

13 EXPLAINED



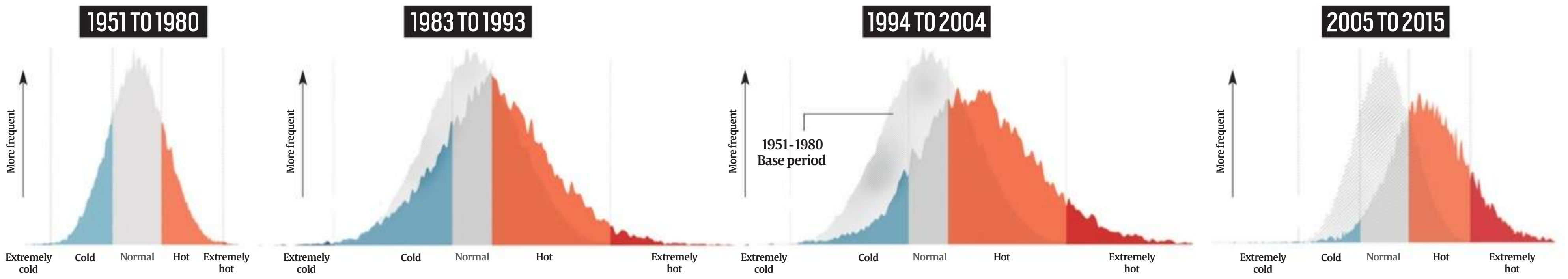
SOCIAL INTELLIGENCE

[President Nicolás] Maduro's sham election [on Sunday to elect representatives to a Constituent Assembly to rewrite Venezuela's 1999 constitution] is another step toward dictatorship. We won't accept an illegit gov't. The Venezuelan ppl & democracy will prevail.
NIKKI HALEY, US Ambassador to the United Nations, 403,000 followers on Twitter.

How summers are getting hotter, demonstrated in four charts

Data from 1951 show the curve's average — the top of the peak — shifting rightward over time, implying that more temperatures in more places are ending up in the hot and extremely hot categories

SUMMER TEMPERATURES IN THE NORTHERN HEMISPHERE



AS HAS been said — and felt — repeatedly in countries across the world, extraordinarily hot summers, of the kind that were virtually unheard-of in the 1950s, have become commonplace. This year's scorching summer events, like heat waves rolling through southern Europe and April temperatures crossing 50 degrees Celsius in Pakistan, are part of this broader trend. The 2015 heatwave in India killed over 2,400 people.

THE CHARTS above, based on data from James Hansen, a retired NASA climate scientist and professor at Columbia University, show how summer temperatures in the Northern Hemisphere have shifted towards more extreme heat over the past several decades. To create the bell curves, Dr Hansen and two colleagues compared actual summer temperatures for each decade since the 1980s to a fixed baseline average.

DURING THE 1951-80 base period, about a third of local summer temperatures were in the "near average" or normal range. A third were cold; a third, hot. Since then, summer temperatures have shifted drastically: between 2005 and 2015, two-thirds of values were in the "hot" category; and nearly 15% in the new "extremely hot" category. In effect, most summers are now either hot or extremely hot compared with 50 years ago.

FOR EACH time period above, the distribution of temperatures forms a bell curve because most measurements fall near the average, forming the bump (or bell) in the middle. More extreme temperatures happen less frequently, and fall in the wings, with heat waves on the right and cold snaps on the left. As the curve's average — the top of the peak — shifts rightward over time, more temperatures in more places end up in the hot and extremely hot categories.

GRAPHIC: THE NEW YORK TIMES Source: Columbia University Earth Institute. Data via Makiko Sato and James Hansen. Based on Hansen et al., 2012 (and discussion); 2016 update. Temperature categories are determined by the normal distribution, so that a third of temperatures fall in each of the main three categories: hot, cold and normal for 1951 to 1980. Summer temperatures for each subsequent 11-year period are compared to the 1951 to 1980 baseline.

Understanding the new DNA tech Bill

The 2015 draft DNA Fingerprinting Bill is back in a new version, and includes some important additions and deletions. What are they? What is the need for such a law in the first place, and what are the problems with having one? AMITABH SINHA explains



PAPER CLIP

FLAGGING INTERESTING RESEARCH

GENETICS

THE COLOUR OF FLOWERS
 Published in *Science Advances*, July 26, 2017

AUTHORS: Naonobu Noda, Satoshi Yoshioka and Others



Blue transgenic Taihei chrysanthemum, created by modifying two genes. Naonobu Noda/NARO

At last, it is true: chrysanthemum can also be blue

LESS THAN 10% of 400,000 floral species bear blue flowers; it's unclear why. Attempts to force blueness upon flowers have failed mainly because there aren't many compatible plants with the genetic machinery to manufacture blueness. Japanese scientists have now created a blue chrysanthemum — a flower that is usually pink, yellow or red.

In 2013, the scientists engineered a "bluer-coloured" chrysanthemum by splicing in a gene from Canterbury bells, which naturally has blue flowers. The resulting blooms were violet. This time, they added a gene from another naturally blue flower, butterfly pea.

Both these plants produce pigments for orange, red and purple called delphinidin-based anthocyanins. (They're present in cranberries, grapes and pomegranates, too.) Under a few different conditions, these pigments, which are sensitive to changes in pH, can start a chemical transformation within a flower, rendering it blue.

The additional gene added a sugar molecule to the pigment, shifting the plant's pH and altering the chrysanthemum's colour. A wavelength test in the lab confirmed the colour as blue.

The fact is, no blue flowers in nature actually have blue pigment. And neither do blue eyes or blue birds.

Blue flowers result from the modification of red pigments — shifting acidity levels, or switching or mixing up molecules and ions. Some petunias have a genetic mutation that breaks pumps inside cells, altering their pH and turning them blue. Some morning glories shift from blue upon opening to pink upon closing, as acidity levels in the plant fluctuate. Many hydrangeas turn blue in acidic soil.

In vertebrates, blue colouring is more about structure. Blue eyes exist because, lacking pigments to absorb colour, they reflect blue light. A kingfisher's blue feathers would be brown or grey without a special structural coating that reflects blue.

