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Drink Vs Hubris

Nitish Kumar must heed why HC has found Bihar prohibition draconian

The history of prohibition proves that far from ending alcohol consumption it only creates criminal industries and hooch tragedies. Bihar is following the same pattern. There are reports of liquor being bootlegged from neighbouring Uttar Pradesh, Jharkhand, West Bengal and Nepal and also of dangerous cottage hooch outfits growing in rural areas. But what Friday's high court judgment about the Bihar prohibition law underlines is that this state has been more draconian than the rest. For that reason the court found the Bihar Excise (Amendment) Act, 2016 ultra vires of the Constitution and struck it down.

Also, on Friday, the Supreme Court cancelled the bail of Mohammad Shahabuddin. Just as this judgment gave chief minister Nitish Kumar an exit route out of an ugly confrontation with his ally RJD, he should have used the prohibition judgment as timely political cover to backtrack from a failing and counterproductive policy. Instead on Sunday he chose to notify the Bihar Prohibition and Excise Act, 2016 which experts have pronounced even more draconian than the law struck down by the high court. Where the Bihar prohibition law goes truly rogue is in undermining many established principles of Indian jurisprudence, such as one cannot be punished for the crimes of another or one is innocent until proven guilty. For example, the law notified on Sunday pronounces that where a person is found consuming or even possessing alcohol, the owner of the property could also be treated as guilty and punished likewise. And where a villager is found violating prohibition, the whole village could be fined for it. Such provisions violate fundamental human rights.

Nitish keeps saying that he's simply delivering on his campaign promises to the women of Bihar. He's mistakenly calculating that the prohibition card will gain him popularity. Women voters did help him become chief minister for a third term, but credit for that goes to various development schemes and a much improved law and order situation during his first two terms. What have the women won this time? They will go to jail if their menfolk are found drinking. Plus, to make up for the revenue shortfall, they will pay more taxes on everything from petrol and diesel to sweets and saris. Nitish must backtrack. This kind of brutish courtship is guaranteed to lead to rejection.

Date: 05-10-16

Festival Cheer

Monetary policy committee cuts interest rates, banks must now transmit the cuts smoothly

Tuesday's monetary policy was historic. As part of a structural transformation, for the first time the policy decision was put to vote by a monetary policy committee. Till date, Reserve Bank of India's decision on interest rates was made solely by its governor. The new committee, with three nominees from RBI and three from government, unanimously voted to reduce RBI's interest rate by a quarter of a percentage point to 6.25%. Here the committee opted for continuity. Since January 2015, RBI has tried to lower interest rates either directly or by enhancing money supply. The committee's move was pragmatic.

The role of RBI's interest rate changes can be overstated. RBI's decision has to translate into other borrowing and lending rates in the economy to make a real difference to people. Here, banks which are the main channel of transmission, have muted RBI's influence on account of their bad loan problems. Despite that, almost two years of both RBI and government trying to find ways to lower interest rates has led to a gradual downward shift for both borrowers and deposit holders. This trend is likely to continue as retail inflation in India over the last two years has been under control.

RBI's monetary policy statement pointed to weak global demand and other uncertainties emanating from politics abroad. These factors have partially limited India's potential economic growth. Therefore, the emphasis now should be on reforms and the role government can play in making India's economy more competitive. Monetary policy has inherent limitations and India's economic performance ultimately depends on the manner in which government can calibrate policies to unfetter growth. This will necessarily include RBI and government working together to find immediate solutions to bad loan problems and also to reform the financial sector. The road to long-term prosperity lies in unleashing India's productivity.

THE ECONOMIC TIMES

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Still afraid of disclosures

On October 1, finance minister Arun Jaitley announced that the government was pleased with the windfall from the four-month black money disclosure scheme that ended on September 30. Indians have declared hidden assets worth Rs 65,250 crore (\$10 billion). The tax collection, at Rs 30,000 crore (\$4.5 billion), will help build many a road and school. But, by global standards, the haul is small. Could a lighter price have earned more revenues?

