



Bail-in doubts

The government needs to re-examine the proposed financial resolution legislation

Finance Minister Arun Jaitley has wisely sought to allay fears about a "bail-in" clause in the Financial Resolution and Deposit Insurance Bill, 2017. Introduced in Parliament this August, it has caused great anxiety about the safety of funds parked by millions of households in bank deposits – fears that it will enable banks to be "bailed in" by depositors' funds rather than being "bailed out" by taxpayers (or potential buyers). The government has promised a ₹2.11-lakh crore recapitalisation plan for public sector banks that are now taking haircuts on defaulted loans being put through the Insolvency and Bankruptcy Code. When banks, in turn, face collapse, the fear is that depositors could face similar haircuts or write-downs on the value of their savings in the bank and perhaps be issued securities instead. This provision in the FRDI Bill is purportedly with an eye on resolving bankruptcy scenarios among financial entities, some of which could be too big to fail or systemically important. On Friday, Mr. Jaitley said a 'lot of corrections' could still take place; the Bill is currently being reviewed by a parliamentary committee whose report will be considered by the Cabinet. The Bill proposes the scrapping of the Deposit Insurance and Credit Guarantee Corporation (set up in the early 1960s in the aftermath of the collapse of two banks), which guarantees repayment of bank deposits up to ₹1 lakh in case a bank is liquidated. A new Resolution Corporation under the Finance Ministry will steer financial entities out of the woods and offer a similar cover for deposits. The silence of the Bill on the extent of deposits to be guaranteed is a key source of concern, and may necessitate the need to revisit the existing ₹1 lakh deposit guarantee, which hasn't been revised since 1993.

The need for a specialised regime to cope with large financial firms on the verge of going bust is well-understood especially since the global financial crisis of 2008. As a resolution tool for stressed financial firms, the bail-in clause has been the subject of much debate, but it remains the least well-established across the world. Even the committee framing the FRDI law has noted that it should typically be used where continuing a firm's services is considered vital but its sale is unviable – not as a lazy default option. If lenders don't believe that a bail-in plan would salvage a firm, triggering the clause could end up causing a run on the bank instead of preventing one. With its thrust on initiatives such as the Jan Dhan Yojana and demonetisation, the government has nudged more people towards the formal banking system. To ensure that those gains are not lost, the government must communicate more clearly the rationale behind the bail-in provision, and the circumstances in which it may ultimately be used, if at all. Most importantly, it must enhance the amount of bank deposits that will remain safe under the new dispensation.

Forgotten war

Yemen is on the brink of a huge famine – the world community must force a ceasefire

For the past 33 months, Saudi Arabia has been bombing Yemen with help from its Western allies, turning the country into a humanitarian tragedy. Yemen is now on the brink of "the world's largest famine", according to the United Nations. Already, 17 million people are dependent on external aid for food and medicine, while the country is fighting a massive cholera outbreak. The breakdown of government services, lack of drinking water and a crumbling health sector, besides the miseries of civil war and aerial bombardment, are fast turning Yemen into a failed state, and a breeding ground for extremist groups such as al-Qaeda in the Arabian Peninsula. The Saudis say they are fighting Houthi rebels on behalf of the "legitimate" government of Yemen led by Abdrabbuh Mansur Hadi. But the facts are more complicated. When Yemen plunged into chaos after the resignation of President Ali Abdullah Saleh in 2012, Houthi rebels mobilised forces and captured the capital city Sana'a and western parts of the country. Saudi Arabia, which shares a long border with Yemen, was wary of the rising influence of the Shia Houthis, who it sees as Iran-sponsored militia. The Saudis formed a coalition of anti-Houthi Sunni groups in Yemen and provided them with money and weapons, while its warplanes started attacking Houthi positions in March 2015. The war has dragged on since, with Sana'a still under Houthi control.

Saudi Arabia appears desperate to change the outcome of the war. This explains its decision last month to impose a blockade on the country in the midst of a severe food crisis. Though it eased the blockade later due to international pressure, the war still rages. It is high time the Saudis and the Houthis came to terms with reality. Houthis have ground-level support among Shias and perhaps assistance from Iran, but it is unclear whether they are capable of controlling the whole of Yemen and uniting its diverse populace. On the other side, Saudi Arabia has allies on the ground and superior air power, but it has still failed to defeat the Houthis. In recent weeks, the Saudis had reached out to Saleh, whose loyalists were fighting alongside the Houthis, in an apparent bid to break the rebel coalition. But a day after Saleh expressed readiness for talks with Riyadh, Houthis claimed to have killed him on Monday, escalating the civil war. To break this cycle, all warring parties, including the Houthis, the Saleh faction, fighters loyal to President Hadi and Saudi Arabia should move towards talks. Till now, the international community has largely looked away. It cannot continue to do so. Allies should put pressure on Riyadh to cease the bombing, and set the stage for talks between the factions.