Reflection is also the reason for the most intense colour in the world, the shiny blue of the marble-esque Polliia fruit in Africa. **THE NYT**

USING DNA TECHNOLOGY: INDIA AND SOME OTHER COUNTRIES

More than 50 countries have passed similar laws regulating DNA tests. The USA has the DNA Identification Act of 1994; the UK passed the Criminal Justice and Public Order Act in 1994 and the Criminal Justice and Police Act in 2001. Canada has the DNA Identification Act, 1998. Norway, Finland, Belgium, Denmark, Australia, New Zealand too have similar laws.

COUNTRY	CRITERIA FOR ENTRY IN DNA DATABASE	CRITERIA FOR REMOVAL FROM DATABASE
India (draft)	Convicted persons, suspects accused of specific crimes. Samples collected from crime scene.	Information from crime scene to be retained, except of those who are neither convicts nor suspects. Not clear for convicts. Suspect profile to be removed after filing of police report.
US	Convicted sex offenders; in most states all convicts. Some states specify the offences for which DNA profiles are a must.	Different states have different criteria but most of them have spelt them out clearly.
UK	Convicts, arrested people, all crime scene stains.	Convicted persons and suspects' profiles retained indefinitely. Samples picked up from crime scene retained till they are identified.
Germany	Convicts of serious offences or repeat offenders of minor crimes, suspects charged of serious crimes, samples from crime scene.	Convicted persons and suspects' profiles removed when no longer required. Those picked from crime scenes deleted after 30 years.
France	Those convicted or charged with serious crimes. Crime scene stains when relevant.	Convicted persons' profile kept for 40 years, suspects' profiles kept until they no longer serve original purpose. Crime scene information deleted after 40 years.

and lay down guidelines, standards and procedures for their functioning. It will advise central and state governments on "all issues relating to DNA laboratories". It will also be the authority to make recommendations on ethical and human rights, including privacy, issues related to DNA testing.

A national databank of DNA profiles is proposed to be set up, along with regional databanks in every state, or one for two or more states, as required. In the 2015 draft, the national databank was proposed to be set up at Hyderabad, possibly because the Centre for DNA Fingerprinting and Diagnostics, the premier DNA laboratory, is located there. The new draft

does not specify the location of the national databank. All regional DNA databanks will be mandated to share their information with the national databank.

Certain DNA Profiling Board-accredited labs would be authorised to carry out DNA testing and analysis. These are the only places to which DNA samples, picked up from a crime scene, for example, by police, can be referred for analysis. Data from the analyses will need to be shared with the nearest regional DNA databank which will store it and share it with the national databank.

The databanks will maintain five sets of databases — for DNA samples picked up from crime scenes, for suspects or undertrials, and

for offenders, missing persons, and unidentified dead bodies. The previous Bill provided for maintaining a database of people who volunteered to give their DNA profiles, but that has now been deleted. A provision for creation of other indices "as may be specified by the regulations", too, has been left out.

The objections

The main issue is whether DNA technology is foolproof, and whether the proposed law adequately addresses the possibility of abuse. It has been argued that although DNA technology is the best method available to carry out this kind of identification, it is still probabilistic in nature. There are chances, however remote, that a wrong match is gen-

erated. If the DNA result is taken as the ultimate evidence, no recourse will be available to an individual who has been wrongly matched.

More frequently asserted are the privacy-related objections. Questions such as whose DNA can be collected and under what circumstances, whether the consent of the individual is required, who can access the database, to what uses the DNA information can be put apart from identifying an individual, and the circumstances under which a record can be deleted, have been raised repeatedly. It has been pointed out that information like ancestry or susceptibility to a disease, or other genetic traits, is liable to be misused. It has also been argued that DNA tests have not led to an improvement in conviction rates in countries where it is already being followed.

The justifications

The new draft Bill does try to address some of these concerns, although it reiterates complete faith in DNA technology. DNA profiling is "an accurate and well established scientific technique", says the Law Commission report that has proposed the new draft.

The draft has introduced a new provision that explicitly prohibits the collection of any "bodily substance" from an arrested individual (for the purposes of a DNA test) without his/her consent, except if the individual is arrested for certain specific offences. However, if the consent "is refused without good cause", and a magistrate is satisfied of the need for a DNA test, he/she can order the arrested person to give a sample.

Samples picked up from a crime scene, belonging to those who are not offenders or suspects, would not be matched with the databases. Such DNA profiles would have to be expunged from the records on a written request from the individual concerned.

The new Bill has also removed a provision that allowed DNA profiles in the databank to be used for "creation and maintenance of population statistics databank".

While the penalty for misuse of data remains a prison term of up to three years and a fine up to Rs 1 lakh, a reference to a minimum prison term of one month has been removed.

Post GST, taxable event is supply, taxability will arise even on products manufactured earlier

Many retail outlets are selling old inventory of branded products that were probably manufactured before July 1, 2017, and charging service tax over and above the printed MRP. But this MRP already has central and local taxes, VAT etc. built into the value. Does this not amount to taxing the customer twice over?

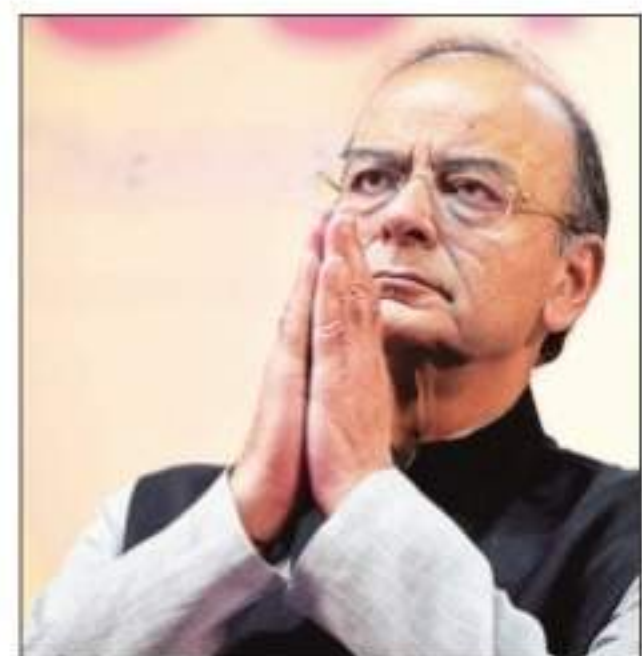
PUNEET MATHUR, NEW DELHI

Service tax and GST cannot be simultaneously charged on the same product. With effect from July 1, 2017, service tax is subsumed in the CGST. Further, the taxable event after July 1, 2017 is supply, and therefore, taxability under GST would arise even though the product may have been manufactured earlier. Therefore, the question of double taxation would not arise, as the service tax will be charged on the supply made to customers after July 1, 2017.

