

9 EXPLAINED



SOCIAL INTELLIGENCE

"The worse the state of the empire, the more the Emperor must be praised and the more his critics must be persecuted"

GARRY KASPAROV, 13th World Chess Champion; chairman, Human Rights Foundation (HRF); 348.1K followers



PAPER CLIP

FLAGGING INTERESTING RESEARCH

ANIMAL MIGRATION

EEL MAGNETISM

Published in Science Advances, June 2017

AUTHORS: Alessandro Cresci and team; Rosenstiel School of Marine and Atmospheric Science (University of Miami) in collaboration with the Norwegian Institute of Marine Research's Austevoll Research Station



They have their own magnetic compass. Source: Wikipedia

To find way home, glass eels have their own compass

FOR YEARS, scientists have been trying to decipher how the larvae of the European of "glass" eel (Anguilla anguilla) — which has one of the longest migrations in the animal kingdom — find their way home to European coastlines from the Sargasso Sea in the North Atlantic. Now, a study by researchers at the University of Miami's Rosenstiel School of Marine and Atmospheric Science, in collaboration with the Norwegian Institute of Marine Research's Austevoll Research Station, has found that glass eels are guided by an "internal magnetic compass", and their "orientation abilities appear to be linked to the tidal phase."

Glass eels hatch in the Sargasso Sea, and then travel thousands of kilometres across the Atlantic. During the journey between the Canary Islands, off the African coast, and northern Norway, they "hop off" the Gulf Stream and actively migrate towards the coast, heading for estuaries. For this change in direction, the scientists found, the eel "senses" the Earth's magnetic field and then "uses it like a compass controlled by an internal biological clock to orient itself towards the coast."

"This study is an important addition to our understanding of the mechanisms of eel migration and also to that of other species, if it turns out that their magnetic orientation is similarly controlled by a biological clock," Professor Claire Paris, a senior author of the study, told Science Daily. "We conducted the tests using a 'drifting in situ chamber' equipped with a circular arena in which glass eels were placed and their swimming and orientation were observed. In addition, we submerged the arena in a circular tank in a magnetic laboratory on land, under manipulated simulated magnetic fields and with no other orientation cues," says the research paper, published in Science Advances.

SOURCE: RESEARCH PAPER IN SCIENCE ADVANCES AND A REPORT IN SCIENCE DAILY

Inflation 2.18%: why the low, and how long

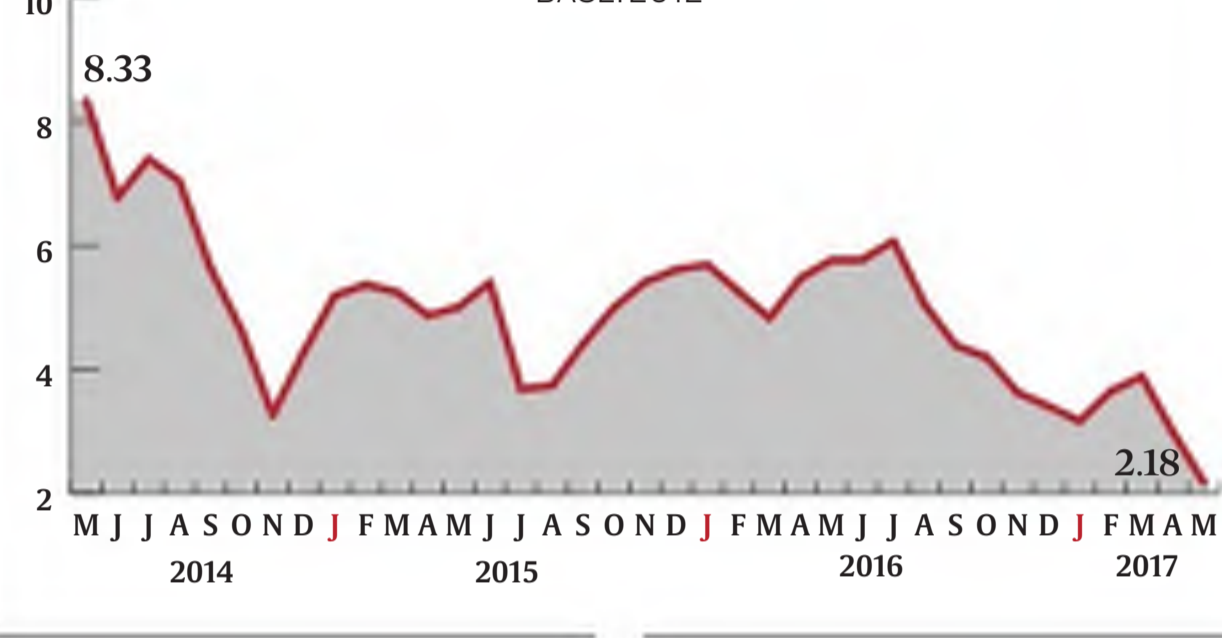
Steep fall in inflation in May driven primarily by easing of prices of pulses and vegetables, and continues a downward trend of the last three years; there's no certainty about if and when it will climb. SANDEEP SINGH explains

CONSUMER PRICE INDEX, MAY TO MAY

Table with 4 columns: Category, May 2016 CPI (Final), May 2017 CPI (Prov.), Inflation Rate (%). Rows include Food and beverages, Paan, tobacco and intoxicants, Clothing and footwear, Housing, Fuel and light, Household goods and services, Health, Transport, Recreation, Education, Personal care & effects, General index (all groups), Consumer Food Price Index, Vegetables, Pulses etc.

CPI INFLATION RATES SINCE MAY 2014

BASE: 2012



IN LINE with the RBI's projection for the first half of FY 2018, the consumer price index inflation dipped below the 2.5 per cent mark to record just 2.18 per cent in May 2017 — a five-year low. The numbers have surprised economists and bankers as they are far lower than their projections. Earlier this month, the RBI in its bimonthly monetary policy statement had projected that if the factors contributing to the April inflation — such as low prices of pulses and easing of inflation on items other than food and fuel — are sustained, then, despite the absence of policy interventions, the headline inflation would be in the range 2-3.5 per cent in the first half of the year and 3.5-4.5 per cent in the second half.

