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# Needed, Standards for Aadhaar Data

## Standards & privacy law to assuage concerns

It is welcome that the minister for information technology, Ravi Shankar Prasad, has held out the assurance that the biometric data collected for Aadhaar are safe, encrypted and secure, even as the Aadhaar database is used for authentication with the permission of the individual concerned. But it is also a fact that government websites have published Aadhaar numbers, alongside the names of beneficiaries under assorted government schemes. This shows two things. One, the essential mistake that any cyber security primer would point out, of obsessing over technological fixes while glossing over the protocols of process and procedure that people need to be trained in, to secure sensitive data and data systems. Two, the need for a strict law to penalise breaches of privacy, including via Aadhaar.

If someone's Aadhaar number and a one-time password sent to the linked phone number are sufficient to complete a financial transaction, as has been reported, that would clearly be inadequate. Since Aadhaar allows for verification using biometrics, financial transactions using Aadhaar should ideally make use of this capability, with point-of-sale equipment that can scan and authenticate biometrics by querying the Aadhaar database without such data getting locally stored and being used without the data owner's explicit permission. This would be possible only with a combination of technology and standards of data security on the lines of, and possibly superior to, the Payment Card Industry Data Security Standard. These could specify who can and cannot ask for Aadhaar data — today, nursery schools demand the parents' Aadhaar numbers. This would stem from clarifying to what end the government is enrolling everyone into Aadhaar.

Preventing misuse of Aadhaar — for example, using just the number to collate the data that resides in standalone silos for health, finance, taxation, etc — calls for an explicit law on privacy that goes beyond Aadhaar. Aadhaar would be rendered more wholesome by swift enactment of a rigorous law to protect privacy.

# India's Moviemaking Must Turn Businesslike

Close on the heels of the movie Bahubali's blockbuster opening, earning over ₹400 crore, twice its production cost, comes the news of a Malayalam movie that would cost a whopping ₹1,000 crore. Movie budgets — Prem Ratan Dhan Payo (₹180 crore), Dhoom 3 (₹175 crore), Bang Bang (₹160 crore), Happy New Year (₹160 crore) and Enthiran (₹132 crore) — are no longer small change. But every film is a risky venture. The sheer scale of investment, which is largely cash-driven, makes a compelling case for the industry to organise itself better, become transparent and pay their due share of corporate tax. Running like any other organised business will allow production companies to set off their losses against profits from hits.

The KPMG India-Ficci Media and Entertainment Report 2017 paints a gloomy picture of Bollywood movies compared to regional cinema. Between 2014 and 2016, revenues from Bollywood films did not grow. Only half-a-dozen movies crossed ₹100 crore in terms of net box-office collections since 2012. Last year, the Indian film industry grew by a mere 3% to ₹143 billion. Of the 225 movies, the top 50 contributed to about 96% of the overall net box-office collection. But ancillary revenues, including digital and movie rights, showed an uptick.

Entry barriers to film production are low. So are exit barriers. Which makes it easy for fly-by-night operators to try their luck at making movies. High entertainment tax is a problem, as is preferential tax treatment given by some states to local language films. Goods and services tax should bring some relief on the entertainment tax front. Getting stars to take payment by way of a revenue share would help cut costs. Drama and melodrama are fine within movies, but corporate governance is what moviemaking calls for as a business.

Good that we Indians don't have a colon-ial hangover about grammar

# Punctuation Marks What Exactly?

When Sir Mark Tully proclaimed from the cover of his book that there are No Full Stops In India, he was probably also alluding to our propensity to hurtle through our pronouncements with nary a pause, much like our history. It is, therefore, not surprising that grammatical proprieties do not weigh heavily on our collective conscience. Most Indians feel that the present is too tense for perfect punctuation; a missing apostrophe — or an extraneous one on the Singh's or the Kapoor's gateposts — is not a cat'ostrophe. We do not have a colonial hangover in this regard or even a semi-colon-ial one; and the comma is a chameleon anyway. Besides, punctuation marks made a rather late entry into the grammar arena and many of the ancient texts of India, China and Greece managed without them, though reading aloud without practice had its obvious pitfalls.

So, the kerfuffle over the new £5 note in the UK carrying the image of Winston Churchill and one of his famous lines unfettered by quotation marks — I have nothing to offer but blood, toil, tears and sweat — would strike us as being much ado about nothing. Considering the quote appears directly below the famous wartime British PM's face and is one of his most famous pronouncements, it cannot possibly be mistaken for, say, as an election promise by the current incumbent.

