THE HINDU

Sexism in Parliament

India needs more women in legislatures to combat the likes of Azam Khan

The triple talaq bill was passed in the Lok Sabha on July 25, silencing Opposition voices that the Muslim Women (Protection of Rights on Marriage) Bill, 2019 should not be pushed through in a hurry, and without scrutiny. But the dissent on the nitty-gritty of the bill was overshadowed by the sexist remarks made by Samajawadi Party MP Azam Khan, directed against Bharatiya Janata Party member Rama Devi who was in the Chair. Referring to an intervention by Minority Affairs Minister Mukhtar Abbas Naqvi, Mr. Khan quoted a couplet, "... *tu idhar-udhar ki na baat kar* (do not digress)." When Ms. Devi asked Mr. Khan to address the Chair, he made an "objectionable" statement, marking a new parliamentary low. The irony that this was said while the House was discussing an issue concerning women was not lost on Finance Minister Nirmala Sitharaman, who quipped: "Don't politicise an issue that affects women." Women and Child Development Minister Smriti Irani pointed out that Mr. Khan's comment was a "blot on all legislators including men". Mr. Khan, a veteran from the Uttar Pradesh Assembly but a first-time MP who is no stranger to controversy, was banned from campaigning for 72 hours in the recent Lok Sabha polls after his misogynist remarks against BJP candidate Jaya Prada. While Mr. Khan has been asked to apologise to the House, some women members have renewed the pitch for the passage of the women's reservation bill.

The 17th Lok Sabha has the highest number of women MPs, 78, comprising 14.39% of the House. This is higher than 2014 and a long way from the first election in 1951-52, when they made up only 5% of the House. The global average stands at 24.6%, and neighbours Bangladesh, Pakistan and Nepal have quotas for women in Parliament. In India, the women's reservation bill or the Constitution (108th) Amendment Bill to set aside one-third of seats in Parliament and State Assemblies for women was passed in the Rajya Sabha in March 2010. However, the Bill couldn't overcome odds and the opposition in the Lok Sabha and went into cold storage. Critics have cited several reasons behind the bill being thwarted, not least that the quota for women would be appropriated by powerful stand-ins. But this could hold true for men as well. The Bharatiya Janata Party, which has an overwhelming majority in the Lok Sabha (303 of 543 seats) and has rushed through more than a dozen bills in this session, must take the lead. Slogans such as 'Beti Bachao, Beti Padhao' will sound like mere lip-service if political parties don't speak out against gender prejudice. Women must have greater political representation in decision-making bodies as a first step towards changing chauvinistic mindsets, and Parliament needs to show the way.

Ban or regulate?

There are issues with cryptocurrencies, but a ban might not be the best answer

The recommendation of an inter-ministerial committee that India should ban all private cryptocurrencies, that is, Bitcoin and others like it, hardly comes as a surprise. Indian policymakers and administrators have time and again made clear their distaste for them, their existence owed almost entirely to advanced encryption technologies. In his Budget speech in 2018, Finance Minister Arun Jaitley said the government doesn't consider them legal tender. The Reserve Bank of India has repeatedly warned the public of the risks associated with dealing with cryptocurrencies. Bitcoin, the most prominent among them, has yo-yoed wildly in value, even over short periods of time. A May 2019 article by Bloomberg, citing data from blockchain analysis firm Chainalysis, said "speculation remains Bitcoin's primary use case". Its use in illegal online marketplaces that deal with drugs and child pornography is well-documented. There have been cases of consumers being defrauded, including in India. Given all this, it is understandable that the committee, under the chairmanship of Subhash Chandra Garg, the former Economic Affairs Secretary, has come across as being wary of private cryptocurrencies even while advocating a central bank-issued cryptocurrency.