The decline has also been propelled by a high base effect.

Within the basket of food and beverages, the sharp fall in inflation was led by a deflation in the prices for pulses and vegetables. While pulses (-19.45%) and vegetables (-13.44%) led the fall, low inflation on other items such as eggs (0.72%), fruits (1.4%) and spices (0.52%) too contributed to bringing CPI inflation down to 2.18 per cent. A report prepared by SBI group chief economic adviser Soumya Kanti Ghosh points out that vegetable prices are in the negative territory for the ninth straight month and pulse prices for the sixth straight month.

Core inflation (CPI excluding food, fuel and light, petrol and diesel), however, saw only moderate easing to 4.1%, compared with 4.2% in April, as inflation stayed stubbornly high in housing (4.8%) and education (4.9%).

While accepting that the inflation numbers are lower than his expectations, D K Joshi, chief economist with Crisil, said that he expects inflation to be at current levels in the first half but to climb in the second half and possibly breach 4% by the end of FY '18.

If the prices of pulses are reeling under the impact of a supply glut caused by record output and imports, the prices of vegetables have fallen markedly on account of significantly higher arrivals in mandis relative to the seasonal pattern. With IMD upgrading its initial forecast from 96% of the long period average (LPA) to 98%, the expectation is that it will have a positive impact on agricultural growth and in turn will impact food inflation. Even the SBI note points out that most inflation risks are now on the downside.

Will this lead to a rate cut?

Experts say that the RBI is not expected to take a call on rate cut based on April and May inflation figures. However, they expect rate cuts between 25 basis points and 50 basis points. While Joshi said that RBI may go for a 25-basis-point cut in repo rates this fiscal, Ashish Parthasarthy, head of treasury at HDFC Bank, said given the current inflation numbers in relation to what was expected, "There is room for a rate cut and I think that there is a room for up to a 50-basis-point cut in repo rates in this financial year."

Also, given that industrial output slipped to a four-month low in February, mainly on account of a decline in the manufacturing sector and lower offtake of capital as well as consumer goods, the RBI would be under greater pressure to lower rates at its next review.

SIMPLY PUT

How has the decline been?

Inflation has declined over the last three years, the fall particularly noticeable over the last one year. From 8.33 per cent three years ago (in May 2014), it fell to 5.76 per cent in May 2016. After dropping below the 4 per cent mark in October 2016, the downward trajectory continued and in April it crossed the 3-per-cent to reach 2.99 per cent. The decline in May has been sharp, with a fall to 2.18 per cent.

What has led to this decline?

Food and beverages, which account for 45.86 per cent in the CPI index, have been at the centre of this decline. The food-and-beverages inflation has witnessed a sharp decline over the last one year. From around 9 per cent in May 2014, it came down to 7.2 per cent in May 2016. Over the last one year, it fell sharply and in April 2017 was 1.29 per cent before hitting a low of -0.22 in May 2017.

Is inflation expected to remain at low levels?

There seems to be a broad consensus that inflation may remain at current levels for a couple of months more. However, even as it is expected to climb up in the second half, it is expected to be under 5 per cent. In its monetary policy announcement earlier this month, the RBI had projected that the headline inflation would be in the range 2.0-3.5 per cent in the first half of the year and 3.5-4.5 per cent in the second half. The SBI projected that while the CPI is expected to go under 2 per cent for the next two months, it will start climbing but will stay below 4% until November.

MEANING FARM CREDIT

Farm loans: who, how much and waiver worries

SHAJI VIKRAMAN explains how RBI defines farm credit, how it's disbursed and the dangers of writing off loans

What are farm loans?

Lending to the agriculture sector by banks and institutions in India is not just about providing funds to farmers who want to grow crops. Farm credit, going by its definition spelt out by the Reserve Bank of India, includes short-term crop loans and medium-term or long-term credit to farmers. Short-term crop loans are basically borrowings by farmers for six months or a maximum one year to help them raise money before and after harvest. So, banks disburse loans for a range of activities such as buying fertilisers, harvesting, spraying, sorting, grading and transportation of produce to the nearest market. These could be for farmers who are into traditional farming which include a range of crops including sugarcane and pulses besides plantations like tea, coffee and rubber and horticulture. For other activities such as irrigation and farm development or buying of equipment, lenders provide loans for a longer period — for more than a year.



Agriculture is in the priority sector of lending, with 18% of bank credit earmarked for it. File

Are other segments of lending by banks classified as loans to the farm sector?

Yes. For instance, banks offer loans for construction of storage facilities — warehouses, godowns and silos, market yards, cold storage units — and for soil conservation and watershed development, seed production, bio-pesticides and plant tissue culture. Though these fit into the broad definition of lending to the farm sector, these are classified as agri-infrastructure loans. Apart from these, there also is lending for ancillary agricultural activities — such as agri-business centres, agri-clinics, food and agro-processing, to customer service units managed by individuals or institutions who maintain a fleet of tractors, bulldozers etc.

Are banks obliged to lend to farmers?

Yes. Starting from the time when the farm sector contribution to GDP or national in-

come was high, policymakers set out mandatory lending targets for banks. In categories defined as priority sector for lending, agriculture is virtually at the top besides small and medium enterprises and housing, export, education and social infrastructure. So 40% of bank credit has to be earmarked for the priority sector with a target set for foreign banks in India too. Within this, there is a sub-limit of 18% for agriculture. Even within this 18%, the RBI has set a target of 8% for small and marginal farmers. Lenders who fail to achieve this target will have to contribute to the Rural Infrastructure Development Fund or RIDF, handled by the central government for making good the shortfall.

Who qualifies as a small or marginal farmer?

For the purpose of lending, a marginal

farmer is defined as one with a landholding up to one hectare, while small farmers are those whose landholding is between one and two hectares. It also covers landless agricultural labourers, tenant farmers and sharecroppers, besides self-help groups or groupings of individual small and marginal farmers in agriculture and allied activities.

How much can banks lend to these individual farmers, corporate farmers, cooperatives, farmers' organisations?

