

Why Modi won't privatise public sector banks

SWAMINOMICS

SWAMINATHAN S ANKLESARIA AIYAR

Having established a reputation as an incrementalist who shuns radical change, Prime Minister Narendra Modi has suddenly changed expectations by opting to privatise Air India. This is such a huge public sector giant with so many subsidiaries and lakhs of employees that nobody ever dreamed it could come first in the list of Modi privatisations. Yet that is the case.

Some Americans have asked me whether this might be followed up by the privatisation of public sector banks (PSBs). These too are big in financial size and employment, and some are in almost as bad shape as Air India. If Modi can sell Air India, why not the PSBs?

It won't happen. Public sector banks have always been used by successive governments to implement schemes for which there is insufficient money in the budget. We are now in an era of fiscal stringency, with the Fiscal Responsibility and Budget Management Act obliging the government to keep cutting its fiscal deficit. In these circumstances, there is less fiscal space than ever for launching new government schemes. So, public sector banks provide an especially important means for the finance minister to finance schemes that can fetch votes and possibly improve economic outcomes. This is equally true of public sector insurance companies, and oil companies (which for years subsidised diesel and petrol). These will, therefore, not be privatised.

Two years ago, when finance minister Arun Jaitley was visiting the US, he asked what journalists like me meant when we asked for big-bang reforms. For starters, I said, privatise the ten worst public sector banks. He laughed and said this was difficult because the banks played such an important role in the implementation of government policies. For instance, he said, infrastructure was a top priority, but private banks were not very keen on lending to that sector, and so PSBs had proved invaluable in providing finance for infrastructure.

What he did not say was that private banks had proved very prudent in steering clear of infrastructure projects of dubious viability that carried many risks. When dozens of infrastructure projects sank, for a variety of reasons, the PSBs were left with bad loans totalling lakhs of crores. Critics like me might say that this is precisely why the banks should be privatised — they will show greater diligence before approving projects with unclear financial profiles. But from the politician's viewpoint, forcing PSBs to lend for infrastructure was an essential way of achieving targets without breaking budgetary limits set by law.



BANKABLE: In an era of fiscal stringency, govt banks are an important means to finance schemes that can fetch votes

Education loans provide another example. The government is keen on expanding such loans to students, who are increasingly entering high-cost private colleges. So, public sector banks have been instructed to step up education loans. A recent news item said outstanding education loans had risen from Rs 48,382 crore in March 2013 to Rs 72,336 crore in December 2016, a pretty fast rate of expansion. But non-performing loans — those on which borrowers had defaulted in payment for over 90 days — had shot up in the same period from Rs 2,615 crore to Rs 6,336 crore. The ratio of non-performing to total education loans has risen from 5.40% to 8.76%, a sad tale of sinking viability.

Private sector banks are aware of the high risks in such loans and have mostly steered clear of them. No less than 90% of all educational loans have been given by public sector banks. In some countries, the risk is transferred to the government. In India, PSBs have been loaded with the risk.

A similar tale comes from public sector insurance companies, which have been obliged to launch schemes at unviable low premiums. The government has created a Pradhan Mantri Jeevan Jyoti Bima Yojana — a term life insurance policy. In 2016-17, the second year of its operation, claims under this scheme exceeded premiums by 21%, making it unsustainable. An even worse outcome afflicted the Pradhan Mantri Suraksha Bima Yojana, which provides payment of Rs 2 lakh for accidental deaths or grievous injuries. In this case, claims were a whopping 70% higher than premiums. By contrast, private insurance companies with similar insurance policies have a claims rate less than half the premiums.

Politicians are reluctant to raise the ultra-low premiums for flagship schemes aimed at capturing votes. No such instructions on premiums can be given to private insurance companies. That's a key reason why the government insurance companies, like government banks, will not be privatised. They are too politically valuable for governments seeking to distribute freebies and subsidies.

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Tech like sperm-sorting should be allowed for parents who want girls

Sital Kalantry is director of the Migration and Human Rights Program at Cornell Law School and author of a recent book on the challenges to women's rights across cultures. She tells Himanshi Dhawan how misinformation about sex selection in India is being used to push anti-abortion legislation in the US

all the past pregnancy records of the patient. These are delay tactics imposed on all American women even though there is no proof of even one male-biased abortion occurring in that state. Sex ratios in the US are perfectly balanced.

