. Will the hate-filled, polarising communal blitzkrieg wash out from the electoral mind all considerations of actual performance, as it did in the last Lok Sabha elections after Pulwama, or will the electorate hold fast to facts on the ground?

JAVVADI LAKSHMANA RAO,
Visakhapatnam, Andhra Pradesh

Vote for performance

In the interview, Delhi Chief Minister Arvind Kejriwal comes across as a leader confident of a good show

on account of his performance in the fields of electricity, water, school and hospitals during the past five years (Feb. 6). The decision of the Aam Aadmi Party to fight the election on the basis of performance, and on a secular plan, is a welcome gesture. While running a non-BJP government by itself is difficult, the ordeal would have been greater in Delhi. The bitter experience with the Centre seems to have made Mr. Kejriwal a seasoned politician. However, his comments that nothing extraordinary happened in the past 70 years in Delhi are unacceptable. Former Chief Minister Sheila Dixit was the architect of changing the face of Delhi with Metro and flyovers.

D. SETHURAMAN,
Chennai

An opaque system

I share James Chau’s concern about rumours

relating to the nCoV outbreak expressed in the article “A time for solidarity, not stigma” (Feb. 6). At the same time, we should also focus our attention on the grave lapses on the part of the Chinese authorities in the fight against the deadly virus. When an ophthalmologist in Wuhan posted a message online in December about some people diagnosed with SARS-like symptoms, Wuhan police reprimanded him for spreading rumours. China initiated the fight against the virus only after the infection started killing people after mid-January. The authorities misconstrued reality as rumour and allowed the virus to spread, giving it more than half a month. China has had the history and experience of SARS caused by a virus in the corona family. That virus also originated in the wet markets of China and yet,

no action was taken against wildlife trade. And nCoV also originated from the notorious wet market in Wuhan and it has killed more than 500 people so far. To be blamed here is Chinese system, which lacks transparency and silences whistleblowers.

SUKUMARAN C.V.,
Palakkad, Kerala

Safe drinking water

In an ideal country in which the government provides safe and secure drinking water to all its citizens, there will be no need for the inefficient reverse osmosis (RO) water purification technology. Unfortunately, we are living in a country which is far from ideal as far as quality and quantity of drinking water supply are concerned. Consequently, concerned citizens install RO-based water purifiers, in spite of the high capital and maintenance costs, perhaps erring on the side of health

and safety. But realising the wastage involved, ecosensitive citizens have started using waste water from RO for cleaning, washing and gardening, among other purposes. The government can educate people about the productive uses of waste water from RO. Besides, it can fund research and development of other affordable and efficient water-purifying technologies so that RO technology is not required. Above all, the government can ensure safe drinking water for every citizen. Under the prevailing situation, any proposal to bar domestic users from installing and utilising RO systems cannot be considered an ingredient in good water management policy (Editorial, “Purifying water,” Feb. 6).

A. VENKATASUBRAMANIAN,
Tiruchi, Tamil Nadu

Does the Budget do enough in providing a stimulus to growth?

PARLEY

By not cutting spending despite constraints, the Budget ensures momentum doesn't backslide

Presenting the Union Budget for 2020-21 to Parliament, Finance Minister Nirmala Sitharaman spoke of this being the Budget to boost common people's incomes and enhance their purchasing power. In a discussion moderated by Suresh Seshadri, Ananth Narayan and V. Srinivasan look at whether the proposed changes in direct taxes and other measures are likely to help spur consumption and investment in the economy. Edited excerpts:

The Economic Survey stressed wealth creation as a central theme. Do the Budget proposals address this? If so, to what extent?

Ananth Narayan: What you have to look at from this particular Budget is what does it do by way of stimulus, which is, does it actually spur consumption or investment or get some money going through into the system? And second, does it lay a road map for any kind of deeper structural reforms? If both of them come together in the right ingredients, then wealth creation, which is indicated in the Economic Survey, should follow through.