Miles to go before...

Rahul Gandhi's real fight will begin after the Gujarat elections



VIDYA SUBRAHMANIAM

In its August 12-18, 1990 issue, the now defunct Sunday magazine ran an interview with Rajiv Gandhi, months before his assassination in 1991, with the introduction that while "face-to-face it is impossible not to like Rajiv Gandhi," in his public interactions he tended to be indiscreet and rash, which frequently landed him in trouble.

However, in the interview, the then Leader of the Opposition came through as a politician mellowed by defeat and possessing the humility to accept that, "Yes, I made mistakes." Rajiv Gandhi wondered why people were now more appreciative of him when he hadn't "changed a bit". "When I say or I do something now, suddenly I'm told by media and by other people, 'It's fantastic. Why didn't you do this before?'"

Behind the transformation

Twenty-seven years later, it is his son, Rahul Gandhi, who might have been transformed from "a nice guy prone to gaffes" to someone suddenly winning appreciation. The best that was said of him was that he appeared to be sincere but somewhat dull. As against this, there were the endless Pappu jokes triggered by his seeming gift for saying absolutely the wrong things.

In 2007, he bragged that his family had broken Pakistan in two, which thankfully did not set off a diplomatic crisis. In 2013, to the bewilderment of all, including the Congress, he spoke of Dalits needing the escape velocity of Jupiter to succeed. Mr. Gandhi's January 2014 interview to Times Now's Arnab Goswami had Twitterati wise-

cracking that Mr. Goswami ought to have been sued for harassing a minor.

In recent months, Mr. Gandhi's public appearances have made people sit up and take notice – and for the entirely different reason that nearly everything about him has changed for the better. The transformation was first noticed on his tour of the United States, where on his campus interactions, he came across as sober, self-assured and able to convey ideas, if not with scintillating intellectual depth, then certainly in a commonsensical way. However, he has been a revelation on the Gujarat campaign trail; indeed if anyone has made a splash in this election, aside from the young caste leaders who have shored up the Congress, it is Rahul Gandhi himself. Gujaratis are talking to him and talking about him.

Although nowhere in the league of the phenomenal Narendra Modi, Mr. Gandhi has developed a distinct style of his own. On the stump, he looks relaxed and confident, slow-delivering his lines to make them uncomplicated and effective. His speeches are direct hits at the Prime Minister and his Gujarat model, and there are frequent digs at the now dying Tata Nano, which he says was part of Mr. Modi's agenda of "transferring wealth from the poor to the rich." To much giggling from the audience, he asks, "Any of you here seen a Nano on the road? You? Bhaisaab you?"



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His Gabbar Singh Tax for the Goods and Services Tax (GST) broke the Internet and the other runaway hit, vikas gando thayo che (development has gone crazy) is apparently also a surrogate from the Congress stable. If there is a light, fun quality to these coinages, what has earned Mr. Gandhi respect is the line he has drawn at abuse and uncivil language in the face of coarse, low-level personal attacks from the Bharatiya Janata Party (BJP) and Mr. Modi.

And yet in a striking parallel with Rajiv Gandhi earlier, Rahul Gandhi's team insists that he is what he always was, believing in the same things – pro-poor, pro-farmer – he did earlier. And that people are warming to him and his ideas in a changed environment. Not really. The evolution of Pappu to First Congressperson is best seen via his earlier videos where he appears stiff and distracted, struggling to compose his thoughts, and beginning every sentence with "Bhaiya – in short, the stand-up comic's delight and quite the contrast to the easy camaraderie evident in his recent outings.

Dents in the image

It is true, however, that this change would not have created the buzz it has, had it not coincided with the people's own willingness to look away from Mr. Modi, if ever so slightly, to a possible, tentative alternative. Up until now, Mr. Modi was god in Gujarat. When he be-

came Prime Minister, the rest of India was awestruck by the power and authority he exuded, magnified by his victory with an absolute majority and the decimation of the Opposition. Today, while the fascination with Mr. Modi undeniably remains, the first murmurs can be heard, among traders, among the unemployed and in middle class households. The constant adjustments to the demands of demonetisation, and now GST and Aahhaar, have devastated small businesses, the poor and the old, many of them living in a blighted world beyond the dips and spikes in the national GDP.

But as everyone agrees, pitted against the combination of Mr. Modi and Bharatiya Janata Party national president Amit Shah, and the humongous election cum public relations machinery they have created, Mr. Gandhi could be a toddler taking his first steps to indulgent applause. Though his elevation to Congress President is imminent, the challenges before him are immense. The Congress organisation is in tatters, its votes are shrinking, and the haze around the party's vision often makes it indistinguishable from the BJP. It is true that the Congress has always held a range of ideas within it. But the party as a whole was conceived as centrist with a strong liberal core.

