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# Army reforms alone won't work

## Integrate the three services to improve efficiency

**T**he recently-concluded Doklam standoff is a stern warning of the importance of a credible military capacity. One of the continuing problems in the Indian military is the excessive number of civilian personnel in its ranks. This means that despite the impressive statistic of having a million plus military, less than half are combat personnel. The Narendra Modi government has reportedly ordered the implementation of many of the recommendations of the Shekatkar committee which seeks to redress this problem. If properly implemented, it would result in India adding an additional three divisions without having to increase the number of overall personnel.

The Indian military's 'tooth-to-tail' ratio stands today at about one soldier to 1.15 civilians, when the number should preferably be reversed. A McKinsey study, using 2008 data from the Institute of International Strategic Studies, showed that in Israel the combat plus combat support component of the military was 44%. Relatively, Japan scored 40% while China had a figure of 34%. India, however, came in at a lowly 25%. Similar recommendations have been made over the decades. The Krishna Rao committee was able to abolish stretcher-bearers and animal transport units in the 1980s. But the real reforms required are still being avoided. The most important is the integration of the three services. For example, the army, air force and navy wastefully have their own separate logistics networks which results in considerable redundancy. Tri-service integration and the creation of theatre commands remains a bridge too far it seems even though it would arguably do more to enhance India's combat readiness than almost any other policy change.

At least the military will have a powerful incentive to do its best to implement the changes. Military reforms are among the most difficult to carry out because of the sensitivities concerned and the web of vested interests that will oppose change in any form. Given their importance to national security, however, the government would do well to put the Shekatkar recommendations on the fast lane.

# Marital rape goes against the right to one's body

## To say marriage is a sanction for sexual violence violates a woman's autonomy

**T**he submission by the government in the Delhi High Court arguing that criminalising marital rape within a marriage "may destabilise the institution of marriage" and could become a tool of harassment of husbands is a regressive stand. The government has argued that adding insult to injury was the Twitter statement of Swaraj Kaushal, Mizoram Governor and husband of the minister of external affairs Sushma Swaraj that if marital rape were to be criminalised, "there will be more husbands in the jail, than in the house."

Rape is an act of sexual assault inflicted upon a person against their will. Whether the perpetrator is married to the victim or not, the nature of the act does not change. If anything, the trauma is worse because the victim must continue to live with the perpetrator even after the assault. It is not simply a question of social sanction for sexual relations that marriage in conservative societies provides; it is a far more basic question of a person's right to their own body. The suggestion that such a law will be misused to persecute men attempts to perpetuate a fear that "disgruntled" women would seek revenge upon their husbands by the use of this law. This suggestion diminishes the struggle that thousands of women, stuck in marriages that they cannot leave for fear of social ostracism, face every single day. It diminishes also the courage that victims of sexual abuse – irrespective of gender – show when they admit to having been raped in a society that continues to shame the victims of such abuse. As for misuse, that is a possibility with almost every law. It stands to reason that convictions will be meted out only after investigations.

India is a land of glaring inequalities of class, caste, religion, and gender. Arguments against the criminalisation of marital rape only add to them. What we need is mechanisms that will allow victims to not only come forward to report such incidents, but also to help them cope with the trauma that they endure.

beyond the bite

RAJDEEP SARDESAI



# A tug of war over national security

## The State must either expose Karkare's role in the Malegaon blasts probe or stand firmly by him

**A**sking inconvenient questions is what professional journalists are meant to do, so let me ask it upfront: Was Hemant Karkare, the Maharashtra police officer who was "martyred" during the 26/11 terror attack, a consummate liar and a pawn in the hands of the political establishment?

I ask this because in the light of the bail granted to Lieutenant Colonel Shrikant Purohit in the 2008 Malegaon blasts case, there is an underlying narrative being pushed that the Maharashtra Anti-Terror Squad (ATS) headed by Karkare had "fixed" a "nationalist" hero like Purohit only because the then UPA government wanted to raise the bogey of "saffron" terror.

I also ask this question because I "knew" the soft-spoken Karkare as an "honourable" police officer with whom I had several long off the record conversations. A day before the attack, Karkare had rung up to say he wanted to finally "speak out". The Shiv Sena mouthpiece Saamna had run a sustained campaign against the officer, describing him as "anti-Hindu". He sounded very anxious. I promised to come down to Mumbai and do the interview over the weekend. Only the very next day, Mumbai was bloodied by terror and Karkare made the ultimate sacrifice in the line of duty.

Now, almost a decade later, I am troubled: Could it be that the officer who was cre-

mated with full national honours has suddenly become a "suspect" in the eyes of the investigating agencies? The National Investigation Agency (NIA) chargesheet in the Malegaon case claims that at least two important witnesses were forced to give false incriminating statements against the accused, including Purohit. It is the divergence in the chargesheets filed by the NIA and the Maharashtra ATS that has been cited as an important reason for granting bail to Purohit.