New institutions are changing the way GoI channelises financing resources across sectors

# Freeing the Reforms Genie

Jayant Sinha

As part of Reforms 3.0, India has created institutions for long-term pools of capital across a range of sectors ranging from infrastructure to agriculture, from startups to education. The National Infrastructure and Investment Fund (NIIF), the Long-Term Irrigation Fund (LTIF), the Higher Education Financing Authority (Hefa) and the India Aspiration Fund (IAF) are changing the way government channelises financing resources to these critical sectors. These institutions empower key groups like students, farmers and job creators, and enhance the quality of hard and soft infrastructure available to the country.

▶ NIIF: The NIIF's mission is to catalyse long-term capital to the infrastructure sector in India. The fund is proposed to be ₹40,000 crore ($6 billion) initially, wherein the Indian government would invest 49%, or around ₹20,000 crore ($3 billion). The NIIF will raise third-party capital for the remaining ₹20,000 crore, from long-term international investors, such as sovereign wealth funds, insurance and pension funds, and endowments.

NIIF Ltd, the investment manager to the NIIF, shall be majority-owned by investors in the fund other than the government. It shall be operated at an arm's-length basis from GoI. NIIF Ltd is managed by an independent team of professionals recruited from the market with relevant experience and backed by the support of the government. NIIF will invest along different strategies, as a direct investor, in a fund of funds format, into operating assets as the sector deleverages and in strategic greenfield projects.

This remarkable forward-looking initiative offers foreign investors the comfort of having a material voice at the table, a strong pipeline of proprietary deals, and government support in speeding up projects.

▶ LTIF: Small and fragmented farms means that the ability of farmers to come together and create large-scale irrigation infrastructure is low. Under these circumstances, it is necessary for the government to step in to augment financial and organising ability. LTIF has, hence, been instituted in the Nabard as part of the Pradhan Mantri Krishi Sinchayee Yojana.

### Money on Tap

A total of 76 lakh hectares of land is estimated to be brought under irrigation through 99 identified incomplete major and medium irrigation projects. Over a period of four years between 2016 and 2020, the central and state governments will invest ₹31,342 crore and ₹46,253 crore respectively.

LTIF's initial corpus of about ₹20,000 crore will be further augmented by way of budgetary resources and market borrowings. The initial seed contribution will form the contribution from the central government that can be leveraged by LTIF to raise debt funds from the market.

▶ Hefa: Building world-class universities requires significant financial resources. Indian institutes of higher learning, dependent on the government for meeting their annual running expenditure, do not have access to long-term capital to invest in physical and human infrastructure.

Hefa has been formed as a special purpose vehicle (SPV) with the government and Canara Bank putting in ₹1,000 crore each as equity. This SPV is expected to leverage equity to raise up to ₹20,000 crore for infrastructure development of world-class laboratories at IITs, IIMs, NITs and such other institutions. Hefa can also mobilise corporate social responsibility funds from public and private corporates.

All centrally funded higher educational institutions are eligible to become Hefa members to receive funding support. Institutions should agree to escrow a specific amount from their internal accruals to Hefa for a period of 10 years. These secured future flows will be securitised by Hefa for mobilising funds from the market. Each member institution will be eligible for a credit limit as decided by Hefa based on the amount agreed to be escrowed from internal accruals.

▶ IAF: Entrepreneurs take risks to create new markets, build new products, find new consumers and, most importantly, create jobs that requires high-risk-taking financial capital. The venture capital (VC) industry raises funds globally to invest in India. The country lacks its own sources of high-risk equity capital.

IAF has been set up as a fund of funds that invests in VC funds for meeting the equity requirements of micro, small, medium enterprises (MSMEs), especially startups. Contributions out of IAF are made to funds that invest at least half their corpus in MSMEs, including early-stage enterprises.

The Small Industries Development Bank of India generally contributes between 10% and 15% of the fund. VC funds floated by experienced fund managers and institutional asset management companies are eligible for coverage under IAF.

### Seeding the Money Plant

Converting a budgetary 'grant' from the government into financial resources for financing such institutions significantly leverages budgetary resources. The government estimates that with appropriate leverage and profit generation, GoI has been able to multiply manifold (2-5 times) funds allocated from the budget.

Seeded initially using budgetary resources, these new institutions extend contributions of equity or debt coming from other entities like sovereign wealth funds, state governments and public sector enterprises. With multiple stakeholders contributing financially and intellectually in each such entity, these institutions distil the sector's requirements and help create a win-win for all participants.