For farmers, lenders can go up to Rs 50 lakh backed by pledge or hypothecation of their produce for a period not exceeding 12 months. For corporate farmers, cooperatives of farmers and other organisations that are into dairy, fishery, animal husbandry, beekeeping, sericulture and the like, the aggregate limit is Rs 2 crore. For agricultural infra-

structure, the borrowing limit is way higher — Rs 100 crore for a borrower. Among ancillary agricultural activities, the loan limit for disposal of farm produce has been pegged at Rs 5 crore for farmers' cooperatives, while for food and agro-processing it can go up to Rs.100 crore for each borrower.

Is there a cap on interest rates on banks set by the regulator or the government?

Banks have to lend at a maximum rate of 7% to farmers with the government offering a subsidy of 3% to borrowers who are prompt in repayment. What the government, which controls a large number of state-owned banks, does is subvention or in other words compensation to banks for lending at such low rates.

So why is there competition among state

governments to write off farm loans?

It is not just state governments but also successive central governments that have waived farm loans. It may be a political move but in many cases, farmers have been unable to repay because of crop failures or when there is a bumper crop — as has been the case this time and they have to reckon with low prices offered for their produce, including what is called the minimum support price or MSP. In Maharashtra for instance, where the state government has announced a blanket loan waiver of Rs 30,000 crore, the trouble is that it has to content with lower price realisation after two successive years of drought, and after having had to struggle to raise money during the sowing season because of demonetisation.

What is the worry in such loan waivers?

Bankers and economists complain that such a write-off encourages a culture of indiscipline among borrowers. What this does, they say, is promote moral hazard, or in other words it leads to a practice of other borrowers choosing not to repay in the hope of similar loan waivers in the future. RBI governor Urjit Patel had voiced concern earlier about how such loan write-offs undermine an honest credit culture and lead ultimately to a higher cost of borrowing for other borrowers. Besides that, the larger worry is of the fiscal health of state governments or their finances. That's because the write-offs will not be funded or supported by the central government, as Finance Minister Arun Jaitley said Monday, although Prime Minister Narendra Modi had made an announcement earlier in the run-up to the polls in Uttar Pradesh.

It will mean that each state will then have to find the resources or money to fulfil such promises, which in turn means higher borrowings and perhaps lower spending on development or infrastructure.

From Mussolini to Trump, how Julius Caesar speaks to today's politics

MICHAEL COOPER

SHAKESPEARE'S JULIUS CAESAR has always been about more than killing Julius Caesar. On the eve of World War II, Orson Welles staged a landmark anti-Fascist production with a Mussolini-like Caesar. The Royal Shakespeare Company recently set the play in Africa, powerfully evoking the continent's dictators and civil wars. Five years ago, the Guthrie Theater in Minneapolis staged a production featuring the assassination of an Obama-esque Caesar by a group of right-wing conspirators.

But it's the Public Theater in New York that finds itself in the middle of a pitched controversy, for its new staging of the play at the Delacorte Theater in Central Park. Oskar Eustis, the director, chose to make his Caesar decidedly Trumpian, giving him a shock of hair, an overlong red tie and a wife with a recognisably Slovenian accent. As all Caesars are, he's killed — bloodily — by Brutus and his band of co-conspirators. That killing has driven Delta Air Lines and

Bank of America to pull all or part of their sponsorship of the Public Theater's free Shakespeare in the Park programme, and thrust the theatre into a maelstrom of criticism from President Trump's supporters.

Julius Caesar, with assassination at its core, is politically fraught, and subject to multiple interpretations. The play was written during a tense moment when Elizabethan England seethed with political plots. In Catherine the Great's Russia, copies of the play were removed from bookstores. Over the years, totalitarian regimes have banned or bowdlerised it. Audiences and scholars have long debated the play's meaning, and the extent to which Shakespeare was sympathising with the conspirators or condemning them.

"One thing about Shakespeare's plays that makes them so alive is that they are extremely labile," said Stephen Greenblatt, a Shakespeare scholar. "They go in a lot of different directions, and Julius Caesar is a strong, extreme case of this."

Not that the play, in which the increasingly powerful Caesar is killed in the name of saving the republic, is pro-assassination.



Tina Benko portrays Melania Trump in the role of Calpurnia; Gregg Henry portrays President Donald Trump in the role of Julius Caesar. AP

On this, most Shakespeare scholars agree. "I think the general drift of it is: Be careful, you might get what you want," Greenblatt said, noting the chaos and bloodshed the as-

sassination unleashed. "The very thing that you think you're doing to protect the republic can lead to the end of the republic." Leaders have been fascinated by the work.

George Washington saw a production of the drama in 1790. Nelson Mandela annotated a copy when he was imprisoned on Robben Island for fighting apartheid in South Africa.

And the play became a staple of American public school reading lists, in part because it allowed teachers to discuss republicanism, said Brett Gamboa, an assistant professor of English at Dartmouth.

But like any work, the play, and the history it is based on, can be interpreted in different ways, and it has at times inspired violence. John Wilkes Booth acted in a production of Julius Caesar in New York City not long before he killed Lincoln, and complained after the assassination that he was being hunted "for doing what Brutus was honored for". And Claus von Stauffenberg, a leader of a failed attempt on Hitler's life, reportedly kept a marked-up copy of Julius Caesar on his desk.

Stanley Wells, a prominent British Shakespeare scholar, said that Shakespeare seemed to anticipate the play's long afterlife when he has Cassius, one of the conspirators, exclaim to Brutus: "How many ages

hence/Shall this our lofty scene be acted over/In states unborn and accents yet unknown!"

"Within the play itself," Professor Wells said, "Shakespeare is looking forward to times when people will also see this historic event as relevant to their own times."

Eustis, who is also the artistic director of the Public, includes the Cassius quote in his programme note, in which he adds his own gloss: "Julius Caesar can be read as a warning parable to those who try to fight for democracy by undemocratic means," he writes. "To fight the tyrant does not mean imitating him."