Amnesty schemes being offered in countries such as Indonesia and Argentina are yielding huge revenues due to low tax and penalty rates. In Indonesia, those with hidden assets abroad need to only pay a flat fee of 1-6 per cent of the value of the assets depending on how quickly they declare their stash and whether they repatriate it. There is also no prosecution or penalty. These countries are clear about maximising revenues, having decided to pardon those who have broken the law.

India does not fall in that league. The just-concluded Income Declaration Scheme (IDS) allowed people to pay tax, surcharge and penalty adding up to 45 per cent on their past undisclosed income. The design was better than the earlier scheme that fared miserably due to the heavy price — 30 per cent tax and an equivalent amount as penalty — and the lack of trust as to whether there would be penalties even after coming clean.

Should the government offer a second chance to those with hidden wealth overseas to come clean? Paring the tax rate will make it work. Some would argue against India offering frequent amnesties the way they do in, say, Italy. But the US offers an open-ended Offshore Voluntary Disclosure Program. One model could be the sort of permanent amnesty scheme offered by Scandinavian countries and South Africa. A person is allowed to declare her past undeclared income before the case is picked up for audit. As the government cannot possibly cover a wide range of taxpayers in audits, such a scheme allows taxpayers to regularise their tax affairs and start afresh.



Jeffrey Owens, former director of the OECD Centre for Tax Policy and Administration, says people must be given enough time to unwind their past tax affairs before governments move to the new world of tax transparency. That's a valid point. India will join other countries to follow common reporting standards from next year. This means exchange of information on account holders across jurisdictions will be automatic, making it tough for tax dodgers to hide their wealth.

Also, there is no stigma attached now to offshore voluntary compliance schemes. The OECD has endorsed these schemes that have been introduced in many countries. India is only rolling with the tide, and when businesses bring money on to their books, they can repay loans, avoid bankruptcies and secure fresh credit. Leveraging on higher equity capital will also make them expand, and help the economy grow. David Bradbury, head of the OECD Tax Policy and Statistics Division, however, reckons that governments should weigh the benefits and costs, as it can create a perception that voluntary disclosure schemes are par for the course. The problem in India is very few are convinced that non-disclosure would lead to punitive action. That must change. Egregious offenders must pay. The US Department of Justice puts the information on prosecutions launched in public domain. Britain's revenue and customs department too has made it clear that people can't get away saying 'Don't tax me, tax the man behind'. India will have game-changing data with automatic information exchange to pursue tax evaders. Having joined the global war against tax evasion, it should follow Britain and create a Unique Legal Entity Identifier to trace the real, beneficial owners of companies. Here, effective sharing of information will help.

Amine of data is already available with the income-tax department through the annual information returns that identify potential taxpayers by examining their spending patterns. To check for evasion, it has been matching the data provided by various agencies with an individual's income-tax returns. What we really need is intelligent data mining to create rock solid proof of tax evasion. Why not consider data not filed, but gathered using data-mining techniques, using big data analytics?

India should also reform its direct tax regime to lower tax rates, and widen the ridiculously low base. It also partly explains why tax as a proportion of GDP has been stagnating at about 16.5 per cent for the last three decades. The goal must be to at least double India's tax-GDP ratio to meet spending commitments. Moving to the goods and services tax (GST) will certainly provide an opportunity to reform direct taxes. We can then forget amnesty schemes.

Date: 05-10-16

RBI does its bit, now over to government

The six-member Monetary Policy Committee (MPC), chaired by new RBI governor Urjit Patel, took its first monetary policy decision on Tuesday — by consensus. Key policy rates, the repo and reverse repo, have been cut by 25 basis points, or 0.25 per cent. This follows a pattern, from January 2015, of falling policy rates: since then, the repo rate has fallen by 175 basis points, or 1.75 per cent. The cut was expected after consumer inflation cooled to 5.05 per cent in August, down from the previous month's 6.07 per cent. Much of the rise in consumer prices, as the RBI itself notes, was due to food price inflation: with that cooling off, rates have been cut. But monetary policy can do little about food inflation, which depends crucially on monsoons, poor storage and transport infrastructure and imperfect markets. Food markets need reform; the government has to push these.