*The writer is minister of state, civil aviation, GoI*

FILE PHOTO

Therein lies the rub

Seeded using budgetary resources, the new institutions extend equity or debt contributions coming from other entities like sovereign wealth funds, states and PSEs

WIT & WISDOM

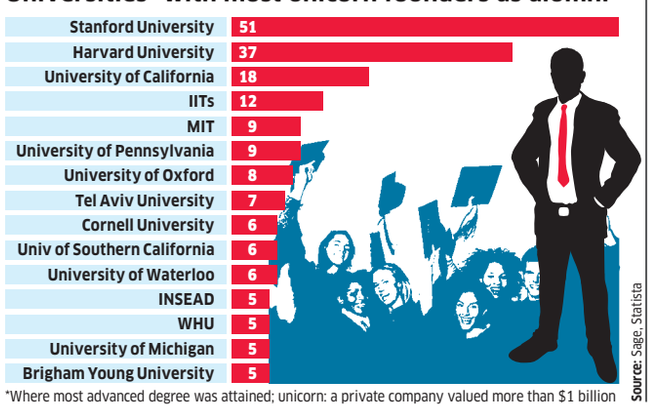
"The truth will set you free, but first it will make you miserable."

James A Garfield
Politician

## Unicorn Varsities

Here's a list of universities that have several unicorn founders as alumni. US institutions account for nine of the top 15. As many as 12 unicorn founders are from India's IITs...

**Universities* with most unicorn founders as alumni**




*Where most advanced degree was attained; unicorn: a private company valued more than $1 billion

Source: Sage, Statista

MEME'S THE WORD

NATIONAL POLITICS

# No More Standard Opp

Neerja Chowdhury

The 95th birth anniversary on May 1 of socialist leader Madhu Limaye brought together nine parties on a platform to create a 'unity of progressive forces' in Delhi. The Samajwadi Party (SP) was conspicuous by its absence. This indicated the disarray that still prevails in the party, which was once seen as the centre piece of an opposition front against the central BJP government.

The Congress was represented only by Digvijaya Singh, now seen more as an outsider. There was a toning down of anti-Congressism that socialist groups of the past had thrived on. A pitch was also made to field a joint opposition presidential candidate. But the pithiest comments came from Limaye's non-politician son, Anirudh.

There was hardly anyone under-40 at the meeting, Anirudh noted. He also warned that neither the concept of 'opposition unity' nor the 'secular vs communal' debate had traction with large sections of the electorate today. The Opposition parties would, therefore, have to evolve new themes and a new idiom. And create a structure to match the BJP-RSS' organisational muscle, if they were serious about taking on Narendra Modi's BJP.

Following the BJP's recent mega-victories, it is becoming increasingly clear to the opposition parties that they have to swim together. Or they will sink individually.

Even someone like Mayawati, who had over the last 20 years steadfastly ruled out an alliance — and certainly not one with the SP — is suddenly amenable to it. There are unconfirmed reports that Akhilesh Yadav called on her recently.

Modi's winning spree since he took over as PM has been broken only by results in Delhi, Bihar, West Bengal and Punjab. While three of these victories were due to the iconic status of the leaders steering the winning parties — Arvind Kejriwal, Mamata Banerjee and Amarinder Singh respectively — it is Bihar, with its mahagathbandhan (grand alliance) recipe, which could show the way.

In any case, Kejriwal is battered after the Aam Aadmi Party's Delhi municipal election defeats. Banerjee is fighting with her back to the wall with many Trinamool leaders under the investigative scanner.

It is arithmetic, not chemistry, that compels today. Despite Modi's popularity, the BJP won by a 31% vote in 2014, the remaining 69% garnered by other parties. In Uttar Pradesh, where the BJP won a stunning 312 of the 403 seats, the party got less than 40% of the vote. Between them, the SP, the BSP and the Congress polled 50%.

Even in the MCD polls, the BJP got only 37% of votes, while the AAP and the Congress together polled 47%. But the Congress' Ajay Maken was more busy targeting Kejriwal than the BJP. The division in the opposition ranks, and the lack of clarity on who their main adversary is, has helped the BJP.

It is the major opposition groups — past rivals — who will have to come together, as Nitish Kumar and Lalu Yadav did in Bihar. The story might have been different had the SP and the BSP tied up in the 2017 UP polls, instead of just the SP and the Congress.

In the 2017 bypolls, one reason for the unexpected Congress victory in two assembly seats in Karnataka was the decision of the Janata Dal (Secular) not to field candidates against the Congress. The Jharkhand Mukti Morcha (JMM) got the better of the BJP in the state's Littipara assembly seat because it had other opposition parties' support.

In the 1989 elections, when the entire opposition had united against the Congress, leaders had painstakingly created one-on-one contests, particularly in UP against the Congress. This prevented a division of the opposition votes.

It is this that contributed to the emergence of V P Singh as prime minister at the head of a united opposition government made up of the Janata Dal, regional parties, supported by the Left and the BJP. Thereby, he replaced Rajiv Gandhi, who had only five years earlier come to power with 415 seats, a number not clocked even by Jawaharlal Nehru in his heyday.