Rob Melrose, who staged the 2012 Obama-inspired production at the Guthrie by the Acting Company, said that the act of violence at the play's centre should always be appalling. "When Caesar is killed, it's horrifying, it's awful — whether it's Obama or Trump," he said. "Trump, Republicans and Democrats should all take heart that what this play says is that killing a political leader, no matter how righteous your views are, is a bad idea — a terrible idea." NYT

The Indian EXPRESS

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RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

The power paradox

In trying to establish its political dominance, the BJP is unable to manage multiple expectations



PRATAP BHANU MEHTA

ERROR OF COMMISSION

By calling for powers of contempt, the EC does a great disservice to its mandate

THE LAW MINISTRY is in receipt of a petition from the Election Commission, seeking amendments to the Contempt of Courts Act of 1971 which would empower it to take action against those who would impugn its majesty, whether by disobedience or discourtesy. The ministry has been considering the matter for a month, though it should be summarily dismissed. The EC has offered analogies, including that of its counterpart in Pakistan, which moved against Imran Khan this year. Perhaps the Pakistani electoral system needs muscular intervention, but after T.N. Seshan cleansed India's Augean stables in the Nineties, the Indian EC should not require such powers. The EC has built itself an admirable track record of honesty and fairness, which are key to the electoral system.

The Election Commission is the custodian of the secret ballot, but if it is called into question, its weapon of choice should be transparency. Punitive powers are most unseemly for a body which guarantees a level playing field at the bedrock of democracy. It had responded correctly to the politics surrounding electronic voting machines, which the Aam Aadmi Party had turned into a national issue. In response to charges that EVMs could be rigged, it had invited interested parties and the public to a hackathon. Significantly, the AAP had declined to play, though it had been the loudest critic of the system. In fact, if the EC had immediately invited its critics to a hacking contest, EVM politics may not have found the room to grow into a serious issue. Besides, there were Delhi Chief Minister Arvind Kejriwal's accusations of bias against specific officials of the body. One of them recused himself from all matters relating to the AAP, which was precisely the right thing to do. Having done that, to seek punitive powers is to lower the tone somewhat.

After decades in which it was seen to be perfect, the EC faces criticism and it must address it. However, it does not really have to satisfy every politician. It is sufficient for it to satisfy the people whom politicians represent. It is they who had originally articulated the need to act against electoral malpractice, and democracy is ultimately created by them and for them. It should not take much for the EC to reach out to the people and explain its processes transparently to them, or to reveal its polling data structures and technologies to specialists who can set public speculation at rest. This would be far more effective in clarifying its image than any contempt proceedings. The EC's mandate is to monitor elections, which are by definition areas of contestation. To ask for powers to pull up those criticising it, the EC is effectively seeking to chill the discourse and undermine itself.

THERE ARE UNMISTAKABLE signs that the BJP is falling into what might be called a "power paradox" trap. A power paradox is a situation where political dominance can, paradoxically, reduce your actual power to shape and guide society and economy. The BJP's political, electoral, institutional and rhetorical dominance continues unabated. But the government seems to be increasingly at the mercy of social and economic undercurrents it is finding hard to control.

This situation is not unprecedented. Both Indira Gandhi and Rajiv Gandhi, at the height of their electoral dominance, also presided over periods where social and economic cleavages sharpened. These cleavages are of both kinds: Communal and ethnic cleavages, on the one hand, and the revival of agitations like farmers' movements, etc., as we are seeing in Mandisaur, on the other. We may be entering a new phase of this politics.

A simple personalised explanation for this is that political dominance begets hubris; therefore, rulers get out of touch without realising it. But there is perhaps a deeper paradox at work in the relationship between politics and economics. Those who acquire dominant control have a fantasy that political control can translate into mobilisation control of the economy.

This government has some important legislative achievements like the GST to its credit, and in some areas, like infrastructure creation, it has settled into a competent mode. But the impact of these reforms will be felt in the long run. In the meantime, the government is being held responsible for a sputtering economy — those who think the downturn will not produce social conflict have their heads in the sand.

The latest growth figures suggest a slowdown in the first quarter of this calendar year. Long-term drivers like gross capital formation and private investment indicate no cause for optimism. The kind of structural break this government had promised with past economic performance is a distant gleam.

But the fact that confidence in the economy is not soaring three years into the regime is politically exacerbated by the fact that this government's dominant political style is selling its own omniscience and omnipotence. This had three elements — the first is an unprecedented mobilisation of cit-

izens for state projects. Demonetisation was the prime example of this. We still don't have a full reckoning of the effects of demonetisation. But even its supporters would be hard-pressed to deny that in particular areas of the country, especially where cash crops are important, demonetisation has had disruptive effects. This seems true of the areas experiencing farmers' agitations.

But the economically disruptive effects are one thing: There is also a sense that the political bargain inherent in the politics of total mobilisation has not yet materialised. Any possible gains from demonetisation are still too distant and diffuse, and less likely to compensate those who suffered most in the cause. So, an economic governance style founded on hyper-mobilisation will at some point be experienced as a betrayal.

The second element of building a dominant political coalition is the constant need to buy the loyalties of more groups. The general supposition is that political domination might enhance the capacity of the state to manage and resist demands placed on it. But often, the opposite happens — the process of extending political domination also unleashes expanding demands on the state.

Loan waivers have been used in the past; they were also an essential element of the BJP's economic strategy in Uttar Pradesh to broaden its base. It is hard to believe that the BJP did not know this would lead to similar demands elsewhere. The contagion effects of a demand in one state are enhanced when the same party rules more states. So, paradoxically, the broader the party's social base, the more it is relentlessly seeking to expand, the more it may unleash unmanageable demands on the state. The curve of economic and social expectations can shift upward with political dominance. This is why so many politically dominant coalitions come to grief.

The third element in the limits of political domination is the perennial question of agriculture. Whatever the improvements in different parts of the country, this is still a sector deeply vulnerable to constant and ad-hoc shocks by the state and market. Most farmers still do not see a credible framework in place that insulates them against these shocks. On the one hand, the government has promised targets of doubling farmers' incomes, new irrigation schemes, insurance, and so on. But framers are reeling under mul-

multiple uncertainties — in the case of some crops, prices collapsed; the government's approach to imports and exports have been ad-hoc in a way that may benefit the consumer but penalises the farmer.

In short, while there are a range of interesting proposals on the table, there is no framework that credibly addresses questions of equity, security and productivity in agriculture. Which is why the politics of agriculture is subject to constant tussles between the farmer and the state. It has never been easy for any regime, from Indira Gandhi to Narendra Modi, to neutralise and manage the pressures of agrarian demand politics.