BRANCH OF FOREIGN FIRM
 We are a branch office in India (permitted by RBI) of a foreign company, exclusively providing back office

Ask the EXPRESS

YOUR QUESTIONS ON GST ANSWERED



Finance Minister Arun Jaitley at a GST conclave in Chennai on Sunday. PTI

support to our head office. Our branch does not do any business on its own. It does not raise any invoices, and has no income as such. The foreign head office reimburses the expenses of the Indian branch on a monthly basis. The branch is currently filing a zero service tax return. Are we liable to pay GST?

JANAK MULANI

GST would not be chargeable in such cases as this is a case of services rendered to a foreign company that is headquartered outside India. This would be a case of export of services.

BROKERS, DEALERS

I am a broker as well as a dealer of used/refurbished equipment for the chemicals and pharmaceuticals industry. What rate of GST will be applicable to me? A chartered accountant I consulted said 18%, while a dealer is charging 28%.

ASHISH BACHUBHAI TANNA, MUMBAI

The rate of duty chargeable for the dealer and

brokers would be 18%. As per the rules, all dealers are supposed to display their prices and registration number. Dealers with a turnover of less than Rs 20 lakh cannot charge any duty as they would be unregistered, and wouldn't have a GST registration number. There is also a possibility that some dealers with an annual turnover of between Rs 20 lakh and Rs 75 lakh may opt for the composition scheme, where the duty is at a flat rate of 1% on the turnover for dealers. All these facts will emerge only if the GST registration is displayed prominently in the shop premises. Customers must, therefore, be vigilant.

ONLINE ADVERTISEMENTS

Mobile apps host advertisements without paying any service tax. How will it be ensured that all these paid services come under the ambit of GST?

BHARJIL KALITA, NEW DELHI

Online advertisements were subject to service tax after 2014. The GST would be payable on such advertisements on the basis of the contract signed between the app service provider and the advertiser.



V S KRISHNAN

Advisor, Tax Policy Group, EY India, and former Member (Service Tax & GST), Central Board of Excise & Customs

Krishnan is answering questions on GST from the readers of *The Indian Express*. A selection of questions and answers will be published in these columns.

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The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

LIE OF THE LAND

Chhattisgarh Chief Minister Raman Singh must probe how his minister's wife and son got away with their land grab

CHHATTISGARH MINISTER Brijmohan Agrawal's wife and son have purchased 4.12 hectares of forest land and encroached on 13.9 hectares of government land in Mahasamund district to build a resort, an ongoing investigation by *The Indian Express* has revealed. This newspaper reported that four months ago, revenue officials had sent notices to the encroaching company, whose directors include Sarita and Abhishek Agrawal, the wife and son of the minister. Now, while the company is relying on the courts, Chief Minister Raman Singh has asked for an official report. However, more proactive action may be required.

Transfer of forest land to private and corporate interests is a major factor that has undermined democracy in Chhattisgarh. The Maoist movement in the state has fed off this strand to build a violent political struggle on behalf of the tribals, who indeed have been victims of land alienation. A slew of laws, especially the Forest Rights Act, were introduced to prevent appropriation of forest land by powerful individuals and entities and protect vulnerable people. But what if representatives of the state itself are found to be subverting the legal infrastructure put in place to protect forests and the rights of forest people? A part of the land taken over by Agrawal's family appears to have been used as a village commons. Numerous economic activities depend on free access to such commons. There can be no credible case for sequestering them to a corporate entity.

The company seems to wish to show that the land acquired and fenced off was fallow, which has the effect of reducing the apparent enormity of the offence. It has also offered to exchange the land acquired with its holdings elsewhere. But precedent seems to establish that the dictionary definition of forest land is relevant in such matters, not its utilisation. Magnanimous offers to exchange forest and other government land for privately held land are simply ludicrous, because they are different categories. The revenue department has done its job, issuing notices contesting the violation. This is as it should be, when the BJP has headlined its commitment to thwarting corruption, first by demonetisation and then by supporting Nitish Kumar, who walked out of an alliance with Lalu Prasad in Bihar citing corruption charges against the latter's family. It would be a pity if the Chhattisgarh government did not push the process home, and accelerate it by mandating a probe.

THE RIGHT CURE

An environment that enables innovation — not price caps — will make medical products accessible

FIVE MONTHS AFTER the government capped the prices of stents, the Drug Controller General of India (DGI) has asked for a similar regulation on orthopaedic implants, eye lenses and heart valves. The central drug regulator has requested the Union Ministry of Health and Family Welfare to set up a committee to work out ways to bring these products in the National List of Essential Medicines (NLEM). Once a drug or medical implant is included in the NLEM, its price can be capped by the National Pharmaceutical Pricing Authority. The DGI has justified his request on the grounds that it will benefit "common people".

There is no quarrel with the reasoning that accessibility of sophisticated medical implants should not be restricted to the affluent. The price cap on stents was guided by similar reasoning. But it evoked criticism from the manufacturers of these devices, which the government would do well to keep in mind while deliberating the drug regulator's suggestion. The stents' manufacturers' argument that price caps hinder innovation holds true for other implants as well. That there are a handful of players in the implants' market in the country suggests that even without ceilings, the milieu has not been very conducive for innovation. MNCs dominate the high-end medical equipment segment, while domestic firms manufacture low technology products such as disposables. According to a study, imports constitute about 75 per cent of the Indian medical technology market. Key items that are imported include imaging equipment, pacemakers, orthopaedic and prosthetic appliances, breathing and respiration apparatus, and dental equipment. Top-sellers of orthopaedic implants include Johnson and Johnson, Zimmer Biomet, Stryker and Smith and Nephew, Abbot and Edwards Life Sciences dominate the heart valves market, and Alcon and Bausch and Lomb are the biggest players in the market for lenses. In a market dominated by big players, a price cap can be a band-aid at best. In the long-run, the move could deprive the patient of the latest products and defeat the DGI's intention of benefiting the common man.