The Left and the right co-existed in Jawaharlal Nehru's Congress but his absolute commitment to the idea of a progressive, enlightened nation ensured that the centre prevailed. The innumerable unethical compromises the Congress made thereafter are not Rahul Gandhi's doing. But having inherited them, he has to find a way to reassert the party's founding philosophy and, more difficult still, make it saleable to voters swayed by the BJP's enormously attractive Hindutva appeal. Recently, the student-wing of the Congress, the National Students

Union of India (NSUI), fought and won the students' union election in Delhi University (DU) on the slogan, "Take back DU." The NSUI promised a progressive vision based on gender equality and the freedoms to eat, wear and go out as the students pleased, without being shamed as immoral.

Road ahead

The election the Congress fought in DU was tiny but the party went to the heart of what is wrong with India today. Maybe Mr. Gandhi can start with a "Take back India" campaign. But that requires courage and the conviction that the right way is the best way. That is not going to happen, judging by the Congress's embarrassingly uneducated response to the recent questions on Mr. Gandhi's religion. The BJP's multiple spokespersons amplified the noise that television spat out: "Hindu or Catholic?". Instead of asking why it's wrong to be a Catholic, the Congress produced photographs of Mr. Gandhi wearing the Janevu (sacred thread).

With all the anti-incumbency, such is the Modi legend that few in Gujarat will bet on the verdict. In any case, Mr. Gandhi's real fight will begin after Gujarat which is a two-party State. The rest of India is more complex with a bunch of regional leaders, all ambitious for themselves. If this is problematic, consider the twin tags that hound the Congress: dynasty and corruption. On dynasty, Mr. Modi is unbeatable. He is self-made and has ostensibly shed his family in the service of Bharat Mata. Whether Mr. Gandhi, or indeed even the entire Opposition, can summon the cleverness to turn the tables on corruption, only time will tell.

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The one-election idea is a farce

The case for holding simultaneous elections in the diverse, federal Indian polity is weak



PRAVEEN CHAKRAVARTY

In his address on National Law Day 2017, Prime Minister Narendra Modi once again sounded the bugle for simultaneous elections to Parliament and all State Assemblies, under the banner of "one nation one election". Mr. Modi also cited four reasons: massive expenditure; diversion of security and civil staff from primary duties; impact on governance due to the model code of conduct, and disruption to normal public life. The case is weak and the reasons are a mere alibi.

The cost factor

The Election Commission incurs a total cost of roughly ₹8,000 crore to conduct all State and federal elections in a span of five years, or roughly ₹1,500 crore every year. Nearly 600 million Indians vote in India's elections, which means, it costs ₹27 per voter per year to keep India an electoral democracy. Is this a "massive" expense? To put this in context, all the States

and the Centre combined incurred an expenditure of nearly ₹30 lakh crore in FY2014. Surely, 0.05% of India's total annual expenditure is not a large price to pay for the pride of being the world's largest and most vibrant electoral democracy. The notion that elections are prohibitively expensive is false and misleading.

Code of conduct and polls

The model code of conduct for elections was agreed to by political parties in 1979, and prohibits the ruling party from incurring capital expenditure for certain projects after elections are announced. If India is indeed embarking on a path of "cooperative federalism" as the Prime Minister also claims, then more such projects will be undertaken by each State and not by the Centre. So, why should elections in one State hinder governance in the rest of the States? And if all political parties still feel the need to reform the code, they are free to do so. The solution is to reform the code and not the electoral cycle.

Governance paralysis due to State elections is a mere alibi. The real reason is that the two national parties are excessively dependent on their national leaders' campaigns in State elections, as seen in



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Gujarat. This is certainly a drain on the Prime Minister's time and a distraction from governance. Depending on their national leaders is the problem and the prerogative of the national parties. It is not the fault of the electoral system. In the elections in West Bengal and Tamil Nadu, in 2016, and where the two national parties and their leaders had a minimal role, nothing stopped the Union government from continuing its governance for the rest of India. Thus it is wrong to conflate the interests of the national parties with those of the "flaws" of the electoral system.

Diversion of civil staff and disruption of public life were the two other reasons cited, but these sound more like reasons against holding elections in general. Surely, a disruption to public life twice in five years is not a binding constraint in the larger interests of interim accountability. The right of a

voter to exercise her choice twice in a span of five years and hold governments accountable is much more important than just casting her vote once and having no option to express her opinion for the next five years. These two reasons are very weak when measured against the costs of limiting electoral opportunities for citizens.