Theoretically, lower interest rates can encourage borrowing, investment and growth. But is it doing the job? After nine months of softening rates, there is no significant uptick in these indicators. Lending by commercial banks, which grew at 23.5 per cent in the September 2011 quarter, has struggled to reach double digits in the last six quarters but one: in December 2015, lending grew 10.9 per cent, a blip in an 8.6-9.8 per cent growth range. Metropolitan borrowing is the weakest, with semi-urban borrowers taking up much of the slack. Unsurprisingly, gross fixed capital formation is sluggish. The second quarter saw investment actually shrink 3.1 per cent year-on-year.

The government has heroically kept public investment going, despite its strained finances. However, private investors are yet to feel the love, and have kept investment on hold, leaving overall investment levels, as a proportion of GDP, 10 percentage points below the peak rate of 38 per cent achieved in 2007-08. Nevertheless, the RBI has done its bit. Now, it is time for the government to work on boosting infrastructure investment, reviving the bond market and ridding the banks of their bad loan problem, so that they can start lending again. Monetary policy can do only so much, with an MPC or otherwise.

बिज़नेस स्टैंडर्ड

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नपातुला कदम

छह सदस्यों वाली मौद्रिक नीति समिति (एमपीसी) ने अपनी पहली दोमाही मौद्रिक नीति समीक्षा में सर्वसम्मति से रिपो दर 25 आधार अंक घटाने का निर्णय लेकर सबको चौंका दिया। नीतिगत वक्तव्य में कहा गया है कि यह निर्णय भारतीय रिजर्व बैंक के उदार रुख के अनुरूप ही किया गया। वास्तव में अगस्त में खुदरा महंगाई में तेज गिरावट के बाद उसके 5.05 प्रतिशत हो जाने और आने वाले महीनों में भी तेज गिरावट के एमपीसी के अनुमान को इसकी प्रमुख वजह माना जा सकता है।

खासतौर पर नीति निर्माताओं ने उम्मीद जताई है कि आने वाले महीनों में खाद्य कीमतों में महत्वपूर्ण गिरावट आएगी। यह अनुमान इसलिए लगाया गया है क्योंकि देश के 85 प्रतिशत भौगोलिक क्षेत्र में सामान्य या उससे बेहतर बारिश हुई है और इसके परिणामस्वरूप खरीफ का उत्पादन रिकॉर्ड स्तर तक पहुंचने की उम्मीद है। हालांकि एमपीसी ने मार्च 2017 का मुख्य मुद्रास्फीति का लक्ष्य कम नहीं किया है लेकिन उसने यह कहकर अपने रुख में बदलाव के संकेत दिए हैं कि जून और अगस्त के नीतिगत वक्तव्यों में जोखिम बढ़े हुए हैं। निश्चित तौर पर मुद्रास्फीति को लेकर एमपीसी का रुख कमतर करने के लिए अन्य वजहें भी जिम्मेदार हैं। सरकार ने खाद्य महंगाई का दबाव कम करने की कोशिश की, खासतौर पर दालों को लेकर। एमपीसी को यह भी लगा कि आरबीआई द्वारा नकदी को आसान बनाए जाने से भी नीतिगत कदमों को प्रभावी बनाने में मदद मिलेगी। सरकार ने इससे पहले छोटी बचत की ब्याज दरों में कटौती की थी। राजनीतिक दृष्टि से यह कदम भले ही कठिन रहा हो लेकिन यह पारेषण बेहतर करने में मददगार है। आखिरी बात यह कि एमपीसी ने वृद्धि के मोर्चे पर जोखिम और अवसरों को लेकर समग्र सोच दर्शाई है। जोखिम वर्ष 2016 में वैश्विक वृद्धि में अप्रत्याशित गिरावट से उत्पन्न हुआ है। इसके अलावा निवेश में कमजोरी और मांग में कमी भी इसकी वजह है। लेकिन घरेलू अर्थव्यवस्था अधिक बेहतर नजर आ रही है। कृषि में वृद्धि के कारण ग्रामीण मांग सुधर रही है और सातवें वेतन आयोग ने शहरी मांग को गति प्रदान की है। एमपीसी दरों में कटौती के जरिये घरेलू वृद्धि में सहयोग ही कर रही है।