But in India what people should be very concerned about today are the consequences of sex selection and not just the causes. There are nearly 50 million more males in India than females. New empirical studies have found that in districts with high male surpluses, there is increased rape, child marriage, and domestic violence. The problem is that the decision of many women to abort female foetuses can harm living women and girls. So if restrictions are to be placed on women's reproductive rights, it should be to protect living girls and women from the negative consequences of a male surplus in India.

Despite govt efforts, the sex ratio continues to decline in India. What can be done?

Popular perception attributes sex selection to "son preference" and "daughter aversion" but if you examine sex ratios at each birth parity, a more nuanced picture emerges. It's only when they have one or two girls, that some people intervene. After they have one boy, they are again indifferent about the sex of their next child and willing to have a girl. Methods used by government like cash transfers and celebration ceremonies have had limited impact. Currently, Indian law prohibits gender-based sex selection even if it is in favour of a girl. I'm not suggesting that anyone should terminate a pregnancy on the basis of the predicted sex of the child, but today there's technology like sperm-sorting that's non-invasive, relatively cheap, and very effective in ensuring that parents conceive girls if they want to. Government should also incentivise parents to conceive girls by permitting and possibly subsidising female-biased pre-implantation sex selection to help balance the sex ratio.

■ In your book, Women's Human Rights and Migration, you point out how US is passing laws to ban sex-selective abortions on the basis of the perceived "practices" followed by Indian Americans. How is India influencing US law?

Starting in 2009, half of US state legislatures have introduced bills, while 10 have adopted laws to prohibit abortion if a woman is seeking one because of the predicted sex of the foetus. The lawmakers claimed that Asian Americans were aborting female foetuses at similar rates and for similar reasons as do people in India and China. I came to know about this issue through a "documentary" on sex selection in India, hailed by women's groups across the US as a feminist movie. I was surprised at how it misrepresented the reality in India — a majority of women were portrayed as abused, and abortion was seen as part of a cycle of violence. The only reason women have sex-selective abortions, according to the movie, is because they are beaten if they don't. The reality is more complicated. When I conducted research about the filmmakers, I found that some of the people interviewed in the film were using misinformation about what is happening in India to lobby for abortion restrictions in the US.

FOR THE RECORD

a boy as their next child. But surprisingly they also intervened to have a girl when they had two boys. Sex selection by IVF and sperm-sorting is legal in the US and so the small number of people who are sex selecting could be using those methods.

One plausible interpretation is that some people who are originally from India want to balance their families with at least one boy and one girl. This is also consistent with a Cornell Survey Research Institute poll that Asian Americans were more likely to want a family consisting of a boy and a girl than other ethnic groups in the US.

■ If what you say is true, what is the problem with sex-selective abortion bans?

One problem is that women of Asian descent will be profiled. For example, doctors in a community heavily populated by people of Indian descent in Canada refuse to tell Indians the sex of their unborn children. Sex determination isn't illegal in Canada but because of stereotypes, some doctors assume that just because a woman is from India she wants to abort a female foetus. Another problem is that the bans restrict access to reproductive care more broadly.

■ But feminists say sex-selective abortion harms women's reproductive rights.

Today in the state of Arkansas, doctors must ask every woman seeking to terminate her pregnancy whether she knows the future sex of the child and if she does, then the doctor cannot perform the procedure until they obtain



■ There's a popular belief that Indians in the US carry their prejudices against the female child to continue sex-selective abortions. What does your research say?

The Indian American community is very diverse. We examined births among Indian Americans, and found that the overall number of boys to girls born to this group was similar to those born to Caucasian Americans. However, when we examined that very few Indian parents who had one or two girls intervened to ensure they had

'Look, I'm so secular!' The rise of virtue signallers on social media

THE UNDERAGE OPTIMIST

CHETAN BHAGAT



The rise of social media in the past few years has meant that a lot of public opinion is debated, discussed and shaped on forums like Twitter and Facebook, and even thousands of local WhatsApp groups. One would imagine these powerful tools that connect millions can enable us to distill the best opinions on an issue, which can then shape our response to them. However, there is a huge problem. These discussion forums are public. And in public, a lot of people are fake. They want to be seen as good, proper, balanced, modern and progressive. Most of all, they want to be seen as virtuous. If I can come across as a person who has these wonderful qualities to my 200-odd Facebook, Twitter or WhatsApp friends, it is more valuable than actually saying what I feel on the issue.