The Budget gave a lot of good background. The three themes – aspirational India, economic development, caring society – nobody can have an argument with that. But there were severe constraints when it came to actually giving any kind of a stimulus. Frankly, Finance Minister Sitharaman had very, very little space to announce any further stimulus. Really, what you have to be thankful for is that she didn't cut down on spending. She continued with the stimulus, which has been ongoing for the last three, four Budgets now. In fact, government spending is what is holding up GDP growth.

I think what has been disappointing is the second part, on structural reforms. There are a lot of good things which have been spoken about on agriculture, irrigation, start-ups and so on. But some of the real elephants in the room [are]: the health of the financial services ecosystems – banks and NBFCs; and structural issues in sectors such as power, telecom, airline and ship-

ping, real estate, construction. And third, most importantly, getting in foreign direct investment into manufacturing or grabbing some of the top supply chains coming out of China. On all these three structural fronts, personally, I was disappointed by the lack of direction in the Budget.

So, to answer your question, wealth creation: it's not constricted, the government has not cut down on spending because of fiscal constraints, and there are deep fiscal constraints. On structural reforms, the Budget document itself was disappointing. The good news, of course, is that reforms don't have to happen only in the Budget, they can happen separately as well. But as things stand, I don't see enough being done for wealth creation or for the reigniting of the investment cycle.

Would the various direct tax changes give a boost to incomes and thereby lift consumption spending?

V. Srinivasan: India first needs to have a capex investment cycle going, create more jobs and thereby increase consumption. I think relying on consumption alone and putting money in the hands of people to consume and therefore stimulate the economy is something which can help in the short term, but in the long term can lead to some disastrous results. And clearly, the measures in the Budget have attempted to spur consumption. But I think if you look at the direct tax changes on the personal income tax side, I think it is [at] best status quo. I think more likely than not people would be in the same place where they are, not opting for the exemptions and staying with it at least as of now, till they get more clarity on how exactly these things work and for how long you'll have the option rather than try to sort of give up on the investments and not take exemptions and live with a lower tax. That's the thing that you really need to wait and watch. But as of now, if you look anecdotally since that's the only social security and kitty which people build for their later years, I think it's more likely that people will



R.V. MOORTHY

continue the exemptions. We need to wait and watch in terms of how the capex cycle comes through, which I think would possibly trigger a much more sustainable consumption cycle than trying to just put money in the hands of people and trying to stimulate the economy.

Could the new opt-in tax regime end up impacting savings? Household savings have after all been a significant contributor to another pillar of GDP, gross fixed capital formation.

AN: Not directly by the measures which have been announced. Sure, at the margins for certain tax slabs, it is possible that financial investments and savings, which were otherwise encouraged, might no longer make sense. But that's a very small number in my opinion. I don't think the changes incorporate a big change in the behaviour of savings per se. But the broader point you make is quite valid. The savings rate, the financial savings rate for households has been dropping quite sharply over the years. And this is a 10, 15 years kind of a trend, which is a sign of worry.

Frankly, when we worry about things like savings rate and growth and consumption, the starting point paradoxically has to be investment. India tends to earn more and save more when there is investment going through. We saw that, for instance, when the golden quadrilateral was being built 20 years ago; 30 years ago, when the markets were opened up and money came in,

As of now, if you look anecdotally since that's the only social security and kitty which people build for their later years, I think it's more likely that people will continue the exemptions.

V. SRINIVASAN

poured into various kinds of infrastructure investments.

We saw what happened 10 years ago, when we saw a lot of banking money go into infrastructure investments, which unfortunately didn't end well, we saw again growth and consumption that time. So, savings and investments or savings and overall income is structurally I think linked to investments, which is why the structural reforms required for spurring back an investment cycle is what we were all, at least I was, looking for very eagerly. There are lots of small things happening. And I have to acknowledge that, for instance, labour laws are being changed quietly. Likewise, you know, the corporate tax rate cut is very welcome for investments. But it seems a little too little at this point in time. To get back savings, to get back healthy macroeconomic variables, I think we need the investment climate coming back again, and a lot, lot needs to be done on the structural side before that happens.