The government could still do well to set up a committee to look into the prices of medical plants. But that body would also do well to find ways to align the medical manufacturing industry with initiatives like Make in India. The current duty structure for medical devices and equipment favours imports, reducing the growth potential of the indigenous medical technology industry. Addressing such anomalies would improve accessibility of medical products far more effectively than price caps.

REASON, NOT RELIGION

The controversy over A.P.J. Abdul Kalam's memorial does his legacy a disservice

LIKE ANY PUBLIC figure of his standing, President A.P.J. Abdul Kalam had many facets and interests. But it was his achievements as a scientist and a manager of technological projects that earned him respect and popularity. That his memorial in Rameswaram has become mired in the faultlines and tokenism of identity politics does a great disservice to the legacy of the "people's president". Hours after Prime Minister Narendra Modi inaugurated Kalam's memorial on July 27, copies of the Quran and Bible appeared alongside an engraved copy of the Gita next to the former president's statue. The holy books were placed there by members of Kalam's family after certain groups questioned the placement of the Gita. A complaint has also been filed by a Hindutva activist claiming the two books were placed without permission.

Kalam was himself a prolific writer. In *India 2020* and *Ignited Minds*, he laid out a roadmap for the country's development. Both in and out of office, he constantly spoke to and about children and the need for their education, and the importance of science and rationality in that regard. In his pre-political avatar, Kalam had been an important part of India's space programme, in the development of missile systems and the nuclear weapons programme. He has, through his work and words, arguably done more to popularise science for an entire generation than any other public figure in recent memory.

In a deeply diverse society, where politics and social identity often become inseparable, Kalam's wide appeal was all the more remarkable because it did not rely on his identity, whether ascriptive or ascribed. That a man from a humble background could become one of the country's foremost scientists and then hold the highest constitutional office is what made him an inspiring figure. The memorial, apart from a statue of Kalam with a veena on his lap, and the engraved Gita, contains models and photographs of his many achievements as a scientist and administrator. For those who admired him, and for the young people he wished to inspire, that should be the aspect of the people's president that ought to be celebrated.



FARZANA SHAIKH

EVERY ONCE IN A while Pakistan's contested legacy of a state founded in the name of "Islam" bursts into the public realm to threaten the country's fragile democratic culture. From its laws of evidence which deny equal status to the testimony of Muslim women to its laws against blasphemy which penalise its non-Muslim minorities — both introduced by a military dictatorship in the 1980s — Pakistan's appeal to "Islamic injunctions" has long served its non-elected leaders to mould the political system in line with their own preferences.

The disqualification by the Supreme Court of Prime Minister Nawaz Sharif on grounds of "violating Islamic injunctions" under Articles 62 and 63 of the Constitution — also introduced under a military dictatorship in 1985 — which requires a member of parliament to be "honest" and "morally upright" (*ameen* and *sadiq*), is no exception. Nor indeed is Sharif's dismissal. No prime minister in Pakistan's 70-year long history has completed their five-year tenure.

The specific (and shockingly narrow) legal grounds for Sharif's latest dismissal lie in his failure to declare the sum of some 10,000 dirhams he was owed, but never received, from a Dubai-based company of which he was chairman, when filing his nomination papers during the 2013 general election. Sharif's precise involvement in the more substantial allegations stemming from the leak of the so-called Panama Papers, which revealed the use of his family's off-shore companies to launder funds worth millions of dollars to purchase luxury properties abroad, however, is still to be decided. But in a sweeping indictment, the court ordered Pakistan's main corruption watchdog, the National Accountability Bureau, to file criminal charges against Sharif and three of his children, including his daughter and heir-apparent, Maryam Nawaz, and bring them to trial within six months.

Implemented it would deal a powerful, though not necessarily mortal, blow to the tradition of Pakistan's dynastic politics. The nomination by Sharif of his brother, Shahbaz, to take over as prime minister, and for

Judiciary's coup

Use of Islamic injunctions to dismiss Nawaz Sharif could set a bad precedent, undermine democracy

Shahbaz's son, Hamza, to possibly replace his father as chief minister of Punjab, suggests that Pakistan's political dynasties still have some life left in them.

While Sharif's ouster amid as yet unproven allegations of corruption would appear to be a giant leap for accountability, it could spell a step back for democracy. Given Pakistan's long history of civilian governments being toppled — more often than not — by the country's all-powerful military, there are fears that the issue of accountability, backed by vaguely worded constitutional clauses invoking "Islamic injunctions", will now be used selectively by unelected state institutions to thwart the popular will.

Claims that justice is used selectively to target Pakistan's political classes are not unfounded. No military leader, including most recently former president General Pervez Musharraf, has yet been held accountable for subverting the constitution. Nor indeed has any high-ranking state official who is known to enjoy the patronage of the military, notably A.Q. Khan, the mastermind of Pakistan's atomic bomb, been called to account for allegedly profiting from the sale of Pakistan's nuclear technology.

Although Pakistan's judiciary has emerged, in recent years, as an independent force, it has an unenviable record of endorsing military dictatorships in the past. This has led to worrying concerns that the judiciary could become the instrument of choice for Pakistan's all-powerful military to stage 'judicial coups' against recalcitrant governments at a time when outright military takeovers are globally frowned on.

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It is no secret that Sharif's desire to normalise relations with India has long put him at loggerheads with the military. Reports last

year (the so-called *Dawn* leaks) also pointed to a serious rift between the military high command and Sharif's government over the military's use of militant proxies in Kashmir and Afghanistan, which some ministers warned was compounding Pakistan's international isolation. It has since emerged that the two military officers serving on the JIT that produced the evidence leading to Sharif's downfall were the same as those who led an investigation earlier this year into the *Dawn* leaks. There are good grounds to believe, therefore, that intentionally or not, the court's ruling will significantly expand the space for Pakistan's military and the pursuit of its not-always-benign interests. Domestically, it is bound to precipitate the deterioration of Pakistan's already brittle political institutions, especially its elected institutions. The imbalance between these institutions and powerful unelected bodies, namely the military and the judiciary, is likely to deepen and make way for repeated interventions to interrupt the political process.