Governments and economic regulators across the world are wary of private cryptocurrencies. As they need neither a central issuing authority nor a central validating agency for transactions, these currencies can exist and thrive outside the realm of authority and regulation. They are even deemed a threat to the official currency and monetary system. The question then is whether banning cryptocurrencies is the most effective way to respond. The inter-ministerial committee believes it is, going so far as to draft a law that mandates a fine and imprisonment of up to 10 years for the offences of mining, generating, holding, selling, dealing in, transferring, disposing of, or issuing cryptocurrencies. But six of the seven jurisdictions that its report cites have not banned cryptocurrencies outright. Many of them, including Canada, Thailand, Russia and Japan, seem to be moving on the path of regulation, so that transactions are within the purview of anti-money laundering and prevention of terror laws. China, which India has taken a cue from, has gone for an outright ban. Even there, the report says, "owing to the network-based nature of cryptocurrencies, after banning domestic crypto exchanges, many traders turned to overseas platforms to continue participating in crypto transactions." Trading in China is now low but not non-existent. But why would an outright ban be a superior choice to regulation, especially in a field driven by fast-paced technological innovations? The report, unfortunately, doesn't clarify that point.

Governing India through fiscal math

A focus on fiscal deficit reduction alone is not sound economic management. The revenue deficit must be in the picture

PULAPRE BALAKRISHNAN

While it is important for a government to pursue a sound economic policy, including management of the public finances, it is yet another matter to make a fetish of any one aspect of it. The latter appears to govern this government's approach to policy when the fiscal deficit is given pride of place in its self-assessment. Not only is this unlikely to yield results on its own, it is not even necessarily prudent.

Thread of fiscal discipline

Soon after the Budget for 2019-20 was presented, one of the Finance Minister's predecessors remarked that "fiscal prudence rewards economies". This was perhaps issued both as praise for the Budget itself and as a justification of the approach taken during his own tenure. Though a concern for the size of the fiscal deficit would have been inevitable since the enactment of the Fiscal Responsibility and Budget Management Bill in 2003, and has therefore been on the radar of political parties of all persuasions at the Centre, it has been raised to special significance since 2014. It figured in the most recent Economic Survey, and its anticipated magnitude for 2019-20 was the final statement in the Budget speech that had followed. The Finance Minister had commenced the speech saying how the government was committed to fiscal discipline.

In the context, "fiscal discipline" is understood as taking the economy towards the 3% of the gross domestic product. The basis for this figure can be queried but that is beside the point. Actually, the point is two fold: whether the fiscal deficit should be the sole index of fiscal management and what a reduction in the deficit would achieve. To suggest that fiscal prudence rewards economies is to suggest both that the fiscal deficit is the right indicator of fiscal soundness and that reducing it is bountiful.

Not always a perfect measure

While a sound fiscal policy is highly desirable, the magnitude of the fiscal deficit is not always and everywhere – think here of the state of the economy – a good measure of soundness. First, the fiscal deficit reflects the overall imbalance in the Budget. Embedded in the accounts of the government is the revenue account which is a statement of current receipts and expenditure. A fiscal deficit may or may not contain within it a deficit on the revenue account, termed the "revenue deficit". The possible embeddedness of a revenue deficit within a fiscal deficit muddies the waters somewhat. For movements in the overall, or fiscal, deficit by itself tell us nothing about what is happening to the revenue deficit. Why should we worry, one might ask. We worry because it is the balance on the revenue deficit that indicates whether the government is saving out of its income or spending more than it receives as current revenue. A revenue deficit implies that the government is dissaving.

A fiscal deficit co-terminus with a revenue deficit is to be frowned upon as it implies that at least some part of the borrowing is to finance current consumption, something a government ought prudently to avoid, at least for long. Therefore, unless the revenue deficit is kept explicitly in the picture, we cannot deduce the soundness of economic management from a mere reduction in the fiscal deficit. In fact, in the Budget for 2019-20, while the fiscal deficit projected is marginally lower than earlier, the revenue deficit is projected to rise. Even though the magnitude of the changes is minuscule, their direction calls into question the Finance Minister's claim that the government is committed to fiscal discipline. It is yet another instance when the fiscal deficit can end up being no more than window dressing. While a pathological adherence to a revenue account balance is itself avoidable, a steady revenue deficit as the fiscal deficit shrinks makes a mockery of fiscal consolidation. Worse still it is open to the interpretation that the exercise is ideological in that it aims only to shrink the size of government, fiscal prudence be damned.