Where once we had a Congress home minister who spoke loosely of "Hindu" terror, now the BJP home minister is the very individual who had openly defended Sadhvi Pragya, the key Malegaon blast accused. When the political superiors of the prosecuting agencies have such widely publicly differing positions on a serious terror charge, can one reasonably expect the investigation to be truly non-partisan and independent?

The truth is, a sharply-polarising political narrative has shadowed almost every major terror investigation in India. Where once we were told that Right-wing groups like Abhinav Bharat had emerged to counter Islamicist terror, now it seems that such terror modules were simply "manufactured" by the UPA government to embarrass the BJP and Sangh parivar. Where once we were provided detailed transcripts of "terror tapes" involving individuals like Purohit and Pragya (the audio conversa-



■ A vehicle carrying the body of Mumbai ATS chief Hemant Karkare, Mumbai, November 29, 2008  
KUNAL PATIL/HT

tions run into several hours), now we are being told to completely disregard them as "planted" information. Witnesses suddenly turn hostile even as a public prosecutor resigns saying she was asked to "go slow" by the NIA post 2014. The Gujarat police officers who were arrested as "fake" encounter specialists are now being released and lionised as heroes.

Look at the mess then that a country whose leadership promises "zero tolerance" to terror finds itself in. We now have completely contrarian versions being offered to the Samjhauta Express blasts of 2007: Was it the LeT-ISI-SIMI nexus or were Sangh sup-

porters like Swami Asemanand involved? Then, be it the 7/11 Mumbai train blasts, Ajmer blasts, or the Mecca Masjid blasts in Hyderabad where the original case was built up against local Muslims only to be later pinned on Right-wing Hindu groups, the country's track record in successfully prosecuting terror cases is highly dodgy.

Sadly, by projecting terror through a partisan Hindu-Muslim prism, India's political class has dangerously compromised national security. It is increasingly apparent now: Either the previous Congress-led government was lying or the present government is "protecting" the accused. There is now an equally disturbing "nationalist" narrative that has crept in: Challenging the official version is now an "anti-national" act, making it virtually impossible to separate hard facts from the ceaseless propaganda.

Where does this leave Karkare? Dead men can't defend themselves so one can only hope that the State comes clean: Either "expose" Karkare's investigation as a hit-job or stand firmly by him. The political tug of war over national security has left a professional policeman's honour at stake.

Post-script: Just a few days before Purohit was granted bail, 10 anonymous Muslim men walked free after spending more than a decade in jail after the prosecution failed to prove their involvement in the 2005 Hyderabad suicide bomb case. Only this time, there were no noisy prime time debates, no "nationalist" outrage. The acquitted, quite simply it seems, belonged to the wrong religion.

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## DID DEMONETISATION WORK?



# It's draining the swamp of unaccounted-for cash

## By sticking a dagger through the heart of corruption, it has gained unprecedented support among India's poor



RAJIV KUMAR

**A** single statistic is being used by critics to argue that demonetisation was a disaster. However, the fact disclosed by the Reserve Bank of India, that of the ₹15.44 lakh crore in circulation in ₹1,000 and ₹500 notes on the day demonetisation was announced, ₹15.28 lakh crore was deposited into bank accounts, is hardly sufficient to damn demonetisation. Any fair and accurate assessment requires an analysis of facts that lie beyond one statistic. Ground reality proves the critics wrong. Demonetisation was intended to drain the stinking swamp of illegal incomes and unaccounted for cash in the economy. Without draining this swamp or in other words striking at the stock of "black money", no amount of effort to eliminate illegal incomes by improving the flows would have been effective. Given that there are 18 lakh accounts with dubious deposits with cumulative deposits of over ₹3 lakh-crore, the swamp of black money has been largely drained. Yes this money has not been burnt in bonfires or dumped in rivers, but it is now surely and securely in the sights of the tax authorities.

Of this ₹29,000 crore has already been identified as undisclosed income admitted and undisclosed income detected. Surely, this huge wealth, hitherto unaccounted, is tethered in identified bank deposits and the Central Board of Direct Taxes, which has its job cut out, should go after it. Demonetisation has hit the black economy rather hard.

Demonetisation has had a positive impact on the macro economy. The sucking out of a huge amount of black money circulating in cash led to a drop in conspicuous consumption and speculation in key markets, including real estate. The result was that consumer price inflation fell to a record low, from 4.2% in the month before demonetisation to just 1.54% in June 2017, six months after the exercise of demonetisation and remonetisation had been completed. Apart from benefiting poor consumers directly, this sharp fall in inflation has had other spill over effects including a reduction in interest rates by the

RBI, which will boost private investment.

