https://telegram.me/TheHindu_Zone https://telegram.me/PDF4EXAMS

Opinion

SUNDAY, SEPTEMBER 3, 2017

ACROSS THE AISLE

P Chidambaram

Demonetisation: Proof of the pudding

The Reserve Bank of India published its annual report on August 30

IT IS SAID that everybody is entitled to their opinions, but not to their facts. And the facts are here, finally.

The Reserve Bank of India published its Annual Report on August 30, 2017, the last date allowed under the law. The report confirms what many of us had said — demonetisation was the worst example of incompetent policy-making. About ₹15,28,000 crore, by value, of demonetised notes (or 99% of the total value of ₹15,44,000 crore) have been returned to the RBI. So, the main objective of forcing people with black money to suffer losses has failed miserably.

The Original Objectives

We were told that ₹4-5 lakh crore of cash will not come back into the banking system. The RBI would extinguish those liabilities on its balance sheet and pass on the windfall as dividend to the government. And everybody, except those who had hoarded black money, will live happily ever after. That fairy tale is now over.

I had cautioned that none of the original three objectives set out in the government's letter of November 7, 2016, to the RBI and in the Prime Minister's speech the next day, was likely to be achieved. *Fake currency* has surfaced, *terrorist activity* has not abated and *black money* continues to be generated and used. The objectives were unexceptionable, the chosen instrument was wrong and useless.

As the facts did not follow the original story, the story was changed repeatedly, and the propaganda engine was turned to full throttle. Bereft of even a shred of truth, the government's propaganda is now clearly in farcical territory. The situation is beyond Orwellian. Sample these gems from the latest press release:

Discovering Virtues

1) "The Government had expected all the SBNs (specified bank notes) to come back to the banking system to become effectively usable currency."

■ Were the old ₹500 and ₹1,000 notes not effectively usable currency?

2) "...the effective currency in circulation today is only 83% with full remonetisation having taken place."

■ By printing less currency, an artificial shortage has been created. Many ATMs are not functional or dispense cash only for a few hours a day.

3) "The fact that bulk of SBNs have come back to the banking system shows that the banking system and the RBI were able to effectively respond to the challenge of collecting such a large number of SBNs in a limited time."

■ It is amusing that collecting cash is touted as an achievement. Next, counting the notes in nine months will be claimed as an achievement.

4) "Since November 2016 and until the end of May 2017, a total of ₹17,526 crore has been found as undisclosed income and ₹1,003 crore has been seized. The investigation/scrutiny is going on."

■ What was the undisclosed income and what will be the tax revenue can be determined only after assessment, adjudication and appeals. The government may lose many of these cases. The final number may be much smaller.

5) "The government has already identified more than 37,000 shell companies which were engaged in hiding black money and hawala transactions."

■ The government can only allege these things. It is for the tax tribunals and courts to determine whether the allegations are true.

6) "The Income-Tax Directorates of Investigation have identified more than 400 benami transactions up to 23 May, 2017, and the market value of properties under attachment is more than ₹600 crore."

■ This is a pitifully small number, given the scale of disruption caused.

7) "As a result of demonetisation of SBNs, terrorist and Naxalite financing stopped almost entirely."

■ It would be nice to see some evidence of this. Data from Jammu & Kashmir showed a rise in the numbers of incidents and casualties. The Home Minister said that 35 districts in seven states are affected by Naxalism.

8) "Digital payments have increased by 56%, from 71.27 crore transactions in October 2016 to 111.45 crore transaction till the end of May 2017."

■ There is an increase in the *number* of digital transactions but the total *value* of such transactions is at about the same level as it was in November 2016.

9) "The impressive revenue collection under the GST is also partially attributable to the demonetisation drive."

■ Pray tell us, how is indirect tax collection impacted by demonetisation?

Catastrophic Blow

10) "Some people had expected a very large shock to economic growth on account of demonetisation. Their expectations have been belied."

■ Is a deceleration of 3.1% not a large enough shock? Under the UPA I, the GDP growth curve was between 8 and 9%. Under the UPA II and the first two years of the NDA, the curve lay between 7 and 8%. Since demonetisation, quarterly growth (and hence annual growth) has settled at between 6 and 7%. The CSO numbers for Q1 of 2017-18 are worse: GDP 5.7%, GVA 5.6% and manufacturing GVA 1.2%. Is that not a catastrophic blow to the economy?

There are some who believe that power creates its own justification. The rest of us are interested in objectively understanding the impact of a policy and will support it only if it benefits the economy and the people.

From demonetisation to polarisation (in UP), to chicanery (in Goa and Manipur) to child deaths (in UP and Jharkhand) to mob violence (in Haryana), we are being asked to tolerate incompetence. The NDA is practising a rare and extreme form of politics that will ultimately wreck both social harmony and the economy.