In this context, a term called 'virtue signalling' has become popular on the internet recently, although it was used in a few articles several years ago. But it is only now that you see virtue signalling on full display.

Try this. Mention that "I don't feel safe sending my parents on Amarnath Yatra after Muslim terrorists killed Hindu pilgrims." Chances are several people out there will scream 'communal! communal!' to your statement before you even understand what on earth happened. You see, these people have to show that they are so virtuous, so noble, and so good that they sense something is communal even when others don't. Of course, there is nothing wrong in your original statement, as you are stating a fear based on an incident that has occurred. However, the virtuous lot on the internet will demand that a) you don't mention any religion at all ever; b) as Hindus are in majority, we must never raise an issue that affects Hindus because that makes us majoritarians and c) a truly virtuous person will not see this as

an act against Hindus, but merely some bad people trying to hurt some good people and that is all that needs to be mentioned.

Of course, that is not how the human mind works or thinks. The fact remains that many Hindus will now think twice about sending their elderly parents to pilgrimage sites, particularly in Kashmir. However unsavoury, this needs to be discussed. How can we have a country where the majority of people feel unsafe about going to their places of worship? Is it communal to discuss this issue and come up with solutions?

According to the virtue signallers, it is. Your mentioning the word Hindu, let alone an issue that affects only Hindus, will brand you as communal. This is because by doing so, they come across as virtuous. When they attack you in anger, they are saying, 'Look, I am such a secular person that the mere mention of the word Hindu makes me mad. Look, I am so good and secular that any hint of a Hindu issue makes me seethe with anger. And now that I have shown I am more virtuous, I have the

right to attack the others. My goodness gives me sanction to abuse, insult and be rude to anyone else who isn't that virtuous.'

We sometimes mistakenly refer to these people in India as fake-liberals, pseudo-seculars or elitists. All they are doing is virtue signalling, showing how modern and progressive they are — so they look good to their virtual peers.

Hence, take a statement like, "Although we must have laws to protect women, some men are suffering due to fake domestic violence or fake harassment cases because some people are abusing the laws (something any lawyer or policeman dealing in such cases will attest)." Virtue signallers will jump on this and feast all day, calling it 'sexist, anti-women, backward or whatever else' because when you say that, you show that you are so equality-conscious.

Virtue signallers operate in many other arenas. They show their support for women's cricket in their social feeds (though chances are they have never watched a women's cricket match on

TV in their lives). Virtue signallers want to promote independent cinema over commercial cinema (though they don't go and watch independent cinema in theatres). Virtue signallers want to show that they care about Dalits and Muslims, not because they actually care about Dalits and Muslims or do anything about it, but because stating so makes you look good on social media. Beware of such utterly fake people, and avoid engaging in debate with them. They will tire and bore you to death with statements that don't answer the issue at hand, but merely make them look good.

Virtue signalling is a reality of today's social media. Because whenever we feel judged by a lot of people, we hide our true self and try to look good. It's noise on the internet and, like trolls, must be ignored. We must debate issues by saying things as they are, for only then can a solution be found.

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Confessions of a desi cow: No 'panga' in my name, please

POLITICALLY INCORRECT

SHOBHAA DE



I am a sweet and adorable Indian cow. I have been minding my own business for centuries. Suddenly, everybody else wants to mind it, too! But why? I have been asking other cows in the neighbourhood the same question. How happy and carefree our life used to be! Nobody paid the slightest attention to us. We would wander around wherever we wanted... loiter here, loiter there. Some people would be kind enough to feed us. Others would shoo us away. But nobody bothered us or interfered with our way of life.