The Finance Minister has said the government is keen not to splurge to end the slowdown and will instead focus on creating public assets. As an approach, how relevant is it to the current economic logjam?

VS: It comes back to what we've been grappling with and what in the media's and regulators' talk is 'transmission'. And clearly, resources are limited. Understand that both the RBI and the government are trying to sort of do all that they can to spur investment, increase the flow of money. And 'transmission', meaning irrespective of how much liquidity you put in, rates are not going lower, banks are not lending; the system is, to some extent, broken. So, whatever the Budget does or any sort of policy measure which is taken is hitting a wall till we sort out some of the systemic issues and try and clean the deck and then start from there. And I think that's something which was a hope, at least in terms of, whether in the Budget or outside it, trying to make sure that if someone has to take a hit, we need to take the hit.

If the government has to step in to provide some support, at least clean the deck and then confidence will be back and people can sort of look ahead with reasonable comfort that they are not going to be blindsided by something which they didn't expect. That phase continues and that irrespective of whether you splurge, don't splurge, if you do whatever you're doing, I think it's not helping.

So, I think the biggest thing is whether it's real estate, whether it's NBFCs, we need to clean the deck and make sure people are comfortable with the future. When you're not comfortable with the future outlook, and it's sort of filled with uncertainty, I think you hold back on anything you want to do, and that's the phase we are going through. The Budget, I was hoping, would trigger some animal spirits by bringing some certainty in terms of putting some of these things behind us. [That has] not happened. So, I think we will have to muddle along till we sort out some of the problems ourselves, or something happens which forces us to do that.

Does the Budget help keep the economy on track to reach the government's \$5 trillion goal?

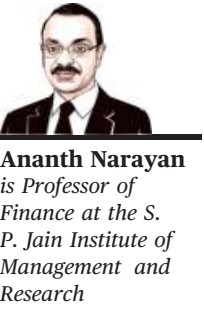
AN: At the moment, I don't think we are on track to reaching this \$5 trillion mark by 2024. The good news, though, is that there is no reason why we can't start to improve our growth dramatically. I think our

potential remains pretty high. If we start to address some of the structural issues, I do think given our demographics, given the resources that we have, it's quite within our reach to bring in foreign direct investment, as well as to have our own investment cycle restarted, so as to get us to higher rates of growth. But for that, we have to make a fundamental departure.

One quick point on NBFCs etc., I think where the government is stalled right now is twofold. One is they see a moral hazard and I sympathise with that. 'Why should the government bail out private entities?', and that's a good point. Second, the Insolvency and Bankruptcy Code is a lovely piece of legislation. It's starting to hopefully settle down, it will work for the future. So, therefore, their bet is things will solve themselves and 'we should not get involved trying to bail out individuals'. I sympathise with the thinking, but I think the size of the problem is just too large. And, therefore, a one-time solution is required alongside making sure there's accountability. And there are structural reforms so that the cycle does not repeat. Unless we take steps like this, and not just in the banks and NBFCs, but the other sectors, and the ease of doing business on manufacturing, I think the realisation of that \$5 trillion potential will remain a bridge too far.

What do you think are the biggest positives of the Budget?

VS: Clearly, we have not moved back thanks to the Budget. Whatever investment needs to happen, whatever risk capital needs to come into the country, primarily it is coming from offshore through foreign investors because domestic investors and institutions as of now, whether banks, mutual funds and to a large extent insurance companies, lack the risk appetite in terms of putting money, risk capital to work in the current context. And the only people who are willing to do that seem to be offshore investors. So, the Budget recognises that and to some extent offers a much cleaner, easier environment, from a tax perspective, and from an incentive perspective, for foreign investors to access local markets and provide risk capital. And I think that's one of the big positives in the Budget.