Website: pchidambaram.in
@Pchidambaram_IN

INSIDE TRACK

COOMI KAPOOR

Even gods failed

Last week, Rajiv Pratap Rudy met BJP president Amit Shah armed with a heavy portfolio detailing all the programmes undertaken by his skill development and entrepreneurship ministry. After the meeting, Rudy left for Patna and was in his native village, Amnour in Saran district, where he conducted a four-day *havan*. It appears this was not enough to save his job.

Reshuffle jitters

A Central minister, after a formal press conference, had an off-the-record interaction with journalists. Two rookies from business wire services, not aware that the minister's remarks were not attributable, passed her comments on to their offices, which put out a report. The news, which was critical of an East Asian country, was flashed by two TV channels. Within minutes, the minister's social media advisers came rushing to the press conference room to inform her. Visibly rattled, the minister charged that someone was deliberately sabotaging her ministerial prospects and warned that no one could leave the room until the guilty party confessed. The scribes explained sheepishly that they had not realised the implications of their action.

Breaking code

Journalists fear that off-the-record briefings with BJP chief Amit Shah, which are in any case rare, might stop altogether because of a recent incident. Shah held a get-together for scribes on the BJP beat. But this time, the news leaked and many more journalists showed up, apart from the regulars. Asked repeatedly about the judgment on Dera Sacha Sauda's Baba Ram Rahim, Shah said he would not speak as the matter was sub-judice. However, a scribe, who was not even present, put out a report suggesting that Shah criticised the judge for keeping too many officials tied down in court. The Congress held a press conference, accusing Shah of contempt of court.

Kept at a distance

Prime Minister Narendra Modi is wary of journalists. The moment he took over as PM, he stopped the media, other than Doordarshan, from accompanying him on his aircraft within India and abroad. Now that BJP nominee Ram Nath Kovind is President of India, the same rules apply. The President recently visited Leh and Andhra Pradesh, but no journalist accompanied him. Unlike under Pranab Mukherjee, who kept an open house, journalists are no longer welcome at Rashtrapati Bhavan. Under the new rules, those who meet the President, such as Opposition leaders, must now brief the media at Vijay Chowk. This is what happened to a delegation of the Congress, DMK and Left which met the President last week to complain against Tamil Nadu Governor C Vidyasagar Rao.

Tripping out

Rahul Gandhi upset many, particularly Lalu Prasad, by leaving for Norway instead of attending the RJD chief's recent Opposition unity rally. In September, Rahul is off to the US for a fortnight. The trip, organised by family friend Sam Pitroda, is an opportunity to interact with NRIs, perhaps partly for fund-raising. The itinerary includes a lecture at University of California, Berkeley. But the timing is hardly appropriate considering that Congress organisation elections are near. This will be Rahul's eighth visit abroad this year.

Resolving Swamy

His political adversaries in the Congress and former finance minister Yashwant Sinha may disagree, but it was Subramanian Swamy, and not P V Narasimha Rao, who was responsible for persuading Manmohan Singh to return to India after working with an international forum, according to Swamy's wife Roxna. In her book *Evolving with Swamy*, which is to be released shortly, Roxna writes that when the Chandra Shekhar government was formed in December 1990, Swamy was asked by the PM to suggest someone who could oversee all bureaucrats working in the economic ministries. Swamy recommended his old friend from Delhi School of Economics, Manmohan Singh, who was then in Geneva. Singh agreed to become the PM's economic adviser on the assurance that Montek Singh would also be re-adjusted in the government. During the short spell Swamy was in office and Montek Singh his secretary, he worked out the bare bones of a new and radical economic dispensation for the country. The pragmatic Narasimha Rao, who took over, decided to adopt his blueprint.

Recounting some of her hilarious introductions to the political world, the author recalls her surprise when she called on Om Prakash Chautala. She found Chautala on the first floor of his government bungalow sitting with his favourite cow, amid stacks of fodder and cowpats. She is still puzzled as to how the cow climbed down the stairs.

Game time

The life of a tennis player at the top is generally limited to 10-12 years. And judging by the events of this season, we should savour it while it lasts

RINGSIDE VIEW

Tushar Bhaduri

TENNIS FANS HAVE been spoilt over the last decade and a half. Not only have they watched and admired the Greatest of All Time (with apologies to Serena Williams), Roger Federer, take the game to a whole new dimension, they have witnessed some of the best of all-time give him a run for his money over a long period of time.

Rafael Nadal and Novak Djokovic can safely get into any such shortlist, while Andy Murray and Stan Wawrinka have been worthy opponents for the Big Three.

Life of a tennis player at the top is generally limited to 10-12 years, hence one needs to be thankful that the Golden Generation has thrived for as long as it has. But all good things come to an end, and judging by the events of this season, we should savour it while it lasts, as there is not much time left.