Voter behaviour

My research on all simultaneous elections to State Assemblies and Parliament between 1999 and 2014 shows that simultaneous elections do have an impact on voter behaviour. These elections comprised 513 million voter choices. In 77% of these constituencies, voters chose the same political party for both State and Centre. When elections were held even six months apart, only 61% chose the same political party. When elections became disparate, there was no evidence of the voter choosing the same party. This analysis is not based on mere headline victory in a State but on vote shares and the winners in each constituency. There is clear empirical evidence that most Indian voters tend to choose the same party when elections are held simultaneously to both Centre and State, with the relationship diminishing as elections

are held farther away.

Political autonomy

Further, simultaneous elections impinge on the political autonomy of States. Today, any elected State government can choose to dissolve its Assembly and call for fresh elections, as should be the case in Tamil Nadu. Under a simultaneous elections regime, the State will be beholden to the Union government for elections to its State, which goes against the very grain of political autonomy under our federal structure.

There is still much that is wrong with our nation in its governance and elections. But disparate elections to States and Parliament are not one of them. There is much to improve in terms of efficiency of our governance. But "oneness" is not the desired path to efficiency in a diverse polity such as India.

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LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Apathy to road safety

The Editorial, "Accident-prone" (December 2), is a grim reminder of the scant attention being paid to the three E's – education of road users; engineering of roads, and enforcement of traffic rules. As these are deficient, the fourth E takes over – the end of life. It is the enforcement of traffic rules that is the weakest link in the triad.

While there are a number of good traffic policemen, road users need to be brought up to the same level in terms of observing road safety rules. With the explosive growth in vehicles on the road, safety needs to come first. Road engineers must also keep constant vigil over road maintenance. Education of road users has to begin at school.

A word about air horns. The purpose of a horn is to warn other users of an

approaching vehicle. But the use of this horn has the opposite effect. The driver is over dependent on the horn and tends to neglect other aids in safe driving such as proper steering, brakes, gear shifts and a sense of anticipation. He becomes accident-prone. Finally, most letters by concerned citizens do not evoke a response from the authorities. It is left to the media to mount a campaign on road traffic safety.

B.G. BALIGA,
Thrissur, Kerala

■ It may be an unpleasant truth to face, but the sharp rise in vehicle accidents is linked to the voluminous increase in the vehicle population. Public transport and the related infrastructure is still static. Most accidents happen on highways due to overspeeding, drunk driving and mechanical defects in

vehicles. I have come across a road barricade that said: "Donate blood, not to the roads but to the hospitals". It captures the reality we are in. Steadfast enforcement of traffic rules and regulations, and more stringent punishment for violations are the antidotes. Notification that grave traffic rule violations will entail non-bailable arrest with the concurrence of judiciary will instil moral fear and help decrease the rate of accidents. The ball is in the court of officials and authorities.

S. KUMAR,
Chennai

■ The basics of road safety should be taught in all schools and the granting of a driving licence made all the more stringent. There should be steep penalties for non-compliance and the avenues to finding recourse to judicial aid narrowed if found guilty.

The basic design of highways has to be reviewed. A major flaw appears to be the way a side road joins a main highway. Overseas, a road user joins a highway using a flyover and exits it the same way. When passing a town or village, there are gaps in the highway that allow for people to cross. This often leads to serious accidents. It all boils down to strict implementation of the rules in a large country like ours.

RAMPRASAD,
Chennai

Flawed calculations

The writers have attempted to justify that the Global Hunger Index is flawed as three of the four indicators used to measure hunger are focussed on children less than five ("A misleading hunger index", December 4). What was perplexing is that the writers say that India will be ranked higher if the

indicators related to children are removed. When we are able to celebrate Moody's outlook on the Indian economy, why are we unable to assimilate someone pointing a finger at our social indicators?

PRATHEEP PURUSHOTHAMAN,
Chennai

Air quality

When sporting schedules are planned without foresight, then one can expect the unprecedented spectacle that set in at Kotla ('Sport' page – "Smog stoppages play spoilsport", December 4). It is well-known that winter in north India is unsafe because of the crippling air pollution. Some of the Sri Lankan players may have overreacted but it is grossly incorrect to assume that they were feigning the symptoms. Instead of looking at the "missing and out-of-action" Delhi government, it is unbecoming of a good host

to belittle the already embattled visitors.

GANAPATHI BHAT,
Akola, Maharashtra

■ That Delhi is affected by severe air pollution is a well-documented fact and on the day of play, the levels were severe. Athletes are bound to get affected by this. I have experienced this myself while going for a run in winter. Such high levels of pollution decrease the oxygen-absorbing efficiency of the lungs which definitely affects a cricketer's performance as the game of cricket is an intense activity. I think the ICC and the BCCI should now look into the matter and try to frame concise guidelines on the lowest level of air quality required for a game to be played.

VINAY VASHISHT,
Sonapat, Haryana

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