बहरहाल, कई सूक्ष्म बातें भी फलक पर हैं। इनकी वजह से ही अधिकांश पर्यवेक्षक यह मानकर चल रहे थे कि एमपीसी अपनी पहली समीक्षा में कटौती करने के बजाय इंतजार करेगी। पहली और सबसे अहम बात यह कि अमेरिकी केंद्रीय बैंक फेडरल रिजर्व के कदमों को लेकर अनिश्चितता बनी हुई है। अमेरिका में श्रम की लागत और मुख्य मुद्रास्फीति दोनों फेडरल रिजर्व द्वारा तय लक्ष्य के करीब हैं और उसकी दिसंबर में होने वाली समीक्षा में दरों में इजाफा हो सकता है। घरेलू मोर्चे की बात करें तो पाकिस्तान के साथ देश के रिश्ते तनावपूर्ण बने हुए हैं और इससे भी अनिश्चितता जुड़ी हुई है। आखिरकार, कई ऐसी घटनाएं हैं जो मुद्रास्फीति के पूर्वानुमान को प्रभावित कर सकती हैं, और दरों में कटौती की प्रेरक बन सकती हैं। अब तक की एक हकीकत तो यही रही है कि नई सीमांत लागत आधारित ऋण दर (एमसीएलआर) को अपनाने के बावजूद बैंक दरों में कटौती का पूरा लाभ देने के अनिच्छुक हैं। यहां तक कि एमपीसी भी यह स्वीकार करती है कि खाद्य और ईंधन को छोड़कर मुद्रास्फीति पांच फीसदी के आसपास स्थिर बनी रही है, खास तौर पर शिक्षा, चिकित्सा और व्यक्तिगत सेवाओं के संदर्भ में। घरेलू सर्वेक्षण निरंतर मुद्रास्फीति बढ़ने का ही सुझाव देते हैं। वस्तु एवं सेवा कर लागू होने तथा वेतन में बढ़ोतरी के बाद स्थिति थोड़ी खराब हो सकती है।



क्या बनेंगे-सिटीजन या नेटिजन ?

उपराष्ट्रपति अ.हामिद अंसारी की नई किताब 'सिटीजन एंड सोसाइटी' के विमोचन के मौके पर प्रधानमंत्री नरेन्द्र मोदी ने कहा कि 'प्रौद्योगिकी के कारण लोग नेट पर आश्रित हो गए हैं, और पारंपरिक सीमाएं विलोपित हो रही हैं। बावजूद इसके परिवार देश की सबसे बड़ी ताकत है।' निश्चय ही प्रधानमंत्री हमारे समय के एक बड़े सामाजिक प्रश्न पर संवाद कर रहे थे।

आज यह तय करना मुश्किल होता जा रहा है कि हम पहले सिटीजन(नागरिक) हैं या नेटिजन(इंटरनेट पर आश्रित व्यक्ति)। नेटिजन होना जरूरत है, आदत है या स्टेटस सिंबल? ऐसे में क्या नागरिक धर्म, पारिवारिक दायित्वबोध पीछे छूट गए हैं? देशभक्ति, राजनीति से लेकर समाजसेवा सब नेट पर ही संभव हो गयी है तो लोगों से क्यों प्रत्यक्ष मिलना? क्यों समाज में जाना और संवाद करना? नेटिजन होना दरअसल एकांत में होना भी है। क्योंकि नेट आपको आपके परिवेश से काटता भी और एकांत भी मांगता है। यह संभव नहीं कि आप नेट पर चैट भी करते रहें और सामने बैठे मनुष्य से संवाद भी। यह भी गजब है कि भरे-पूरे परिवार और महफिलों में भी हमारी उंगलियां स्मार्ट फोन पर होती हैं और संवाद वहां निरंतर है, किंतु हमारे अपने उपेक्षित हैं। महफिलों, सभाओं, विधानसभाओं, कक्षाओं, अंतिम संस्कार स्थल से लेकर भोजन की मेजों पर भी मोबाइल में लगे लोग दिख जाएंगे। मनुष्य ने अपना एकांत रच लिया है, और इस एकांत में भी वह अधीर है। पल-पल स्टेटस चेक करता है कि क्या-कहां से आ गया होगा। यह गजब समय है, जहां एकांत भी कोलाहल से भरे हैं। स्क्रीन चमकीली चीजों और रोशनीयों से भरा पड़ा है। इसके चलते हमारे आसपास का सौंदर्य और प्रकृति की नैसर्गिक सुंदरता बेईमानी हो चली है। हमारे अपने प्रतीक्षा में हैं कि हम कुछ कहें, बोलें, बतियाएं पर हमें चैटिंग से फुरसत नहीं है। हम आभासी दुनिया के चमकते चेहरों पर निहाल हैं, कोई इस प्रतीक्षा में है, हम उसे भी निहारेंगे। यह अजब सी दुनिया है, नेटिजन होने की सनक से भरी दुनिया, जिसने हमारे लिए अंधेरे रचे हैं और परिवेश से हमें काट दिया है। प्रौद्योगिकी का इस्तेमाल करना और प्रौद्योगिकी के लिए इस्तेमाल होना दोनों दो चीजें हैं, पर हम इसका अंतर करने में विफल हैं।