Federer's dream comeback after knee surgery has been the story of the 2017 season, but his tournament schedule betrays the fact that the 36-year-old knows he is on borrowed time. Skipping the whole clay-court swing was a sensible move, as he is no longer a favourite on the surface. But even then, his struggles with the body on the American hard-court season, including the ongoing US Open, prove that is no guarantee against injuries.

Nobody knows more about injuries than Nadal. His playing style puts enormous strain on his body and when he burst onto the scene, many pundits predicted a relatively short career at the top. But the Mallorcan has returned stronger after every setback and currently sits on top of the world rankings.

But even he would know that at 31, he is closer to the finish line than the beginning.

Djokovic, Murray and Wawrinka—all past 30 now—have been victims of their own success over the past several seasons. Sometimes playing more than 80 matches a year and a bid to maintain their rankings comes at the cost of their bodies, which after a certain point, just refuses to co-operate. All three are missing from New York and may not be seen in action again this year.

Federer took a long layoff to get his body right, and feels other top players could also take a leaf out of his book.

"The guys who are hurt lately, it's mostly because they are 30-plus," he said before the start of the US Open. "I don't think there needs to be that much addressing because the players, they have the option not to play as much as sometimes they have to or want to."

Roger Federer reacts after defeating Mikhail Youzhny of Russia during the second round of the US Open recently in New York AP/PTI

Where does it put men's tennis in the present situation? The US Open provides a few pointers. With Federer and Nadal in the same half of the draw and consequently playing on the same days, it leaves the remainder of the schedule significantly short of star power.

It has not helped that the next generation expected to rise to the challenge hasn't done so yet. Milos Raonic and Kei Nishikori are skipping the event while the bonafide NextGen star Alexander Zverev, tied with Federer at a season-high five Tout titles, was bounced out in the second round, as was Baby Fed Grigor Dimitrov. The organisers will be praying that Nadal and Federer can stay in the draw for as long as possible, or the tournament, already missing Serena, may prove to be a damp squib on the TV networks towards its business end.

After the second round of matches, Marin Cilic and Dominic Thiem are the only other members of the Top 10 remaining in the field. The likes of Jo-Wilfried Tsonga and Tomas Berdych don't have what it takes to grab the biggest prizes any more, while temperamental brats Nick Kyrgios and Bernard Tomic make headlines for their errant behaviour rather than exploits on the court.

Developments in sports science and injury management has drastically lengthened playing careers of late, despite the sport becoming physically more gruelling by the day. Pete Sampras retired at 32 and Bjorn Borg did so when he was just 26. Andre Agassi played on till he was 36, but won his last Grand Slam title at 32. John McEnroe played well into his 30s, but his last Major title came aged 25. So, if Federer and his peers have flourished at the age they have, it is important to appreciate that they have already exceeded the average.

But science and support staff can only help a player to a point. As the examples of Kyrgios and Tomic show, one has to be willing to go through the grind to be a top tennis professional. After Kyrgios lost in the US Open first round, McEnroe teed off on him saying the combustible Australian will be finished in five years if he doesn't change his ways.

Top players need to make great sacrifices to excel in their sport. The rewards of success are rich, but other facets of their life have to take a back seat. Nobody knows it more than the top five who have ruled the sport for most of the 21st century.

Federer is the father of two sets of twins, while Djokovic, Wawrinka and Murray have offsprings too. Though returning to the family after a tough match could be a great stressbuster, after a point the player may not want to go through the endless training sessions, media commitments and high-pressure matches any more. That is when they will choose to walk away. Recurring injuries can only bring that day nearer.

When the current top five exit the scene, it will leave a large vacuum in the sport. But it will not last long. After all, Sampras was feted as arguably the Greatest of All Time when he retired. But Federer took over the mantle in a little over a year's time, and now the American hardly features in discussions about the best ever.

In years to come, there will be newer faces fighting it out for the sport's biggest honours. But it is unlikely that such an extraordinarily dominant quintet will ever come to the fore again.

Regd. No. DL -21048/03-05. R.N.I. No. DELENG/2001/21855. Printed and Published by R.C. Malhotra on behalf of The Indian Express (P) Limited and printed at The Indian Express (P) Limited Press, A-8, Sector-7, Noida - 201301 and published at The Indian Express (P) Limited, Mezzanine Floor, Express Building, 9 & 10, Bahadur Shah Zafar Marg, New Delhi-110002. Phone: 0120-6651500, Fax: 0120-4367933. (Cover price: Patna: Mon-Fri ₹6, Sat ₹9, Sun ₹11; Raipur: Mon-Fri ₹7, Sat ₹10, Sun ₹10).
Chairman of the Board: Viveck Goenka, Managing Editor: Sunil Jain, Deputy Managing Editor : Shobhana Subramanian* (*Responsible for selection of News under the PRB Act) ©Copyright: The Indian Express (P) Limited. All rights reserved. Reproduction in any manner, electronic or otherwise, in whole or in part, without prior written permission is prohibited. The Financial Express®