Scan the QR code to listen to the full interview online

Reducing custodial deaths

The Indian police continue to torture suspects in custody as they are rarely punished

M.P. NATHANAEL

On October 13, 2019, Pradeep Tomar, a security guard, rushed with his 10-year-old son to Pilkhuwa police station in Hapur district in Uttar Pradesh. He had been summoned for interrogation in connection with a murder case. The son later said that his father was brutally tortured by the policemen in front of him for hours. When Tomar's condition deteriorated he was rushed to hospital, where he died. An FIR was registered against four policemen after the National Human Rights Commission took note of the case.

Earlier last year, a Delhi court sentenced five U.P. policemen to 10 years of rigorous imprisonment for torturing a man to death in custody in 2006. The five policeman had abducted the victim on suspicion of his involvement in a car robbery and tortured him in custody. Later, after he died, they manipulated records to obliterate all evidence of custodial death and closed it as a case of suicide. The case was transferred from a court in Gautam Buddh Nagar to Delhi by the Supreme Court on the grounds that a fair trial would not be possible within the State.

Pronouncing the verdict, the additional sessions judge Sanjeev Kumar Malhotra said, "The police play a major role in the administration of criminal justice. One of the reasons for custodial death is that the police feel that they have a power to manipulate evidence as the investigation is their prerogative and with such manipulated evidence, they can bury the truth." He added, "They are confident that they will not be held accountable even if the victim dies in custody and even if the truth is revealed."

Acting with impunity

These incidents have brought into sharp focus the way Indian policemen torture and interrogate suspects in their custody leading to death in several cases. As a result, policemen all over the country have been severely criticised and condemned. Strictures passed against policemen from time to time by learned judges of various courts notwithstanding, the police continue to brazenly tor-

ture suspects in their custody.

The Central Bureau of Investigation too uses torture as a method of investigation. In September 2016, B.K. Bansal, Director General of Corporate Affairs, and his son Yogesh committed suicide. In their suicide note, the two men listed the names of officers who had tortured their family in connection with a case of disproportionate assets. Bansal's wife and daughter too had committed suicide two months earlier. On the directions of the National Human Rights Commission, an inquiry was held by the CBI. Expectedly, the agency exonerated all the accused. Taking cognisance of the matter, the Central Vigilance Commission published a standard operating procedure laying down guidelines for interrogation of accused officials.

Custodial deaths have been on the increase in recent years. They increased by 9% from 92 in 2016 to 100 in 2017, according to the National Crime Records Bureau. Since policemen responsible for custodial deaths rarely get punished, they feel emboldened to continue using torture as the tool to get to the truth. In 2015, for instance, the police registered cases against fellow police officers in only 33 of the 97 custodial deaths.

A historic order

The Supreme Court delivered a historic order in 2006 on police reforms. It stated, among other things, that every State should have a Police Complaints Authority where any citizen can lodge a complaint against policemen for any act of misdeemeanour. However, only a few States such as Kerala, Jharkhand, Haryana, Punjab and Maharashtra have implemented the order. Others have not taken the matter seriously.

Until exemplary punishment is meted out to policemen who are responsible for custodial deaths after proper judicial inquiry, not much can be expected to ameliorate the situation. Proper interrogation techniques coupled with use of scientific methods to extract the truth from suspects can go a long way in reducing custodial deaths.

M.P. Nathanael is a retired Inspector General of Police, Central Reserve Police Force



NOTEBOOK

Journalism in the time of an outbreak

Reporters risk contracting whatever contagion is ruling the roost

RAMYA KANNAN

A virus is a formidable foe for humans who are periodically affected, often in swathes, but more so for health journalists. In unimaginable ways, a public health emergency sometimes blindfolds a journalist, disallowing proper employment of the tools and techniques of the trade. There is no press pass that bacteria recognise, no calling card that will impress a virus enough to stay away. Sometimes, just doing one's job could land one in the deep end.

Reporting is about 'being there' as news breaks, as events happen, in the epicentre. It is often about rushing in where angels fear to tread. With a bit of excessive enthusiasm, the reporter could land up with a more intimate experience than she had bargained for.