The decimation of political opposition may, at first glance, give the ruling party carte blanche to do whatever it wants. But there is also a real danger that as the opposition gets electorally decimated, a large number of social cleavages, grievances, discontents that were routinely channelled through political parties, now search for new outlets and social movements. You can sense simmering discontent, a discontent made all the more disquieting by the fact that it is struggling to find even discursive space — in fact, by denying the legitimacy of these grievances, whether on demonetisation or agriculture, by attributing criticism to conspiracy, the state sharpens the conflict. But the more dominant a political coalition, the more likely that state and society will now be directly pitted against each other.

So, you have the paradox. A politically dominant government becomes hostage to forces it cannot control. Its success has made it hostage to the worst elements within the party. The cultural right wing is demanding its pound of flesh (if not now, when?, is the argument). The constant need for political mobilisation has altered the structure of economic demands and expectations and will create new conflicts. And having sold the rather debatable proposition that political domination is a necessary condition for economic regeneration by the government, it is struggling to match, for the moment, the performance of UPA 1.

Political domination, by conjuring visions of omnipotence, creates the seeds of its own destruction.

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LANGUAGE MATTERS

The turmoil in the Darjeeling hills owes to the intransigence of both the state administration and the Gorkha Janmukti Morcha

WEST BENGAL CHIEF Minister Mamata Banerjee's announcement that Bengali will be a compulsory subject in all schools in the state till standard X triggered turmoil in Darjeeling. Given that language has been a fraught issue in the Darjeeling hills for more than a century, it was imprudent, in the first place, for the chief minister to have made the announcement without consulting the Gorkhaland Territorial Administration (GTA), the semi-autonomous body that runs the affairs of the hill town. Though Banerjee later clarified that her government has no intention of making Bengali compulsory in schools in Darjeeling, the damage was done. The Gorkha Janmukti Morcha (GJM), which runs the GTA, described the announcement as "language imperialism" and demanded that the West Bengal government pass a bill in the assembly "assuring that Gorkha Nepali shall remain untouched and assure us of the protection of our language". Instead of trying to bring calm, Banerjee has made matters worse by calling the army, threatening to take action against the GJM leaders and accusing the protesters of making "an issue out of a non-issue".

The stiff positions also have to do with recent political configurations in the Darjeeling hills. Elections to the 45-member GTA are due this year. The GJM won all the seats when the semi-autonomous body last went to the polls in 2012. But Banerjee's Trinamool Congress (TMC) is attempting to make inroads into the GJM stronghold. It secured a breakthrough of sorts in the Darjeeling hills in May by winning the civic body polls in Mirik. Control of the GTA is, however, just one facet of the flare-up. It has also become enmeshed in the TMC-BJP conflict in West Bengal, with Banerjee often evoking Bengali identity and linguistic pride to counter the BJP's thrust in the state. That the GJM is a BJP ally has given a new dimension to the century-long Bengali-Gorkha tension in West Bengal.

The GJM — and other Gorkha parties — are not wrong in resisting "imposition of Bengali". But identity politics aside, there is something utilitarian about learning a language. The Nepali-speaking people in the Darjeeling hills have more than a passing acquaintance with Bengali. Learning the language, formally, will only help expand their economic avenues in West Bengal. For that to happen, however, all parties concerned will have to shed their intransigence, and look at the issue beyond immediate political gains.

ONE-POOCH POLICY

It's not one-child now, but by limiting dogs, a Chinese city barks as sharp as it bites

YOU CAN'T HAVE too many friends, right? Wrong. The eastern Chinese city of Qingdao frowns upon indulging too many loving *yaars* — of the four-legged kind, despite all the PR about dogs being man's best friends. In fact, finding Qingdao's pooch populace hitting a nerve-racking high, and having to deal with the implications of that prescient pop song, *Who let the dogs out*, the authorities have imposed a "one-dog policy" now. According to the new regulations, Qingdao's pooch-pals must now register their sole pet for \$59 or 400 yuan. In addition, owners must ensure dogs have rabies vaccines, a license and an electronic chip — implanted in the dog's neck, bow-ow! — with information about the dog, its pet, sorry, its owner, and its vaccines.

The move aims to shrink the number of dogs in Qingdao where locals are apparently fond of displaying Made in China moolah via pricey imported breeds. The authorities particularly hope this will reduce dogs in the city's heavily populated downtown — where the extra dogs will go is unknown; perhaps there'll be a Cultural Revolution for canines, with elite breeds finding themselves on rustic farms (hopefully, this won't be a dog-eat-dog world) — and also silence arguments breaking out between dog fans and those who only feel terror upon sighting a Terrier.

But the move also shows China's enduring fascination with controlling its personal and public spaces, measuring, mapping, numbering and limiting everything, if possible, to that desirable digit of one. The country's one-child policy, recently lifted, made history with the tight controls imposed on family sizes. The country remains in thrall of one party and, at any given time, one leader (although Mao remains number one amongst equals). And China has worked relentlessly at going from Asia's underdog to the world's number one top dog today. Given how it's planning even its pooch population now, clearly the Chinese do much more than puppy love. This is what distinguishes them from nations that simply let sleeping dogs lie.



ANKAN KAZI

DIMINISHING A POET

Attempt to reduce Kazi Nazrul Islam to a 'Hindu' writer is a travesty of his legacy

AFTER READING SEVERAL news reports around the time of his birth anniversary this year, it would appear that in our increasingly communal and divisive public sphere, the poet Kazi Nazrul Islam has attracted the favour of Hindutva parties that are normally committed to the fabrication of a mythical nation-state, populated by a singular culture and people.

Nothing could be further from the complex world-view that Nazrul constructed in his work and through his life, over the course of many troubled decades, leading up to India's independence in 1947. It should hardly come as a surprise that the most radical instinct in his work today is not his dedicated opposition to an occupying foreign rule — it is the vision of a secular society that he embodied in his poetry, songs, prose and his own life.

It is this vision that seems to be under threat from new dispensations that seek to flatten the plural traditions that inform our sub-continental practices of syncretic worship and existence.