The benefits of lower inflation, lower interest rates and less speculation in real estate have directly benefited both the neo-middle and poor. The moderation in real estate prices combined with a reduction in interest rates after demonetisation will enable many more in the neo-middle class to buy homes at affordable prices. Let us not forget that it is the poor who bear the brunt of corruption in the delivery of various public services and benefits. They also bear the consequences of tax evasion, which eats away at the resources the government needs to invest in the poor. By putting a dagger through the heart of corruption and illicit wealth accumulation, demonetisation has gained unprecedented support among India's most vulnerable.

Individuals who have deposited large sums of cash will have to explain how they were in possession of that cash and will have to pay tax and penalties on unaccounted wealth. This isn't about a one-time bounty in tax collections. Already, there has been an unprecedented increase of a 25.4% in the number of personal income tax payers. This will help alleviate India's terribly low tax-GDP ratio of around 18% of GDP (the average in OECD (The Organisation for Economic Co-operation and Development) countries is almost double that).

The fallibility of the 'system' and the ingenuity of tax evaders and black money hoarders enabled much of this black money to be laundered into bank accounts. But that is not a failure of demonetisation. It only shows the extent of corruption in India. This is the task at hand: To improve governance and root out corruption lock, stock and barrel. Demonetisation is the much needed sunlight on India's black economy, which will disinfect it of its corrupt excesses. The critics do not want to see this. The support for demonetisation shows that Indians want to lead an honest life and want an end to corruption that was threatening to become all pervasive.

It would not be wrong to say that country has moved on to a much cleaner, transparent and honest system. Benefits of these may not be visible to some people. The next generation will view November 8, 2016, with a great sense of pride as it will have provided them a fair and honest system to live and work in.

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# The note ban disrupted the lives of millions

## If 99% of the cash is back and black money has been turned white, the scheme did not achieve its objective



N CHANDRA MOHAN

**T**he frequent change in official goal posts bedevil an objective assessment of what the demonetisation exercise launched on November 8, 2016 really achieved. The range of objectives have varied from flushing out large volumes of black money held in cash, checking counterfeit notes, promoting a digital economy, greater formalisation and use of less cash. Many of these objectives can be assessed only in the long-term. However, the fact that of the ₹15.44 trillion worth of ₹1,000 and ₹500 notes that were taken out of circulation, ₹15.28 trillion or 99% of them returned to the banks raises questions of whether the severe disruption to the lives of a billion people was really necessary.

If black has been turned into white, the policy did not achieve at least its initial objective. However well-intentioned the scheme may have been, it could have been rolled out more smoothly and with better planning. After all, the RBI phased out pre-2005 notes effortlessly from May 2013 without causing any inconvenience to the public. The authorities could certainly have gone about scrapping big notes methodically without causing needless suffering to the people. For instance, a smoother roll-out could have entailed phasing out the ₹1,000 notes to start with, followed by ₹500 notes. This would have made the demonetisation process much less painful.

Instead of all this, a shock and awe strategy was unleashed. As if this weren't bad enough, the RBI was woefully unprepared to replace the old notes with the new. Demonetisation essentially is an exchange programme replacing old currency with the new. When 86% of the high denomination cash in circulation was suddenly taken out, the central bank didn't have enough stock of new currency to enable ordinary people to exchange old for the new. It had only ₹94,660 crore worth of ₹2,000 notes that accounted for only 6% of the total volume of high-denomination notes demonetised. It did not have a single ₹500 note in its kitty! No wonder people's lives were disrupted.

Regardless of the goalposts being changed, the demonetisation entailed collateral damage to the Indian economy. When the cash economy suddenly shut down, consumer spending was subdued owing to fading footfalls in the shopping arcades and malls. The shock to the cash economy has been felt even in the current financial year as household consumption remains sluggish. Pay Commission arrears may make a bit of difference but brick-and-mortar retail trade is seriously stressed. Farmers experienced the full brunt of food deflation when their crops were sold in mandis for a pittance. Deflationary winds continue to blow in the current kharif or summer crop season as well.

As cash accounts for 90% of transactions, the crunch since November adversely impacted daily wage earners as much in the urban areas as in villages. There was no money to pay wages to around 46% of the unorganised workers who were either casual or contractual. Around 65% of daily wage earners went without work in urban areas in the wake of demonetisation and returned to their villages. The segments that bore the brunt of adjustment were all part of informal economy – retail trade, textiles and agriculture. A puzzling fact is that none of this was reflected in an uptrend in the monthly index of unemployment put out by the Centre for Monitoring the Indian Economy and Bombay Stock Exchange although labour force participation rates have come down indicating people opting out of seeking work opportunities.

Even if the cash economy may have returned to a semblance of normalcy, the uncertainty over growth still persists. There may be a transition to a digital economy. There may be more formalisation and a tax filing population. But the flip side is that demonetisation has resulted in the world's fastest growing economy faltering in its stride. The collateral damage to the economy will take some more time to repair as it is far from transitory. The sectors that have been affected such as micro, small and medium enterprises, retail trade and the agricultural sector – where half of the population still lives off the land – would require sustained policy attention from the government for the remaining part of its five-year term.

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