As a cow growing up in Mumbai, I used to love my life around Flora Fountain — one of the busiest intersections in this crazy city with big cars and those huge buses speeding this way and that. We taught ourselves to nimbly jump out of the way, just like any other pedestrian breaking traffic rules. Me and my companions used the same awful roads with crater-like potholes that nobody fixed, and we urinated and defecated anywhere, same as everybody else. We didn't trouble anybody and nobody troubled us. When I needed rest in the hot afternoon sun, I would go and sit wherever I found some shade — inside a bus shelter, or next to the high court judge's car. Some of us liked sitting in the middle of the road as well. Most times motorists drove past us without honking. Only foreign tourists seemed to find our presence amusing and took lots of photographs. God knows why. The roads belong to us, too, right? Mumbai is full of generous people. We feel loved and protected here.

But our distant relatives from other parts of India are feeling very upset. They have been narrating horrible stories through our cow network about all the things that are being done in our name. And we want to tell everybody to stop! Cows are getting a controversial reputation! And there is nobody to speak up on our behalf. Just because we are cows does not mean we don't have our own beliefs. We know right from wrong. And if someone is being killed using us as an excuse, it makes us feel awful. Protecting us is all very well. But murder is murder. We are peace-loving animals and never take panga with anybody. That does not make us weak — it makes us stronger. See how street dogs behave in our presence — even they show respect by leaving us alone to amble through crowded bazaars and congested localities. Yes, sometimes we make a mistake, lose our way and land up on an airstrip causing panic and inconvenience. But tell me, how do we get there? Obviously because there is a hole in the fence that has not been repaired! That's hardly our fault.

As a cow with a conscience, I am trying to start an all-India movement with other like-minded cows. Not a union, mind you. A movement. We want everybody to know we are against violence in any form. We protest when a single individual is killed and we are named/blamed. We also want to stop the exploitation taking place with us at the centre, whether on the political, business or emotional front. We know our worth. Our brand positioning. Millions of rupees are being made using us. We have no copyright to protect our interests. Every bit of what we produce is commercialised and sold — our milk, dung and urine. What do we get in return? Those who kill in our name do so for their own selfish gain.

It is time we cows got together and put an end to this recent development. Where were these people ten, twenty years ago? All of us lived in peace and harmony till this new-found love for us sur-



MOO ASIDE: Why this new-found bovine love?

faced out of nowhere. We want to say most humbly to all our ardent protectors that while we appreciate their love, we don't want to be associated with bad blood and violence in any form. So please, Sirs, do leave us alone. We are peace-loving creatures who prefer to live on our own terms as we always have.

Next time you meet one of us, greet us with a friendly pat and some kindness. If you find a sick or injured cow, don't look away, but get medical help. If you really care about our welfare, demonstrate it in practical terms, by helping us when we require human help. Otherwise, leave us alone to lead our lives as we have since time immemorial. Oh yes, here's a word of bovine advice: just as dog doesn't eat dog, and cow doesn't eat cow, it would be wonderful if you too followed the same principle. But if you still want to go down the other path, remember not to do it in my name!

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RHYME & REASON

AMIT VARMA

KAUR BLIMEY
On Thursday, I watched Harmanpreet Kaur Play a knock that left me wanting more.
What a game? What a show!
And now I want to know Why had I not heard of her before?

POTHOLES
I hauled a net over the coals. I said, "Bhai, why do you love potholes?"
He said, "Bro, they're a dream. They're my revenue stream. Kickbacks from repairs are my bankroll."

INBOX

Gimme red
Chidanand Raighatta's 'Fruit for thought' (July 16) made for spicy reading. So far there has been no clear-cut explanation as to why the cost of onions and, this time, tomatoes fluctuates so wildly like a sine curve gone crazy. As they say, you cannot unscramble eggs. Or desauce tomatoes. Call it a fruit or a vegetable, the absence of tomatoes from the fridge is a serious cause of concern to homemakers. For once, the Reds are being sorely missed in a democratic nation.
Avinash Godbole, Dewas

Writers to blame
Do not blame the white man's disconnect with BAME (black, Asian or minority ethnic) writers for their woes, as suggested by Nikesh Shukla in 'Good versus bad immigrant' (ATM, July 16). BAME novelists, Rudshie et al, thrive on writing on subjects closer to their countries of origin. BAMEs are more disconnected from their adopted homelands.
Bonaventure Stephen Gomes, Mumbai

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Vaghela's exit an opportunity for Cong to take a stand in Gujarat

AAKARVANI

AAKAR PATEL



Shankarsinh Vaghela has quit the Congress party. As a Gujarati, I think whatever gods may be. There is a larger point to be made and I'll come to that in a bit.