हालात यह है कि भरे-पूरे परिवार में संवाद की कहीं जगह बची ही नहीं है। माता-पिता और संतति पास चमकती हुई स्क्रीन है और उससे उपजी व्यस्तताएं। शिक्षा मंदिरों का हाल और बुरा है। कक्षा में उपस्थित शिक्षक अपने विद्यार्थियों तक नहीं पहुंच पा रहा है, मोबाइल यहां भी बाधा बना है। शिक्षक की भरी-पूरी तैयारी के बाद भी उसके विद्यार्थी ज्ञान 'गूगल गुरु' से ही लेना चाहते हैं। शिक्षक भौंचक है। उसके विद्यार्थियों में एकाग्रता का संकट सामने है। वे कंधे उचकाकर फिर स्क्रीन पर चेक करते हैं, नए नोटिफिकेशन से बाक्स भर गया है। बहुत से चित्र,



आज समाज नहीं राजनीति पंच बन बैठी है। नेटिजन से पहले सिटीजन और उससे पहले मनुष्य बनना, खुद की और समाज की मुक्ति के लिए संघर्ष किसी भी जीवित इंसान की पहली शर्त है। लोग नेट पर आश्रित भले हो गए हों, किंतु उन्हें लौटना उसी परिवार के पास है जहां संवेदना है, आंसू हैं, भरोसा है, धड़कता दिल है और ढेर सारा प्यार है।



संवाद और बहुत सी अन्य चीजें उनकी प्रतीक्षा में हैं। एकाग्रता, तन्मयता, दत्तचित्तता जैसे शब्द इस विद्यार्थी के लिए अप्रासंगिक हैं। वह किताबों से भाग रहा है, वे भारी हैं और भटका रही हैं। उसे 'फोकस्ड' और 'पिन पाइंट' ज्ञान चाहिए। गूगल तैयार है। गुरु गूगल ने ज्यादातर अध्यापक को अप्रासंगिक कर दिया है। ज्ञान की तलाश किस है, पहले हम सूचनाओं से तो पार पा लें। आज 'डिजिटल इंडिया' के शिल्पकार प्रधानमंत्री अगर यह कह रहे हैं कि परिवार हमारी सबसे बड़ी ताकत है, तो हमें रुककर सोचना होगा कि प्रौद्योगिकी की जिंदगी में क्या सीमा होनी चाहिए। क्या प्रौद्योगिकी का हम प्रयोग करेंगे या वह हमारा इस्तेमाल करेगी। नेटिजन और सिटीजन क्या समन्वय बनाकर एक साथ चल सकते हैं, इस पर भी सोचना जरूरी है। भारत जैसे विविधता और बहुलता से भरे देश में डिजिटल इंडिया के प्रयोग एक 'डिजिटल डिवाइड' भी पैदा कर रहे हैं। एक बड़ा समाज इन