GETTY IMAGES/ISTOCKPHOTO

Rewards yet to be seen

A detour through history would help bring some perspective here. A revenue deficit of the Central government is relatively recent, having been virtually non-existent till the 1980s. After that a rampant populism has taken over all political parties, reflected in revenue deficits accounting for over two thirds of the fiscal deficit such as the case today. Revenue deficits have become structural in India by now. This has three implications: that the public debt is only bound to rise; we are permanently borrowing to consume, and leaving it to future generations to inherit the debt. While the populism referred to is not the monopoly of any one political party, it is particularly stark in the case of the present one which relentlessly flags its virtue in lowering the fiscal deficit.

We can see the hollowness of the claim that fiscal consolidation or the shrinking of the fiscal deficit is always and everywhere prudent, for the issue is what is happening to the revenue deficit. Now onto the former Finance Minister's claim that "it rewards" economies. This government has lowered the fiscal deficit alright, though not as much as the United Progressive Alliance government, but the rewards are yet to be seen. Export growth has slowed and the unemployment rate has risen. Even private investment has not soared, an outcome predicted following the claim that government borrowing "crowds out" private investment.

International borrowing

Of late an entirely new dimension has been added to fiscal management, but here again the appropriateness of conducting economic policy by reference to the magnitude of the fiscal deficit remains the issue. In the last Budget the government has signalled its intention to borrow in foreign currency from the international market. This is an innovation alright as the Government of India has so far never borrowed in the international markets, leaving it to public sector organisations and the private corporate sector to do so.

In the Budget speech of the 17th Lok Sabha, the Finance Minister justified the move in terms of the very low share of foreign debt to GDP. The proposal has received criticism, some of it focussing on the consequences of exchange rate volatility. Benefits have been flagged too, such as that Indian sovereign bonds will attract a lower risk premium because the price of the foreign-currency-denominated sovereign bond will now be discoverable. This though ignores the biggest lesson from the global financial crisis of 2007, that the market cannot be relied upon to price risk correctly. And, both arguments overlook the foreign exchange constraint.

Dollar-denominated debt has to be repaid in dollars. Right now our reserves are fairly high but this could change. Oil prices could go back to where they were, the trade war initiated by U.S. President Donald Trump holds little prospect for faster export growth, and portfolio investment may flow out. While these are only possibilities, they point to the need to ultimately base your borrowing plan on expected dollar earnings. The opportunity offered by low global interest rates right now is not matched by the likelihood of robust export growth.

In the final analysis though, it is not the risk of exchange rate depreciation or stagnant exports or even capital flight that is the issue; it is the rationale for borrowing. With revenue deficits the overwhelming part of the fiscal deficit, we would be borrowing to finance consumption. Dollar denominated sovereign debt is just a matter of shifting this borrowing overseas. That is the real issue.

Pulapre Balakrishnan is Professor of Economics, Ashoka University and Senior Fellow, IIM Kozhikode

History and the 5G dilemma

As India looks to developing 5G technology, its quest in the 1980s for an American supercomputer offers lessons

ARUN MOHAN SUKUMAR

New technologies have a curious history of finding their way into the crosshairs of international politics. '5G' is no different. In many respects, the dilemma facing Prime Minister Narendra Modi – to embrace Huawei and other Chinese purveyors of 5G-enabled telecommunications infrastructure, or to salvage the political relationship with the United States – is similar to the one faced by Rajiv Gandhi in the 1980s. Then, India had sought for itself a "supercomputer" from, among others, Japan. Instead, it was dealt a bad hand by the U.S., and made to settle eventually for an American machine that belonged to an older, slower generation of computers. The lessons from that moment in history are instructive, and Indian policymakers would do well to heed them.