Vaghela was a dedicated Rashtriya Swayamsevak Sangh man who should never have been made head of the Gujarat Congress in the first instance. Hindutva has brutalised the state and permanently divided its people and ghettoised its minorities (an act of extreme anti-nationalism).

Congress should have stepped in to recover the truth in Gujarat's culture of pacifism and mercantilism and pragmatism and progress. Instead, in appointing the Hindutvawadi Vaghela, the party continued the political lie that Hindus and Muslims are permanently at war and communal politics is inevitable. Rubbish.

There are those who say that with Vaghela's exit the Congress will lose the assembly elections coming in that state in the next six months. However, it should be pointed out to such geniuses that in his 20 years (he joined hands with the Congress in 1997) the party anyway saw defeat in every single assembly and Lok Sabha election. What great victories was this compromise with first principles bringing the Congress? Not one.

For my parents in Surat, all these years, the option inside the polling booth was always between endorsing an RSS Congress leader or an RSS BJP leader. That's not really a choice.

If the Congress says it stands for Nehruvian secularism, then the first place that must show is in the people who speak for it and the second in what they say. The same rule applies to my friend Sanjay Nirupam, who heads the Congress in Mumbai. A pleasant fellow but a former Shiv Sainik I believe in redemption and the idea of reformation, but such people as Vaghela and Nirupam, who jump from leadership position to leadership position without demonstrating their devotion to first principles are unfit.

To the larger point now. What will the 2019 general election be fought on? Given the damage Hindutva is doing to India and Indians, it is clear that it must be fought on an uncompromising anti-Hindutva platform. This should be accompanied by specific things, like the opposition to genius strokes like demonetisation. But the underlying narrative must be carried on the back of an Indian inclusivism that is natural to us and that we can see all around us. The fact is that the image of India that Hindutva's supporters hold is not apparent.

We are a unified culture being deliberately and mischievously divided. How tough can it then be for the Congress to sell reality? My slogan: 'Indians are one people. Stop dividing us through Hindutva'.

My colleague Salil Shetty has observed that we are living in a time of democratic authoritarianism, when the sort of mischief that only dictators pursued is today practised by elected despots. His other observation is that among such 'strongmen' type leaders, there are those who use violent and unhinged language, like the Philippines president Rodrigo Duterte and American president Donald Trump. And then there are people like Narendra Modi who speak softly but who have others do the speaking for them.

VP Singh said that to know what Hindutva stood for, do not listen to its leaders, but the people below. The poison that is being spread by Hindutva cannot be gleaned from the Prime Minister's Twitter feed. It can be understood by what is being done under him. Gujarat has already passed a law punishing cattle slaughter with life imprisonment, while Chhattisgarh's CM has pushed for the death penalty. Modi's criticism of vigilantes should start with attacking or sacking his party's leaders who encourage the lynchings. But he won't and that is the plan.

I am told often that many Indians conflate Hindutva with Hinduism. That is dangerous nonsense. Hindutva, a word of recent coinage, is a set of three specific political demands. First, Muslims must surrender their mosque ('Ram Janmabhoomi'). Second, Muslims must surrender their personal law ('Uniform Civil Code'). Third, Muslims must surrender their constitutional autonomy in Jammu and Kashmir (Article 370). After tak-

ing power, a fourth political demand has been pushed: Muslims must surrender their dietary habits ('cattle slaughter ban'). Hindutva is negative,ullen, passive-aggressive (observe the joyless faces of those who peddle it). What links any of its demands with Hinduism the faith? Not a thing. It is anti-India in the worst way possible: it pushes an idiot nationalism that is ranged not at some enemy but against other Indians. Because of this, in my opinion, it borders on treason. It has to be resisted. Civil society will do what it can but the domain of this resistance is primarily politics.

The saying goes: if you don't stand for something, you'll fall for anything. For two decades the Congress has fallen for soft communalism in Gujarat. The opportunity has come for it to stand.

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PARTING WAYS: Under Vaghela, the Congress saw defeat in every single assembly and LS election in Gujarat