There is no doubt that any new government returned following elections in 2018 elections — if they go ahead — will be handicapped by the Court's ruling. In a country known for its abuse of laws appealing to Islam, Pakistan can expect to hear more frequent references to constitutional clauses based on "Islamic injunctions" to chastise democratically elected governments which are seen to be wayward.

The faltering bilateral dialogue with India can be expected to wither while clashes may well escalate across the LoC. Any constructive role reserved for Pakistan in helping bring peace to Afghanistan is likely to be firmly subordinated to the military's vision of Pakistan's strategic interests. None of this bodes well for Pakistan. It is even less propitious for the resolution of Pakistan's chronic crisis of identity stemming from its struggle to reconcile secular ideas of democracy with its complex attachment to laws informed by Islam.

Shaikh is author of *'Making Sense of Pakistan'*



CHUTINTORN GONGSAKDI

IT IS AN honour and a privilege to be able to offer a few words to capture this great moment in India-Thailand relations. It is also a great joy that this important moment in our history comes at a time when the outlook for our two countries is brighter than ever.

India and Thailand have historical and cultural roots that reach back much beyond our 70 years of diplomatic relations. Both countries have been shaped and remain linked by the great forces of history and culture that span thousands of years. A visit to the National Museum in New Delhi will only confirm this. Indeed, Thai academics have found that our close historical and cultural ties somehow seem to have been interrupted and now need to be rekindled.

Modern-day Indians have only good things to say about travelling to Thailand. Last year, Prime Minister Narendra Modi paid his respects to the late King Bhumibol Adulyadej in Bangkok, which touched the hearts and souls of the Thai people. I have the privilege of welcoming regular visits of the royal family to India. Last March, HRH Princess Maha Chakri Sirindhorn made her 17th visit to receive the Padma Bhusan from President Pranab Mukherjee. Booming tourism and exchanges of high-profile visits are helping to transform the modern Thai person's perspective on new India and vice versa.

Both our countries are undergoing comprehensive reforms. We are pursuing sustainable and inclusive economic growth for our peoples. Based on initiatives such as Make in India and Thailand 4.0, as well as our

OLD TIES, NEW OUTLOOK

India-Thai relations get a boost on people-to-people contact

The ASEAN community of 625 million people is on the rise and is a worthy counterpart for the Indian market of 1.3 billion people. Thailand is working hard with India to link these two markets through India's Northeastern region and Cambodia, Lao PDR and Myanmar. However, beyond the much awaited India-Myanmar-Thailand Trilateral Highway, other modes of connectivity, particularly maritime and air, should also be utilised to their maximum potential.

Sufficiency Economy Philosophy (SEP) for Sustainable Development Goals (SDGs), I believe we can share our best practices and reform experiences. Indeed, we can complement each other for a win-win partnership.

On the political side, relations are warm and friendly. Prime Minister Prayut Chan-ocha visited India in 2016. An open-ended invitation has been extended to Prime Minister Modi to visit Thailand. Meanwhile, an invitation has also been extended to the leaders of the 10 ASEAN member states to visit India for the Republic Day celebration on January 26, 2018. This year also marks the 25th anniversary of ASEAN-India relations.

Military and security relations are constructive and mutually beneficial, covering the land, sea and air dimensions. We have also found a common challenge in the fight against terrorism, narcotics and transnational organised crime. As an emerging power, India has a valuable role to play, together with other regional powers, in ASEAN and the greater Indo-Pacific.

The ASEAN community of 625 million people is on the rise and is a worthy counterpart for the Indian market of 1.3 billion people. Thailand is working hard with India to link these two markets through India's Northeastern region and Cambodia, Lao PDR and Myanmar. However, beyond the much awaited India-Myanmar-Thailand Trilateral Highway, modes of connectivity, particularly maritime and air, should also be utilised to their maximum potential. Political will on all sides will also ensure delivery of the RCEP and

BIMSTEC FTAs to give an added economic boost to ASEAN, South Asia and beyond.

Thailand, set in the context of ASEAN, APEC, BIMSTEC, IORA, ACD, and being well established on global value chains, holds great opportunities for India, especially in manufacturing and services. New initiatives such as the Eastern Economic Corridor offer opportunities in the areas of next generation automotive, aviation, smart electronics, robotics, digital economy, healthcare, biotech, biofuel and biochemicals. This and other initiatives are part of the Thailand 4.0 national strategy that will transform Thailand into a high income economy. So, secure your company's future in ASEAN; get established in Thailand or in any of the 10 ASEAN member states.

People to people contacts are great, with 1.2 million Indians visiting Thailand every year. This healthy people-to-people contacts adds to the reserve of goodwill that Indians have for Thais, which makes the life of this ambassador much easier.

In the years ahead, I would like to see Indians from all walks of life discovering and utilising the full potential of what "Amazing Thailand" has to offer. Similarly, I would like to help more and more Thais see "Incredible India" in its full greatness. In other words, I would like to see our people discover the New India and the New Thailand together.

I offer my sincere best wishes for the next 70 years of India-Thai relations.

The writer is Ambassador of the Thailand to the Republic of India

AUGUST 1, 1977, FORTY YEARS AGO

PM'S ASSURANCE

THE PRIME MINISTER assured the chief ministers that the Centre would not in any way seek to curtail the powers of the states. PM Morarji Desai made this summing up speech at the end of the two-day conference of the chief ministers, the first since Janata Party came to power.

HARSH PRICE CONTROL
WEST BENGAL WANTS all harsh methods — everything short of MISA — to be used against economic offenders and to deal with rising prices. It feels that the Centre's appeals to the trading community to bring down prices should stop. For the traders never lis-

ten. If stern steps are taken along with the appeals, the appeals might have some point. The government must go into the question of immediately amending the Essential Commodities Act in a more stringent manner. West Bengal CM Jyoti Basu said these views were presented before the Centre at the CM's meet.