This makes Nazrul's work relevant for our time, but also increases our responsibility as readers to remain wary of the politics of

cultural appropriation, so important for political parties to create legitimacy for themselves across the country. For those seeking to make a quick political broadside using Nazrul, it might be useful to look at some of his ideas about his position in the nation.

In a speech delivered in Kolkata's Albert Hall on December 15, 1929, he said: "Just because I was born in this country and society, I do not consider myself to be solely a subject of this nation and my community. I belong to every country and everyone. The caste, society, country or religion within which I was born was determined by blind luck. It's only because I managed to rise above these trappings that I could become a poet."

This attempt to "rise above" any markers of identity wasn't a simple desire to get rid of them or pretend they did not exist, but rather, a call to recognise these barriers as man-made and, therefore, negotiable, even changeable. Thus, it is completely misguided to think of him as a 'Hindu' poet, or even a 'Muslim' poet, considering his avowed position as a member of humanity.

of togetherness/ nothing is greater than humanity/ nothing more worthy" (*'Manush'* Humanity).

He wrote Shyama Sangeet lyrics: Songs and poems in praise of Kali, part of a popular tradition in Bengali poetry, stretching back to at least the early 18th century; but he also wrote poetry and songs in the tradition of Islamic ghazals, couplets and translations from Hafiz and Omar Khayyam. He engaged, almost promiscuously, with a wide variety of sources and traditions across the Subcontinent and beyond, struck up intellectual kinship with political figures as different as Lenin and Ataturk and was committed to imagining a more just and secular nation than propagated by the leaders of our ruling parties.

The attempt to appropriate him as a model "Hindu" poet and celebrate his birth anniversary based upon these dangerously misunderstood, narrower terms of engagement is a travesty. It should provide the secular stakeholders of our nation a platform to resist this programme of action.

The writer, a research scholar at JNU, is the great-grandson of Kazi Nazrul Islam

JUNE 14, 1977, FORTY YEARS AGO

RAJAN CASE VERDICT

THE KERALA HIGH Court ordered prosecution of the former Chief Minister, K. Karunakaran, Deputy Inspector-General of Police Jayaram Padikal and Superintendent of Police K. Lakshmana for giving false evidence in the Rajan case. The division bench, consisting of Justice P. Subramanian Potti and Justice V. Khalid, pronounced the verdict while passing final orders on the habeas corpus petition filed by Rajan's father, T.V. Eachara Warriar. Rajan, an engineering student was arrested from his college during the Emergency and died in police custody. Police had refused to acknowledge the arrest and his subsequent death during questioning.

KING JR'S KILLER

JAMES EARL RAY, the convicted assassin of civil rights leader, Martin Luther King Jr., was re-captured after escaping from prison four days ago, the police in Petros, Tennessee, said.

ECONOMIC SURVEY

A CAREFUL WATCH on the price front, an ambitious investment programme aimed at stimulating employment in the countryside, need for more resources, incentives for savings, and a cautious outlook for 1977-78 against a disappointing economic performance in 1976-77 are the main messages in the government's annual budget economic survey. The survey says a careful watch will

have to be kept on prices because factors behind the increase in the last 14 months are still operative.

SHEIKH UNWELL

ANATIONAL CONFERENCE press release said Sheikh Mohammed Abdullah is ailing. According to a source close to the Sheikh's family, the Sheikh felt pain in his chest this morning. Two physicians were immediately called to attend on him. The governor, L.K. Jha, called on Abdullah. The 72-year-old Kashmir leader has been working under heavy strain. Eight days ago, he undertook an election tour of southwest Kashmir and addressed many public meetings in one day.



"The China-Pakistan bilateral relationship is regarded as a model of relations between countries with different social systems. The Chinese public considers Pakistan as China's 'iron brother'."

—GLOBAL TIMES, CHINA

Not worth the tax

Forget agriculture, it is more prudent to collect taxes from the service sector where the bulk of black income is generated



ARUN KUMAR

THE NITI AAYOG press conference a month ago, in which the taxation of agricultural incomes was suggested, embarrassed the NDA government. When there are farmers' agitations in many parts of the country, and talk of farm loan waivers, does this make sense? The politics of such a move is clear, its economic aspects were spelt out in an article by Bibek Debroy in this paper ('12 reasons why', IE, May 3).

The article made 12 points, but it missed the 13th, which follows from the 12th point. This missed point makes the other points redundant. The 12th point stated that the answer to an RTI application revealed that "In 2012, 8,12,426 individual tax payers disclosed agricultural income. The average income per individual assessee was Rs 83 crore." So, the incomes of these individuals turn out to be an astounding Rs 674 lakh crore. The GDP in 2012-13 was a little less than Rs 100 lakh crore.

If correct, these individuals declared incomes that were 6.7 times the GDP. Thus, the black economy that year was far more than Rs 574 lakh crore or 574 per cent of the GDP. Coming from a high government official, all this cannot be doubted.

If such data was available, demonetisation to unearth black incomes was not required. Investigation of these eight lakh plus entities would have been enough. Why did a billion people stand in endless queues for two months? Many people lost their jobs, went hungry, even died in queues and so on when officials knew what to do.

According to data in the Income Tax Return Statistics AY 2012-13, in 2012-13, the "Number of Effective Assesseees" was 4,72,67,582. That number rose in 2014-15 to more than 5,167 crore. The categories included here were Company, Firm, HUF, Individual, Trust and so on. However, no category called agriculture is mentioned. This is understandable since there is no tax on such incomes. Then, how is data on agricultural income being generated by tax authorities?

If one has income from both agriculture and non-agriculture, then one declares the agricultural income as well, even though one does not have to pay a tax on that. It is just like dividend income, which, in the hands of an individual, is free but is declared in the return. The income data from the tax department for Assessment Year 2012-13 reveals that only 73,000 entities filed a return of above Rs one crore and, of them, 1,600 entities filed a return of above Rs 50 crore. Only 2,600 entities paid a tax of above Rs 10 crore. So, very few from the non-agriculture sector declared any income close to what the RTI data reveals.

It is conceivable that people declaring a small non-agricultural income may declare large agricultural incomes. But then, they should be suspect and investigated by government agencies. Since there were about eight lakh such entities, scrutinising their accounts should not be that difficult. If these black incomes were caught, then 200 per cent of the GDP would have accrued as tax collection whereas today, only 5.5 per cent of the GDP is collected as direct tax. Is this data believable? That brings one to the fourteenth and subsequent points.