The modern world, nearly seamless and bor-

derless, has begun to regularly afflict us with outbreaks. Often, in the initial stages, everyone just feels around in the dark. The light eventually slips in through the cracks, and if we are lucky, a cure too. But in the initial feeling around phase, it is possible that an enthusiastic health reporter has a higher degree of risk of contracting whatever contagion is ruling the roost than the general population, just shades less than the healthcare worker.

A basic prevention protocol automatically kicks in these days, and the masks are deployed early on, but there was seldom such clarity in the past. Health workers with meagre resources would try to overcome outbreaks with sheer will and sacks of chlorine powder. Cholera and acute diarrhoeal diseases in north Chennai were a common occurrence up until a decade ago. Those sent out to

the area to do a spot story would have to figure out what to drink or eat locally, besides being careful about what to touch, in order not to be visited upon by a virulent vibrio cholerae.

Who knew what protection to take while walking into the wards of government hospitals brimming over with patients, the corners fertile with bodily fluids, and the air heavy with the stench of cheap disinfectant? If mortuary trips became a necessity, as they did during the tsunami, a handkerchief or dupatta would offer protection. The N95 masks were unheard of then. As for gloves, even mortuary workers used them only for special occasions.

Wandering on the dark sands of the tsunami-ravaged Nagapattinam and Cuddalore coast without the right footwear left its mark on journalists too. Red, itchy patches evolved into dark splotches on the

legs. It was contact dermatitis that doctors found in the local survivors of the big wave as well. Galoshes were not on our mind, as we grappled to report the unprecedented ramifications of the tragedy.

And how do you protect yourself from the female anopheles mosquito carrying the deadly plasmodium vector, in cities that continue to be endemic to malaria? This is a problem especially when a visit to an affected area is the way your story can unfold, naturally putting you in harm's way. In the first wave of chikungunya in the south, in 2006, unsuspecting journalists stumbled right into dens of Aedes mosquitoes, even before it became clear what was making people double up in agony.

Experiential journalism adds value, but in retrospect, these were experiences that were perhaps not necessary.

The Hindu

FROM THE ARCHIVES

FIFTY YEARS AGO FEBRUARY 7, 1970

Bhutto's plan to bomb Trombay

Mr. Z. A. Bhutto, who was then Foreign Minister of Pakistan, has accused former President Ayub Khan of turning down his advice to bomb the Trombay atomic complex and Calcutta during the last Indo-Pakistan conflict. According to a report published by Mashriq here [New Delhi], Mr. Bhutto told a public meeting in Sheikhpura on Thursday [Feb. 5] that during the 1965 hostilities he had urged Ayub Khan to allow bombing of Trombay by Pakistan Air Force along with big cities like Calcutta and Bombay. If Ayub Khan had accepted the advice Trombay would have been destroyed and India would not have been in a position to manufacture any atom bombs at least for the next 10 years, he said. Mr. Bhutto felt the only alternative left now for Pakistan was to start manufacturing atom bombs. Mr. Bhutto said that he had always urged his Government to adopt a rigid attitude towards India. If India became a nuclear power it would create a serious situation for Pakistan.

A HUNDRED YEARS AGO FEB. 7, 1920.

Congress Party and the Reform Act.

Lord Willingdon from all that we hear seems to be under a gross misapprehension regarding the attitude of the Congress and Nationalist party towards the Reform Act. His Excellency does not apparently keep himself in touch with current Indian political opinion by acquiring knowledge of the same firsthand and is content to accept opinions foisted on him by those who have most access to him. On no other ground can be explained the belief which His Excellency seems to entertain that the adherents of the Indian National Congress and the members of the Nationalist party can have nothing to do with the Rules and Regulations to be passed under the Reform Act. A singularly ill-natured and offensive effusion appears in New India of the 6th instant in which the following detectable sentiments appear! "The Hindu cries out because there is not a single 'Nationalist' on the Committee. What have the 'Nationalists' to do with any committee connected with the Reform Act?... It is not at all improbable that the Committee will only have to do with the general rules and regulation of business under the New Act. If so there is not likely to be much difference of opinion between the two parties and the Hindu need not be so angry because its friends have not got seats on it."