CPM-JANATA TIE-UP
THE CPM WILL fight the upcoming assembly elections in Tripura as a part of the Janata Party, said CPM leader Nripen Chakravorty. The CPM had joined the coalition government in the state after withdrawing its support to the previous Janata chief minister,

Chakravorty told the media in New Delhi. The CPM wanted to avoid President's rule to ensure free and fair elections.

PEOPLE'S COMMITTEE
A 55-MEMBER AD hoc national people's committee with Jayaprakash Narayan as its president has been formed, the president of the Sarwa Sewa Sangh, Sidharaj Dhadda, told the media after the conclusion of the two-day convention of the committee. JP had agreed to be its president, but a working president would also be chosen later. Prominent members of the committee are: M.C. Chagla, Minoo Masani, Acharya J.B. Kripalani, B.G. Verghese and Mohan Singh.



15 THE IDEAS PAGE

Leave your ego at home

Average CPI inflation for eight months since September 2016 has been 3.7 per cent. How long are you going to wait and watch, MPC, before you admit that you were wrong in your assessment?



NO PROOF REQUIRED
BY SURJIT S. BHALLA

TIMES HAVE CHANGED, and we have to change accordingly. It wasn't so long ago that the central concern of the RBI, and the major macroeconomic concern in India, was inflation. Ask the Congress why they lost the election or why Modi won it; high inflation was a major factor. Today, equivalently, high real interest rates are the major impediment to Prime Minister Modi's goal of achieving reasonable GDP growth and the jobs that come with it. The major impediment to the creation of jobs in India — the refusal of the RBI and the MPC to acknowledge that they have erred, and erred badly, in taking real rates in India to the highest level in 16 years.

For armchair policymakers like myself, it was easier in the pre-MPC days. There was only one person, the governor, to blame or give credit to. But what are we expected to do now? Blame a committee which is confounding everybody with its no-policy policy of keeping real repo-rates the highest among major economies in the world (excluding Brazil and Russia).

I wish to break with the past, and polite anonymity; I intend to discuss policy and names associated with specific policy recommendations. I have known many of you (MPC members) for the last 20-odd years, and so I am certain the analysis, and criticism, will be taken in the right spirit.

The MPC should remember that it is an inflation-targeting institution — its members are supposed to know more than most mortals about the past, present, and likely future behaviour of inflation. By its own admission, this has not come to pass. One of the more productive paths the MPC could take is to produce a White Paper on what went wrong. How many central banks do you know, or have come across, who have made official forecast errors of inflation as large as you have? Don't bother to Google — none. In December, you felt March CPI inflation would be 5 per cent with an upside bias. In April 2017, one MPC member (Patra) felt that the MPC should hike rates to prevent future inflation, which came out at 1.5 per cent, a 15-year low, just three months later (June CPI).

Chetan Ghate: In October 2016, you voted to reduce the policy rate from 6.5 to 6.25 per cent. The last three inflation rates you saw were 5 per cent, 6.1 per cent and 5.8 per cent. Yet you voted for a rate cut stating that there were acceptable risks to inflation. In June 2017, the last three inflation rates you witnessed were 3, 3.9 and 3.7 per cent. A week later, the May CPI inflation came in at a 15 year low of 2.2 per cent. Yet, you felt the repo rate could not be cut, because it would be "prudent to wait and watch", a sentiment also echoed by all but one member of the MPC.

Pami Dua: You, like others in the MPC, keep citing the "fact" that the US Fed is going to raise interest rates, and therefore, Indian rates should stay high. Europe and US policy rates will rise but no macro-theory, or evidence, tells us that Indian rates cannot simultaneously fall. Monetary policy and inflation targeting are about real rates; what is expected from the



CR Sasikumar

MPC is that when inflation falls, policy rates also fall and not what the nominal policy rate in the US is doing. And please stop citing the ECRI (what does it stand for?) as the authority on Indian inflation trends. You are the authority — so cite your own research.

Ravindra Dholakia: You have been very right about the great inflation decline. My only criticism is that you came late to the party, but I appreciate the fact that you operate in a feudal Indian set-up like the RBI. I know, from personal experience, having written two dissent notes for the RBI Committees on Capital Account Convertibility.

Michael Patra: In October 2016, you stated that you, and the MPC, felt that the real policy rate in India was no longer 1.75 per cent (between 1.5 and 2 per cent) but rather 50 bp lower at 1.25 per cent. This "realisation" was needed because with the last (August 2016) inflation reading of 5 per cent, the policy rate in October could not be reduced with a real rate of 1.75 per cent. By the October MPC logic, and application, the real policy rate in India today is 4.75 per cent, the highest in 15 years, and in need of a rate-cut of 325 bp. And incidentally, the RBI (and Raghuram Rajan) were wrong, quite wrong, when he stated that the comparable real policy rate (of other emerging markets) was between 1.5 and 2 per cent. Even at that time (December 2014, in an interview with Prannoy Roy), the median real policy rate in major developing economies was less than 1 per cent — and even lower today.

Viral Acharya: You are right in stating that the number one priority for the RBI is the solving of the NPA problem. But as an MPC member, your number one priority is inflation and the setting of appropriate real rates. The refrain of most apologists for the strange goings-on at the MPC is that deeply indebted corporates will not be helped by interest rate cuts of 25 bp or even 250 bp. But what mandate of the RBI, or MPC, states that deeply indebted corporates are the only concern? Are there no other borrowers in the system? Is the MPC setting rates for only the suit-boot types? Is the MPC the real *suit-boot ki sarkar*, and if so, will you please stand up and say so? The nation wants to know.

Urjit Patel: I don't envy you — being governor of the RBI at such a transformative time is very challenging. Watching a historic inflation decline (greater than any other non-hyperin-

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flation economy since the early 1980s), demonetisation, stressed bank assets etc. You also have a strong belief that fiscal deficits matter for inflation. Hence, fiscal deficits are high, and the RBI cannot cut rates. But why did you vote for a cut in October 2016? And you must know that while fiscal rates (centre plus state) were the highest in India for the seven years 1999 to 2005, Indian CPI inflation averaged 4.1 per cent.