चमकीली सूचनाओं से दूर है और उस तक चीजें पहुंचने में वक्त लगेगा। सूचनाएं और संवाद किसी भी समाज की शक्ति होती हैं। वह उसकी ताकत को बढ़ाती हैं। लेकिन नाहक, प्रायोजित और संपादित सूचनाएं कई तरह के खतरों भी पैदा करती हैं। क्या हमें हमारे देश की वास्तविक सूचनाएं देने के जतन हो रहे हैं? क्या हम इस देश को उस तरह से चीन्हते हैं जैसा यह है? 128 करोड़ आबादी, 122 भाषाएं और 1800 बोलियों वाले 33 लाख वर्ग किलोमीटर में फैले देश की आकांक्षाएं, उसके सपने, उसके दुख-सुख-आर्तनाद क्या हमें पता है? क्या हमें पता है कि एक वनवासी कैसे बस्तर या अबुझमाड़ के जंगलों में हमारे लोकतंत्र की प्रतीक्षा में सात दशक गवां चुका है? गांव, गरीब, किसान की बातें करते-करते थक चुकी हमारी सरकारें और संवेदनहीन प्रशासनिक तंत्र क्या इस चमकीले डिजिटल इंडिया के सहारे भी हाशिए पर पड़े लोगों के लिए कोई स्पेस ढूढ़ पाएगा। समर्थ की चाकरी में जुटी सारी नौकरशाही क्या लोकसेवक होने के वास्तविक अहसास से भर पाएगा। कहते हैं लोकतंत्र सौ साल में साकार होता है। सत्तर साल पूरे कर चुके इस देश में 70 प्रतिशत तो लोकतंत्र आ जाना चाहिए था, किंतु देश के बड़े बुद्धिजीवी रामचंद्र गुहा 2016 में भी हमारे लोकतंत्र को 50-50 बता रहे हैं। ऐसे में नागरिक बोध और नागरिक चेतना से लैस मनुष्यों के निर्माण में हमारी चूक साफ नजर आ रही है। लोकतंत्र कुछ समर्थ लोगों और प्रभु वर्गों की ताबेदारी बनकर सहमा हुआ सा नजर आता है। परिवार हमारी शक्ति है और समाज हमारी सामूहिक शक्ति। व्यवस्था के काले हाथ परिवार और समाज दोनों की सामूहिक शक्ति को नष्ट करने पर आमादा हैं। समाज की शक्ति को तोड़कर, उन्हें गुटों में बांटकर राजनीति अपने लक्ष्य संधान तो कर रही है पर देश हार रहा है। समाज को सामाजिक दंड शक्ति के रूप में करना था किंतु वह राजनीतिक के हाथों तोड़ा जा रहा है, रोज और सुबह-शाम। आज समाज नहीं राजनीति पंच बन बैठी है, वह हमें हमारा होना और जीना सिखा रही है। राजरंग और भोग में डूबा हुआ समाज बनाती व्यवस्था को सवाल रास कहा आते हैं। इसलिए सवाल उठता सोशल मीडिया भी नागवार गुजरता है। सवाल उठते नौजवान भी आंख में चुभते हैं। सवाल उठता मीडिया भी रास नहीं आता। सवाल उठाने वाले बेमौत मारे जाते हैं, ताकि समाज सहम जाए, चुप हो जाए। नेटिजन से पहले सिटीजन और उससे पहले मनुष्य बनना, खुद की और समाज की मुक्ति के लिए संघर्ष किसी भी जीवित इंसान की पहली शर्त है। लोग नेट पर आश्रित भले हो गए हों, किंतु उन्हें लौटना उसी परिवार के पास है जहां संवेदना है, आंसू हैं, भरोसा है, धड़कता दिल है और ढेर सारा प्यार है।

▷ संजय द्विवेदी

(लेखक माखनलाल चतुर्वेदी पत्रकारिता विश्वविद्यालय में जनसंचार विभागाध्यक्ष हैं)



Date: 04-10-16

In black and white

The Centre's move to mop up black money from the economy by giving taxpayers amnesty to declare undisclosed past income by paying tax on it at an effective, slightly high rate of 45 per cent has yielded a surprisingly positive dividend. The four-month window granted for evaders to come clean opened sluggishly, but eventually over 64,200 assesseees disclosed undeclared assets worth at least Rs.65,250 crore. Stern warnings from the Prime Minister himself about tough action and possible jail terms for those who failed to declare their 'cartloads' of black money may have added punch to the Finance Ministry's pitch. The haul is considerably higher than the Rs.4,164 crore in assets and black money held abroad disclosed under a similar arrangement with a higher tax rate in 2015. This time, the tax department rightly focussed on demystifying and propagating the scheme, so potential beneficiaries were reassured that they would not be persecuted. The almost Rs.30,000 crore in taxes being raked in provides a cushion for the Centre on the fiscal deficit management front since it hadn't set any explicit revenue expectations from the scheme.