If the GDP figures rather than the RTI ones are taken as more credible, how much income tax can be collected from agriculture, assuming that the income distribution in agriculture and non-agriculture are similar? There are 138.35 million operational holdings, but how many would have taxable incomes if agriculture were to be taxed?

The share of agriculture and allied activities in the GDP is around 14 per cent. That would mean a GDP contribution of about Rs 21 lakh crore out of Rs 150 lakh crore. The net income that would be taxable would be much less.

Roughly 50 per cent of the work force is in agriculture, and a similar per cent in non-agriculture. But the former earn only 14 per cent of the GDP while the latter make up 86 per cent. Since India's per capita income now is around Rs one lakh, the average income in agriculture would be only around Rs 27,000.

From the 86 per cent of GDP contributed by non-agriculture, 5.5 per cent is collected as direct taxes. Assuming that the distribution of income in agriculture is similar, from the 14 per cent of GDP that this sector contributes, one can only collect less than one per cent of GDP. But the average agricultural income is one fourth of that of non-agriculture, so one would expect to collect only 0.27 per cent of GDP.

Adjusting for deductions, etc., the collection may be no more than 0.1 per cent of the GDP. Collecting this tiny bit of tax would be horrendously difficult for a variety of reasons, including definitional and administrative ones, so that cost may not justify the likely tax collections.

How much would the tax collection from agriculture rise over time (called "buoyancy")? Not much, given that the share of agriculture in the GDP has been falling. So, it can only contribute a declining share of taxes. The alternative would be to collect more from the services where the bulk of black incomes are generated.

In conclusion, while for the sake of equity, all incomes should be treated alike, agriculture is a special case. It is not that if agricultural incomes are not taxed, there is no tax on such incomes. Keeping agricultural prices low is also a tax. Finally, if the 12th point is believable, eight lakh entities are generating large black incomes; if they are tackled, neither demonetisation, nor a tax on agriculture is needed.

Kumar is a retired professor of economics, Jawaharlal Nehru University and author of 'Indian Economy since Independence: Persisting Colonial Disruption'

LETTER TO THE EDITOR

DEEPER THAN DEMO

THIS REFERS TO the article, 'The crops of wrath' (IE, June 12). The author argues that the prices of agricultural commodities were impacted by demonetisation. The prices of potatoes, among other crops, have been cited in support of this argument. But potato prices had started falling in 2016 even prior to demonetisation, for reasons such as a good rainfall and bumper harvest in certain regions. The article also argues that intermediaries who used to buy and stock up farm products are no longer active due to the drying up of cash. However, this cannot be said of those who deal in perishables like tomatoes or grapes. The contention about the fall in agricultural prices and the lack of response from policymakers is correct. However, this is not just due to demonetisation but is a much deeper malaise. Policymakers are yet to forsake a 1960s-1970s mindset when agricultural production was low compared to domestic demand. In today's India, we must build infrastructure for storage and speedier transportation across markets, remove bottlenecks in marketing across regions, promote the processing of agricultural commodities and encourage exports to ensure that prices do not fall during good harvests.

Vijay Nadkarni, Mumbai

NOT BY SHORTCUTS

THIS REFERS TO the editorial, 'Policy blight' (IE, June 13). Instead of waiving loans, the government should spend intensively on rural infrastructure (such as roads, irrigation, markets, storage facilities, paying insurance funds with promptness) and raise the procure-

LETTER OF THE WEEK AWARD

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ment limit. It must also ensure that farmers sell only at MSPs. With banks already reeling under NPAs, the government should not throw away the surplus tax it claims to have collected.

Abhishek Anshu, Patna

THIS REFERS TO the editorial, 'Policy blight' (IE, June 13). Loan waivers are no real solution to the farming crisis. The Centre and state governments should cooperate to make farming more viable by improving the ecological and economic conditions of agriculture.

Tarsem Singh, Mahilpur



C.R.Sasikumar

Blame the hat

General Bipin Rawat has been far too eloquent on matters he ought to be quiet about. He did sound silly while elaborating on ways to deal with the Kashmir issue



ALOK RAI

SANDEEP DIKSHIT'S COLOURFULLY phrased remark about the army chief's blustery machismo — "bring 'em on" — has got the political establishment all hot under the collar. But actually this pothole is based on a simple misconception. It isn't General Bipin Rawat that is at issue, it is his hat.

It is a truth universally acknowledged that a man wearing a silly hat — well, you know the rest. So strong is the association between silly hats and silly behaviour that when, in that reliable archive of our national consciousness, the Bombay cinema, the hero proposes to be particularly outrageous, he puts on a silly hat, or tips it forward or sideways — think Dev Anand, think Shammi Kapoor.

Well, General Rawat's hat is always aslant. I suggest that no deeper explanation is required for the outrageous things that he has been saying in the matter of the bewildered weaver who found himself transformed into a human shield. It is perfectly possible that hatless, or with less rakish headgear, he might sound like the Chief of Army Staff of a country that actually lays claim to the protections of international law and convention — that is, smoothly hypocritical, lying with proper gravity, after the manner of American generals, even as their forces commit the most horrendous war crimes.

It is an index of the coarsening of our popular sensibilities that large numbers of people think that the issue is about the "guilt" of the weaver — was he a stone-pelter? Was he inciting stone-pelters? Was

he merely present — and culpably passive — when stones were being pelted? Or about the ingeniousness of Major Nitin Leetul Gogoi's "solution" to the dangerous situation in which he found himself — in village after village after village. Maybe Major Gogoi also flaunts a fancy hat.

It is, by the way, a compliment to our tattered institutions that the army at least goes through the motions of setting up a committee to enquire into the incident — a minimal acknowledgment that something happened that perhaps should not have happened. But the credit that could have been derived from that committee of enquiry has been recklessly squandered by the swashbuckling general, not only by awarding a medal of commendation to Major Gogoi, but also by declaring that he didn't see the need to wait for the outcome of the committee of enquiry because he knew what was going on there anyway. Please, sir, hypocrisy is a necessary virtue for all institutions. We must keep up the pretence!