There may be an explanation (not much but here is a try) for why the MPC has been so wrong and for so long. It is because they have been market theorists, not market practitioners. I have always felt that it is important that financial market regulators and researchers spend some time in the "market" before they make policy for other mortals.

The reason is simple — in one of many split seconds, every day, you are proven wrong by the market. There are several important things that the market teaches you, and teachings that are not easily replicated elsewhere. For example, humility, an attribute all too missing among many policymakers and academics, and not just those at the RBI or MPC. Humbled by forecasts being wrong, by analysis being right but the interpretation being wrong. The beauty of the market is that it is autonomous, and unlike Facebook or Twitter, you pay with your losses for the experience, and knowledge.

Related to humility is possibly the biggest lesson learnt from the market — the ability to look yourself in the mirror, and others in the eye, and say, yes, I was wrong. This is one reason left-oriented intellectuals do not believe in the market — it can hurt them, really hurt them, for their belief in false opinions, and even more false gods. Much better to be in the safety of one's opinions, and being wrong for the wrong reasons.

The beauty is that if I am proven wrong, I have less ego, and certainly zero ego in making financial decisions. Market participants may be the most egotistical individuals on earth, but they leave their ego at home, where it belongs. Which is why they are not so blinded by the Great Inflation Rate Decline that they refuse to see.

The writer is contributing editor, The Indian Express, and senior India analyst at Observatory Group, a New York-based macro policy advisory group. Views are personal

WHAT THE OTHERS SAY

The ouster of Nawaz Sharif has acted as a reminder that the Constitution, though significantly restored to its original democratic status by the 18th Amendment, has a number of distortions in it that ought to be removed.

—DAWN

An embarrassment of riches

Why is the RBI not disclosing the amount from the surrendered notes? Have more than the issued amount of notes returned?



ARUN KUMAR

HOW MUCH OF the high denomination currency demonetised on November 8, 2016 is back with the Reserve Bank of India? Everyone wants to know but the answer eludes all. The finance minister, in a written reply to the Rajya Sabha on July 25, said that the bank is in the process of reconciling the notes to obviate any errors. He added that RBI's machine processing capacity is being augmented. Incredible that it is being done at this late stage. Also, the answer will not be available any time soon.

The implications of the delay are many and go beyond the failure of demonetisation to tackle black money. For instance, there is a link of this with the extent of counterfeit currency and its detection or with the case pending in the Supreme Court regarding granting one more chance to return the demonetised notes to those who, for genuine reasons could not return them, and therefore stand to lose a part of their wealth.

According to media reports, by early January 2017, more than 90 per cent of the demonetised currency notes had returned to the banks. According to this author, RBI's data on currency in circulation with the public implies that 98.8 per cent of the notes had been returned. So what is there to reconcile and how much is there to count? Why the new machines now?

Could it be that the surrendered notes are being recounted because of errors committed earlier? But recounting what? It was reported in November 2016 itself that all the notes surrendered are being shredded and given to a company in Kerala to be converted into briquettes. If this process has been going on, then recounting is meaningless and reconciliation impossible. When did shredding stop and the recounting start? What can be achieved by recounting the remaining notes which are not shredded?

Recounting seems to be posing an acute problem since the RBI governor, appearing before the Rajya Sabha Committee on July 13, said that counting is going on and information will be provided at the earliest. His deputy informed the committee that the RBI had 59 machines and had hired seven more and has floated tender to buy more machines. According to reports, he added that the delay is also due to notes from Nepal and those lying with the cooperative banks, which were earlier not allowed to deposit them with the RBI.

By January 13, only Rs 18,000 crore worth of notes had not been returned. Reports indicate that the cooperative banks have Rs 8,000 crore of the old notes which they can now return. Further, between January 1 and March 31, certain specified category of people could deposit their old notes. So out of the Rs 15.44 lakh crore of high denomination notes with the public on November 8, 2016, less than Rs 10,000 crore of notes may not have come back (or less than 0.6 per cent of the total). Is this

what is embarrassing for the government? The implication is that most of the black hoards of cash have been returned to the banks and possibly converted into new currency notes. With the availability of the new Rs 2,000 notes, it is now even easier to hold black cash.

Could the RBI not have given data on whatever it has recounted and told the public how much remains to be recounted? After all, data on notes returned and the new notes issued was regularly given up to December 12, 2016. This could have been extended up to March 31, 2017 which was the last date for NRIs and some specified category of people to return the notes they could not deposit earlier. Is it that data is not being released because perhaps more notes have come back than were issued by the RBI?

What an embarrassment that would be for the government which was expecting 20-30 per cent of the notes to not return. How is it possible that more notes are returned than were issued? Only if the fake currency floating around has been accepted by the banks. There has been speculation that counterfeit currency in large amounts was also returned to the banks and they could not control/check that due to the extraordinary pressure of work. Collusion is also possible. It is not going to be easy to check which banks or their branches colluded in accepting the counterfeit notes since currency was flooding at an extraordinary rate.

How much of the counterfeit currency was in circulation? According to a government commissioned study, reported in Parliament, there was Rs 400 crore of counterfeit currency in circulation. The RBI in its annual reports mentions the amount of fake currency notes caught every year. These are small numbers compared to the total currency in circulation. But it is likely that what is circulating is a large multiple of what is caught. So, if more than Rs 10,000 crore of fake high-denomination currency notes were circulating in the system on November 8, 2016 and if most of it came back to the banks then the portents would be grim. More currency would have been returned than was printed.

There is a case pending in the Supreme Court asking that one more chance be given to change old notes for new ones to those who still have some demonetised notes left with them. The government has opposed this on the ground that this relaxation would lead to the failure of the entire scheme of unearthing black money via demonetisation. But, if most of the currency is back or if more has come back, then how has the scheme helped unearth black money? Perhaps a thousand crore (0.06 per cent of the currency) may be left with those who are old or infirm or had forgotten the cash left at home and they stand to lose their hard-earned savings.

How can the scheme fail if this tiny amount does come back? Or, is it that with this amount coming back the total of returned notes would exceed the amount of notes issued? So, is the non-transparency only to avoid a huge embarrassment and loss of credibility? But for how long?