The final stocktaking is still on, so the record collections under this scheme, *vis-à-vis* similar endeavours in the past, could rise further. The Centre, however, must not consider this the end of its campaign on black money. To put things in context, the average undisclosed income per taxpayer under the scheme stands at Rs.1.01 crore; and though the disclosures are nearly double those in the last income amnesty scheme (around Rs.33,700 crore), nearly two decades have passed since then, making comparisons misleading. The tax department is aware that Rs.65,250 crore is just the tip of the iceberg — it had sent seven lakh letters to suspected evaders based on information on about 90 lakh high-value transactions that took place without PAN card details. The tax department must crack down on such evaders and spruce up its data-mining methods to expand the country's shallow tax base. While the department's efforts have revealed undisclosed income of over Rs.58,000 crore in the last two and half years, and more is being pursued from tax havens where Indian holdings have come to light, all of this is akin to treating the symptoms without addressing the root cause. If the Centre is serious about attacking India's thriving black economy, it needs to be bold and, for starters, make electoral funding transparent, curb the misuse by the wealthy of tax-free income sops for farmers, and encourage cashless transactions.



Date: 04-10-16

River Diplomacy On Test

Revoking the Indus water treaty could mean a loss of credibility for India.

Blood and water can't flow together. Prime Minister Narendra Modi's comment on the river Indus, with the dark hint of retribution, sends out a chilling signal to Pakistan. It also disturbingly hyphenates the link between terrorism and water. This is reinforced by the frenzied talk of avenging Uri by revoking the 56-year-old Indus Water Treaty. To what extent has India's political signaling on the Indus taken into account the possible payoffs?

International experience on using water as a weapon to stop terrorism is a sobering one. Turkey used water as a weapon to punish Syria for its alleged role in supporting the terrorist activities of the Kurdistan Workers' Party (PKK) directed against it. In 2014, Turkey completely cut off water from the Euphrates leaving seven million downstream Syrians without access to fresh water. By doing so, Turkey reneged on a 1994 international agreement to guarantee a minimum share of the waters of the Euphrates to Syria and Iraq. Earlier this year, Israel stopped water supply to several Palestinian towns and cities for weeks. Each of these instances brought serious collateral damage to civilian populations and proved to be a cure worse than the problem.



Advocates of a similar strategy on the Indus would do well to remember that it could only end up worsening future distributional conflicts over water in the sub-region. Given that nearly 65 per cent of its territory is part of the Indus basin, Pakistan's dependence on its flows cannot be overstated. If downstream communities hold the upper riparian state responsible for their livelihood setbacks, can India's public diplomacy afford to ignore their sentiments? Article 54 of Protocol I to the Geneva Convention prohibits actions targeting civilian populations that may result in "inadequate food or water as to cause its starvation".

India would also do well to remember that its actions as an upper riparian country run the risk of seriously undermining its position as a lower riparian state vis-à-vis China. On the Brahmaputra, India has stakes in institutionalising norms of first-user rights, joint management and consultative processes. India's plan to build 168 mega dams in Arunachal Pradesh and the moves to expedite hydroelectric projects on the sub-basins of the Siang, Lohit and Subansiri rivers are part of its attempts to establish user rights. If it chooses to renege on its own international obligations, how realistic are India's chances of getting China to invest in process-oriented, institutionalised norms in a transboundary basin?

How would a planned move to abrogate international obligations be read in Dhaka, Kathmandu or Thimphu? Is it likely to inspire confidence in India's credentials as a leader with an inclination to design regional norms of benefit-sharing? Or would it further reinforce the perception that India has a strong unilateralist streak? What is worse, contradictory political signalling can result in a high degree of uncertainty. For instance, on the one hand, India provides flood-forecasting data to Pakistan and Bangladesh free of cost but on the other, it has not been averse to occasionally flexing its muscles as an upper riparian country.