The late 1980s saw the waning of Cold War tensions on account of the Soviet Union's inability to stand toe-to-toe with the military might of the U.S. But U.S. President Ronald Reagan's administration had already set its sights on a small nation making rapid advancements in computing: Japan. Their technological rivalry spawned a trade war between Washington DC and Tokyo, each trying to outpace the other in penetrating newer markets. It reached a crescendo in 1987 when Reagan himself blocked the acquisition of Fairchild Semiconductors by Fujitsu Corporation. Fairchild was responsible for giving "Silicon Valley" its name – the audacious Japanese attempt to buy off an American crown jewel was the straw that broke the camel's back.

The supercomputer saga

But long before this rivalry reached a head, India had become its unfortunate casualty. Geopolitics induced by technology coincided with Rajiv Gandhi's winning the 1984 general election by a landslide. His early initiatives included the New Computer Policy (NCP) of 1984 and the Software (Exports) Policy of 1986, which resulted in a steep drop in the price of computers, and heralded a remarkable shift in the government's attitude towards them. However, to keep up with rapid, generational leaps in computing, India needed the assistance of nations that had made big strides in the sector. The U.S. made it known early that it called the shots.

Months after the NCP was passed, Reagan put India in a list of destinations that needed special "review" before exports of American technology could be cleared. Rajiv Gandhi made a much publicised visit to Washington DC in the summer of 1985 to break the impasse. It resulted in the Technology Cooperation Agreement (TCA), a genuine, diplomatic success forged by the personal chemistry the young Prime Minister shared with the septuagenarian Reagan. The TCA eased regulations on technology exports, and it was during this visit that Rajiv Gandhi broached the possible purchase of a supercomputer.

THE HINDU PHOTO ARCHIVES

Publicly, India sought a supercomputer to forecast its monsoons better. Negotiations with the U.S. were however long and cumbersome, and an entire year passed by without any progress. Meanwhile, Rajiv Gandhi himself had staked political capital in promising to bring home a supercomputer, lending urgency to the matter. India eventually approached Japan, whose NEC Corporation was the only company outside the U.S. that could offer a supercomputer.. The *Wall Street Journal* at the time made the stunning revelation that Japan had promised India it would "sign a supercomputer agreement within 30 days if the US deal fell through".

Instrument of politics

The availability of advanced technology from a competitor undermined the U.S. objective of wielding it as a blunt instrument of politics. Reagan wanted to wean India away from its partnership with the Soviet Union on high technology, and rein in New Delhi's progress on its nascent guided missile programme. Therefore, the U.S. attached riders to the sale, placing intrusive safeguards and certification requirements that the supercomputer would be used by India only for civilian purposes. Ironically, American technology companies such as Honeywell and Unisys were supplying advanced electronics to Saddam Hussein around the same time, augmenting Iraq's missile system. When Japan stepped into the picture, the U.S. immediately began negotiations to reach a "common understanding" with Tokyo for the sale of supercomputers.

The Japanese too believed the safeguards were "too broad and too stringent" but simply did not have the diplomatic firepower to resist Reagan's overtures. With Japan making its reluctance known, India was held captive at the negotiating table by the U.S. The agreement finally inked was for the sale of a Cray XMP supercomputer a generation older to its latest variant.

The deal did little for Rajiv Gandhi domestically. After all, the Indian disaffection with IBM had begun, leading to its eventual exit in 1978, on account of its selling of obsolete machines to customers. If India has made modest forays into supercomputing today, it is thanks to the Centre for Development of Advanced Computing (C-DAC), which stepped up its efforts to create an indigenous machine in the wake of this episode.

The Cray supercomputer sale is well-documented, but less storied is the American effort to dissuade Japan's technology giants from the Indian market. By investing heavily in his political relationship with the U.S., Rajiv Gandhi unwittingly waded into Reagan's technology trade war with Tokyo. It diminished his ability to negotiate autonomously with NEC.