The writer is a former professor of economics, JNU



HARSH MANDER

An antidote to hate

The most worrying aspect of lynchings is the indifference of the bystanders

THERE IS A rising darkness in India. Mobs are acting out visceral hatred everywhere — on highways, in train compartments, inside homes — targeting people only because of their faith and caste. India has witnessed hate attacks in the past. What is new is the frequency and the normalisation of this lynching, in a growing aggressively majoritarian political and social environment.

Most targets of such attacks are Muslims. IndiaSpend, in a rapid survey of reported cow-related attacks since 2010, found that over half of those attacked and 86 per cent of those killed were Muslims. Dalits constituted 8 per cent. Many of the remaining 6 per cent were of unknown identity and could have been from these communities. Other targets of hate attacks are Africans and citizens from India's Northeast. And 97 per cent of these attacks since 2010 were after Narendra Modi assumed office in 2014.

The political response to these attacks follows an established pattern. The prime minister and most BJP chief ministers don't usually condemn the attacks, very few express sympathy with the victims. The occasional belated condemnation by the PM lacks conviction for Muslim survivors and liberal opinion, who observe a looming political conspiracy to bludgeon minorities into submission. Senior ministers and elected representatives come out in defence of the attackers, charging

the victims with crimes that provoke the attacks. The innuendo is that the victim, or at least the community to which he belongs, is somehow guilty and the violence is understandable, even if regrettable. The man hand-picked by the BJP to run India's largest state founded and operated a Hindu militia openly committed to violently opposing cow slaughter and Hindu-Muslim relationships. The main opposition parties, especially the Congress, are timid and equivocal in their opposition, when the victims are Muslim, as though they are afraid to be counted as standing with the targets of hate attacks; in abject and disgraceful fear of a majoritarian Hindu backlash. It is only the left parties that sometimes reach out in solidarity with the victims.

The police tend to be, in most such instances, absent or partisan. They come in too late to save lives, and very often register cases against the victims and drag their feet to charge and arrest the attackers. On occasion, they are present even as the slaughter of innocents unfolds but still don't act, pleading later that they were outnumbered.

These assaults are also characterised almost without exception by bystanders who either actively support the killing or do nothing to save the innocent victims. I worry about most of us who watch and do nothing. Cattle trader Pehlu Khan can be killed on a

busy national highway, and his sons and nephews mugged almost to unconsciousness, but not one person comes forward to protect them. Videos show bystanders marauding the vehicles, joining the wanton killing. People film videos of the lynching. Others can be seen walking past unconcerned, just checking messages on their phones. In Una, the attackers themselves video taped the lashing of the four Dalit youth, and circulated these, convinced of their valour and impunity. Akhlaq was lynched by his neighbours. When attackers inflict around 30 stab wounds during a train journey on teenager Junaid, none in the compartment intervene and many goad the hate killers.

There is much that we must do to fight this rising darkness. We must fight majoritarian political parties and social organisations like the RSS; parties for which secularism is a strategy rather than a conviction; governments and policepersons who betray their constitutional duties; and the hate attackers, ensuring that they are tried and punished under the law of the land. But I believe our greatest, hardest battle will have to be with the bystander. With ourselves and with our own. We need to interrogate the reasons for our silences, for our failures to speak out, and to intervene when murderous hate is unleashed on innocent lives. We need our con-

science to ache. We need it to be burdened intolerably.

To speak in this way to our collective silences, I propose to embark with as many comrades who wish to join on a journey of shared suffering, of atonement and of love. I propose through the month of September to travel from Assam, through Bengal, Jharkhand, UP, MP, Haryana, Rajasthan and Gujarat, to meet families who lost their loved ones to hate lynching violence. With pain and shame, to seek from them our collective forgiveness, an atonement, to try a little to share their suffering. And to speak to them of our love. *Safar dard ka, safar mohabbat ka.*

Darkness can never be fought with darkness, only light can dispel the enveloping shadows. And so also a politics of hate can only be fought with a new and radical politics of love and solidarity. In battling ideologies that harvest hate, we can win only equipped with this love. We need to garner across our land a plenitude of acts of love.

In the rising darkness this love that has been lynched by fear, indifference and hate. Our own offerings in this journey will be modest. But even with these, I hope my comrades and I will be able to locate at least within ourselves our collective capacities for radical love.

Mander is a human rights worker and writer

LETTER TO THE EDITOR

LOT TO BE DESIRED

THIS REFERS TO the article, 'At the halfway mark' (IE, July 31). The Swachh Bharat Mission (SBM) has been achieved much success. But the hurried way in which states have declared entire blocks as Open Defecation Free leaves much to be desired. It's surprising that the Opposition is not raising its voice against incidents in the many backward regions of the country where people are being coerced to fall in line. As the author writes, the most important parameter should be bringing about a change in people's behaviour. This cannot be achieved by the use of force.

K. P. S. Lubana, Amritsar

THIS REFERS TO the article, 'At the halfway mark' (IE, July 31). The sanitation campaign has been dogged by the lack of a proper policy framework. For instance, measures pertaining to providing toilets have not been linked to policies on providing running water. Besides, a large section of the population does not have proper dwellings. Where do they build toilets?

G. Javaid Rasool, Lucknow

LESSON FOR INDIA

THIS REFERS TO the editorial, 'Sharif's taint' (IE, July 29). The dismissal of Pakistan Prime Minister Nawaz Sharif on charges of corruption holds a lesson for India. The criminalisation of politics

LETTER OF THE WEEK AWARD

To encourage quality reader intervention, The Indian Express offers the Letter of the Week award. The letter adjudged the best for the week is published every Saturday. Letters may be e-mailed to editpage@expressindia.com or sent to The Indian Express, B-1/B, Sector 10, Noida-UP 201301. Letter writers should mention their postal address and phone number.

THE WINNER RECEIVES SELECT EXPRESS PUBLICATIONS

and the increasing use money power has been eroding the ethos and structure of India's democratic system. There have been articles in the media on the Panama Papers that pertain to India and its ruling classes. But there has been no government investigation against those alleged to be guilty.

Suchak D Patel, Ahmedabad