It will also be in India's interest that the exercise of its power as an upper riparian state is seen as legitimate and credible. International experience validates this quite clearly. Be it Brazil's binding agreements with Paraguay on the Parana or the US-Mexico freshwater treaty on the Colorado, hegemonic upper riparian states have found it worth their while to invest in the creation of regional public goods. Political signalling is a game all nations play. Some just happen to play it better than others. But signalling almost always involves costs, especially in fraught situations of international conflict. A review of the Indus Water Treaty could prove to be a double-edged sword for India. Pakistan could just as well use it to signal that the Indus framework is increasingly inadequate, call to question India's intentions and demand additional international guarantees to ensure uninterrupted flows. The non-military option on the Indus is hardly the silver bullet solution it is being bandied to be and India could end up shooting in the foot.

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Date: 04-10-16

Next door Nepal

Watching the institutions

Last week, Kathmandu hosted a workshop for more than 370 investigative journalists from all over the world. The participants of the workshop were pained to see the man behind the initiative making a brief video speech from Boston. Kunda Dixit, a noted journalist and editor of the weekly, *The Nepali Times*, said he was forced to flee the country to evade arrest. Kunda Dixit alleged that the political forces in the country had ganged up against him because he did not compromise with his professional responsibilities.



Kunda Dixit's revelation, weeks after he left Nepal, at an international media forum showed up Nepal as a country that does not tolerate dissent and criticism. According to reports in the international media, he is being probed by the Commission of Inquiry Into Abuse of Authority (CIAA), an anti-graft constitutional body. The CIAA has denied this and said, "It does not investigate individuals who do not hold official position". Kunda Dixit's younger brother, Kanak Dixit — also an editor and publisher— was earlier detained by the CIAA. He was released after a supreme court order. The CIAA has also put its scanner on the Social Welfare Council, a regulatory body that monitors funding by international donors to a variety of recipients in Nepal — NGOs, academic institutions, individual academics, activists and journalists, even judges and members of parliament.

About two weeks ago, the CIAA disclosed that it is in the final stages of an investigation into the huge misuse and bungling of funds meant for more than 19,000 ex-Maoist guerrillas. They were kept in UN-monitored cantonments for five years during the peace process until they were "integrated in the society and the state security agencies". Those facing allegations of misuse of funds include Nepal's Prime Minister Pushpa Kamal Dahal and Vice-President Nanda Kishore Pun. Dahal was the supreme commander and Pun was a deputy commander of the Peoples Liberation Army during the decade-long insurgency that ended in 2006. The disclosure came a couple of hours after the supreme court decided to review its ruling, dismissing a petition that challenged Lokman Singh Karki's appointment as the CIAA Chief. CIAA's notice to the Social Welfare Council detailing "abuse of funds and corruption by certain prominent civil society groups and academic institutions" came soon after.

CIAA's probe into the alleged siphoning of funds in the cantonment is a result of media revelations. However, senior Maoist leaders had also raised the issue in party meetings. "Karki has raked up the issue now because he wants to strike some deal with us following the supreme court decision to review his appointment," said Barshaman Pun, an influential Maoist leader and a former Peoples Liberation Army commander. But political parties, including the Maoists who lead Nepal's coalition government, have not been able to initiate impeachment proceedings against Karki in parliament.

The media and civil society that once influenced the behaviour of political leaders, especially during the period of radical changes after 2006, have become collaborators of half a dozen key political parties. This attitude has hurt them. People see them as part of a system that runs on vested interests. The apathy towards the problems of the Dixit brothers is a case in point. This indifference is also an indictment of the country's key political actors, civil society outfits and media outfits. They did work together for political change but their efforts did not extend to consolidating Nepal's democratic institutions.

The aggrieved parties are sure to approach the supreme court. But for the first time, the apex court and its judges are being scrutinised by the public and the media. Most of the recent recruits to the apex court are either nominees of major political parties or have been NGO activists, funded by international donors. The CIAA's recent notice to the Social Welfare Council targets some of them. But Nepal's supreme court faces a much tougher challenge: Being seen as just.

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