Tempted by that villainous hat, General Rawat went so far as to dismiss all attempts to find some non-military solution to the Kashmir situation — issue, not problem. There have been those, particularly from among the ranks of soldiers, who have rightly observed that the army should not be involved in domestic and civilian contexts — as it has been, alas, for the past half-century and more in the Northeast, and too many other places. It does the army no good, and as for the people amongst whom — delicate prepositional choice there: Amongst, against, upon, athwart? — it is deployed, there's not much point in saying anything. Much has already been said, and said with great eloquence.

The army is a killing machine, it is trained to mete out lethal violence — and one should not be surprised if that is what it does. Just don't use it against your own people. Unless, perish the thought, they are, after all, not your own people? Was the army deployed to quell

General Rawat was not arguing against using the army in Kashmir. On the contrary, he said, the chimera of talks merely got us Kargil. Forget talking, he said, give war a chance. He was fairly straining for a good fight. To be fair, there is a notion of honour — of chivalry, of honourable combat — at play there. Thus, he made the — to some, outrageous — suggestion that he wished that the stone-pelters were better armed. Then he, commanding a modern army, could really show them what he was capable of. Fat chance, as they say — but he did say it.

the Jat violence in Haryana? Did they use pellet guns in Rohtak?

But General Rawat was *not* arguing against using the army in Kashmir. On the contrary, he said, the chimera of talks merely got us Kargil. Forget talking, he said, give war a chance. He was fairly straining for a good fight. To be fair, there is a notion of honour — of chivalry, of honourable combat — at play there. Thus, he made the — to some, outrageous — suggestion that he wished that the stone-pelters were better armed. Then he, commanding a modern army, could really show them what he was capable of. Fat chance, as they say — but he did say it.

I was reminded of a scene from Gillo Pontecorvo's film on the Algerian war, *The Battle of Algiers* (1963). The Algerian guerrillas are forced to use the guile and deception the weaker side in asymmetric warfare typically has to resort to — stones against tanks. In a climactic scene, the colonel of the counter-insurgency forces confronts the guerrilla leader, now in custody, tortured and broken, and asks him — aren't you ashamed to use burqa-clad women and children in this fight, what kind of men are you? The guerrilla leader replies: Give us your tanks and your bombers... Now, I'm not quite sure what General Rawat has in mind when he wishes that the stone-pelters were better armed. Automatic weapons, perhaps?

I can see that he has a sort of duelling model in mind — a fair, honourable combat, in which the adversary gets to choose the weapons. Instead of this dirty war — in which men shoot pellets into the eyes of angry boys. But there's one minor correction, general. In the typical use of the phrase "dirty war", the "dirt" attaches not to the side that is weak, but the one that is strong. Thus, others — insufficiently nationalist — may say that we are the ones fighting a dirty war in Kashmir. But it's not the sort of thing that one boasts about.

The writer taught in the department of English, Delhi University.



VIEW FROM THE RIGHT

LOAN WAIVER POLITICS

THE EDITORIAL IN *Organiser* comments on the ongoing "agrarian crisis". It notes that the crisis, "looming for a long time", is a result of the neglect of the farm sector by the Congress and regional parties. The recent "farmers' agitation in Madhya Pradesh and Maharashtra reveals the worst side of this politicking in the name of farmers", according to the editorial. "The core question is whether such politicised agitation and waivers without economic prudence would help the real distressed group of farmers," it asks.

Pointing out that "the farrago of agitations in both the BJP-ruled states indicate the political intent of fuelling it," the editorial argues that the present unrest was fuelled by "anti-social elements", some of

them "closely associated with the Congress Party". "Such politically motivated agitation will not help the farmers; on the contrary, it will open up new faultlines in rural society," it adds.

Saying that a majority of farmers take loans from non-institutional lenders, it remarks that "loan waivers and agitations are not for the sections who are really distressed but for the groups having strong economic and political clout". "The present government has played a key role in bringing financial inclusion through the Jan Dhan Yojna and schemes like MUDRA," it says, underlining that "we should not allow petty political interest to use these faultlines for political gains".

MAKOVER IN IT SECTOR

THE COVER STORY IN *Organiser* says that most of the "reports" about the "shrinking" IT sector and layoffs are with an objective "to show the Modi government in a poor light". "The reality is the global IT sector hasn't shrunk and the demand even in North America still is on the rise," it says, adding that the "Indian IT industry accounts for

about 67 per cent of the approximately \$130-billion IT sourcing business in the world".

The layoff is not a "crisis", but "a makeover happening in the Indian software industry" as companies are "being forced to change their business model".

India's domestic IT sector is "expected to grow at 8.5 per cent from the \$35 billion in 2016 to \$37 billion in 2017". "With the push for Digital India, electronic manufacturing, setting up BPOs in small towns and the North-East and the continued excitement among techies for the start-up sector, the employment and entrepreneurship avenues are on the rise," it says. "More than 1 lakh direct jobs and 3 lakh indirect jobs have been created in the last couple of years for the mobile manufacturing industry." It is no time to "panic" but to make "better realignments" in changing times.

THE TERROR DEBATE

THE EDITORIAL IN *Panchjanya* is on the recent terror attacks in the month of Ramzan. Noting that "if Muslims consider this a holy (month)," the editorial asks why have "Islamic terrorists" killed more than

"500 persons"?

Over 130 Imams have issued a joint statement that they would not offer condolence prayers for the terrorists killed during the recent London attack. "It's a good signal that the Muslim world displayed this necessary gesture of protest," it says. The global anger following the London attack confirmed that the situation wouldn't remain the same. The argument that "there is no fault of Islam" cannot continue now. "Questions are being raised in the Islamic world over terrorism," it says, noting that not just the Imams of London, major Gulf countries have severed links with Qatar.

"Islamic terrorism has taken a form of a global headache now," it notes, emphasising that in such a situation, it is wrong to expect action only from Islamic countries. "What would you gain by cornering only Qatar?" it asks, adding that "is it not true that the biggest Wahabi engine of Islamic terrorism is run by 'Saudi sympathy'?"

It criticises the step to isolate Qatar, contending that it might divert the fight against terrorism to conflicts within Islam.

Compiled by Ashutosh Bhardwaj