Fast forward to the present

The 5G saga is no different. At the recently concluded G20 summit in Osaka, Mr. Modi suggested he was talking to his U.S. counterpart to "collaborate and develop 5G technology for mutual benefit". Few American vendors have the ability today to compete with a Huawei, Nokia or Ericsson – the statement was a concession on Mr. Modi's part, allowing the U.S. to shoot off India's shoulders against Chinese technology giants. With the Principal Scientific Adviser, K. VijayRaghavan, also the head of the high-level panel on 5G, openly calling for the exclusion of Chinese players from national trials, the government has unwisely put all its cards on the table.

The U.S.-China technology rivalry is eminently political, one in which India should not take sides. If anything, New Delhi should take care to see history does not repeat itself. Much like the U.S.-Japan understanding on supercomputers, Osaka also saw the beginning of a U.S. rapprochement with China on technology trade: India must ensure whatever bilateral configuration that emerges from such talks does not restrict the sale of 5G equipment to others. There are no winners for India to pick in this battle: just decisions to be made coldly from the prism of economic self-interest.

Arun Mohan Sukumar is a PhD candidate at The Fletcher School, Tufts University and currently with the Observer Research Foundation, New Delhi.

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.

Train rescue

The heroic rescue of the passengers on board the Mahalaxmi Express which was caught in flood waters about 65 km from Mumbai is much appreciated (Page 1, "1,050 passengers rescued from stranded train near Mumbai", July 28). The Central Railway should now be proactive and cancel train services in flood-affected regions in the best interest of passenger safety. The incident should also lead to better facilities on board trains. A public announcement system in all trains to communicate information to passengers during an emergency or crisis must be in place. Railway staff should also be equipped to handle any emergency.

VARUN DAMBAL,
Bengaluru

■ Compliments to the entire team and agencies involved in the dramatic rescue. We often blame government agencies whenever there is a disaster but seldom appreciate a good job such as this. The role of the local people cannot be ignored, with young men assisting the forces. May their tribe grow.

TILAK SUBRAMANIAN V.,
Kunjibettu, Udupi, Karnataka

Open House

I was one of the 40 readers to participate in the first Kerala Open House with the Readers' Editor ("Revive passion for reading among youth, say readers", July 28). As many readers have pointed out, *The Hindu* is the best newspaper to improve a person's vocabulary and knowledge. From Saturday's meeting I understand that most readers have expressed dismay over the declining passion for reading especially among the millennials. Students of my generation do find social media to be a huge draw and hardly look at the newspaper. The daily needs to take the initiative to encourage the reading habit right from school and must shape its products towards meeting this goal. Finally, more such open house meetings must be held across India so that the editor-reader relationship grows.

GEORGIL K. JEEMON,
Kumarapuram, Ernakulam, Kerala

■ While it is gratifying to note that the 'Readers' Mail' column will be restored and improved, the space for the 'Letters to the Editor' section should be increased, taking up from what a reader at the Kochi session has suggested.

R. SIVAKUMAR,
Chennai

Life of a doctor

A doctor's life is always on edge (Open Page, "All in a day's work for this doctor", July 28). Ultimately he is judged, hailed or condemned, based on the end result, ignoring all the sincere efforts and dedication invested by the doctor when handling a case. The primary reason for this is the assumption that a doctor is an omnipotent saviour.

This misconception needs to be erased from our minds. Even after the best treatment, a patient may not survive due to extraneous factors. A doctor is also a normal being just doing his job. He can only do it with all the wisdom, knowledge, sincerity and dedication at his command.

KOSARAJU CHANDRAMOULI,
Hyderabad

■ The article was extremely poignant, conveying the anguish of not being able to save a patient. Doctors wage a relentless battle day in and day out to save patients under their care but at times fate decides otherwise.

C.V. ARAVIND,
Bengaluru

MORE LETTERS ONLINE:
www.hindu.com/opinion/letters/

CORRECTIONS & CLARIFICATIONS:

In a Business page (July 28, 2019) report on ICICI Bank's performance, there was an erroneous reference to consolidated return on assets - both in the text and in the graphic. It should have been consolidated return on equity.

The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300;
E-mail:readerseditor@thehindu.co.in