However, a mechanical coming together of opposition forces merely to defeat the BJP runs the risk of being counterproductive. It can hardly be a theme to enthuse the voter, particularly the young one driving election victories today. What the opposition parties lack today is an alternative narrative to the one being pursued by Modi.

The creation of a broad opposition front and the selection of a leader to steer it could follow — rather than precede — one-on-one contests in the ensuing state elections this year and in 2018.

Given political contradictions and the mega egos of our politicians, however, this is easier said than done. Be as it may, India could certainly do with a stronger opposition than it has now.

FILE PHOTO

Raksha gathbandhan

Citings

## Taxing Matters

KENT SMETTERS

The US corporate tax rate is very high, and the fact is that we don't have this border adjustment that's currently being debated in Washington. There's all this distortion [that leads companies] to locate income offshore.... And so, what happens is companies like Apple, Microsoft, Google and Oracle and others are able to figure out how to shift a lot of their earnings offshore to avoid that very high corporate tax rate.

Now, in some cases, we also have rewards for investing in new capital. So, that's sometimes called bonus depreciation or expensing. That's already part of the existing corporate tax rate: that's one reason why the effective rate is a little bit lower. But the case of large companies not paying anything, that's mainly income shifting....

The issue with the consumption tax — something like a simple national sales tax or VAT — is how do you maintain the progressivity of the tax system. Now, here's the ironic twist. In the old days, it used to be conservatives loved the idea of the consumption tax, the VAT, and so forth — a flat tax. And it's very simple — didn't hit household saving.

Today, it's switched. The reason why is that conservatives, people like [Nobel laureate economist] Milton Friedman some years ago noticed that countries that added the VAT actually weren't replacing their income tax. They were just adding on top of their income tax — countries like France and so forth.

*From "Thirty Years After the Last Major Tax Reform, is it Time to Retool?"*

the speaking tree

## Intensity of Faith

TG LIYER

A devotee asked Ramakrishna Parmahansa, "Sir, is God real and can I see Him?" Ramakrishna replied, "Yes, God is real. I see Him just as I see you or any other object around me."

The devotee continued, "Can I also see Him as you do?" Said the sage, "Yes, you can, if the intensity of your longing for God is equal to the intensity of drowning man longing for fresh air; or the intensity of a mother longing for the life of her only child in the grip of serious illness; or of the miser longing for more wealth. If your longing for God is at least a fraction of the longing that Radha had for Krishna, then you will see God."

When your thoughts accumulate, they become your beliefs, and the beliefs haunt your mind. The mind is a vast ocean of potential. You can dive into that, surf it; float on it, swim in it, play and have fun in it. God speaks through dreams, hunches, instincts and inner voices, opening closed doors.

Joseph Murphy, who spent many years in India, writes, "The law of your mind is the law of belief itself." Whatever we feed our subconscious mind, false or true, good or evil, will register as a fact. So, be careful about misfortune, as the subconscious has no sense of humour and the misfortune can occur if the mind figured it in the beginning. Murphy refers to the rituals of ancient India with the mixture of incantations and repetitions that converts suggestions into realities. Real faith is about things happening in the present. If it is 100% faith, it must happen.

Chat Room

## Conviction or Commitment?

Apropos 'Put Dogmas on a Leash' by Gaurav Dalmia (May 3), many leaders fail to distinguish between their conviction and escalation of their commitment. Conviction is a needed trait in a leader because her new ideas are going to be challenged. Mahatma Gandhi's adherence to non-violence as a weapon for freeing India from the British rule won people's faith, even as Bhagat Singh and Subhas Chandra Bose offered alternatives. Long wars in Vietnam and Iraq were the result of overcommitment by US presidents. The ability to be resilient in a changing situation and open-mindedness to accept dissent can save many a leader from such a trap.

Y G CHOUKSEY
*Pune*

## The Paradigm Shift in Banking

This refers to 'The Threat of Automation' by Saloni Shukla and Joel Rebello (May 3). The coming invasion of robotics in the banking space will shake up things like never before and a new banking paradigm can be expected to emerge soon. As humanoids replace humans, most of the banking operations will be done by the AI machines. The banks will transform into core marketing organisations, with existing staff getting retrained and reskilled in sales, CRM and business-building. Those who adapt will progress, those who don't will stagnate.

SUNDER G
*Navi Mumbai*

## Jingoism Can't be the Answer

Pakistan is not going to change, no matter who is in power at Islamabad or Delhi. The online warriors are screaming for retaliation, and being the major support base of the BJP, their voices are bound to carry weight with the government. Further, some media outlets have added fuel to the fire by conducting online polls as to which would be the best method of retaliation. The government would do well to heed to your editorial, 'Respond to Atrocity, Don't Retaliate' (May 3).

ANTHONY HENRIQUES
*By email*

*Letters to the editor may be addressed to*
**editet@timesgroup.com**