



Gem of a scam

The PNB fraud must be speedily investigated to restore faith in the banking system

Regulatory filing to the stock exchanges by Punjab National Bank has blown the lid off a ₹11,500-crore fraud. Perhaps the largest such scam in India, it was perpetrated by a maverick diamond merchant in collusion with bank officials at a single branch in South Mumbai. For India's second largest bank to be defrauded in the manner suggested is astounding, especially since there has been heightened scrutiny of public sector banks' operations in the last few years. The bank's audit committees and boards, as well as the central bank, which conducts routine financial inspections of banks' books, have been ostensibly keeping a close watch on the loans that have turned substandard or are on the verge of default. The government, which has often blamed the pile of bad loans on crony capitalism during the UPA regime, just last month unveiled a plan to infuse about ₹1 lakh crore into 21 capital-starved public sector banks this fiscal. Of this, ₹5,473 crore is to be injected into PNB. So even if the actual loss the bank ends up incurring on account of this fraud is half the stated amount, its capital adequacy ratio will be back to the same level before the recapitalisation was announced. Its market capitalisation has tanked ₹8,077 crore over the past two days, with the share price falling over 20% since the news broke.

The bank's top brass has said it has acted promptly, suspending around 10 officials. The Central Bureau of Investigation has booked one retired and one serving PNB employee so far. It is also difficult to believe that a handful of junior employees could orchestrate such a massive fraud. The bank's managing director has claimed that supervisory lapses are being probed, and the Enforcement Directorate has initiated a money laundering case against the main accused, billionaire-jeweller Nirav Modi, his wife Ami Modi and close associates and relatives. The firms run by him had seen a meteoric rise and an IPO was in the offing after buyouts of global players and a ramp-up of retail presence in India and abroad. It appears that the bank employees who assisted in the fraud routed large transactions for the borrowers by circumventing the core banking solution. This flies in the face of the government's push for a digital payment economy. PNB has sought to blame overseas branches of other banks for not undertaking due diligence before accepting such transactions, but that may be too simplistic an explanation. An inquiry by the RBI must get to the bottom of the systemic lapses in this affair and fix accountability across the chain of command. The banker-borrower nexus has been blamed for problems in the banking system for years. This episode will set off fears of a nexus deeper than imagined. The RBI and investigating agencies should act speedily to restore trust in the banking system.

Change of guard

Jacob Zuma's exit as South Africa's President must lead to an institutional clean-up

Jacob Zuma's resignation as South Africa's President brings an opportunity to start cleaning up its government and institutions. The 'Teflon' president, a moniker the 75-year-old earned for his survival skills, finally gave in to weeks of pressure from his own party, the African National Congress, ending an almost nine-year-long, scandal-hit presidency marred by hundreds of allegations and charges of fraud, money laundering and racketeering. Despite having survived eight no-confidence motions, Mr. Zuma had little choice this time as his own party asked him to resign, with ANC legislators looking inclined towards even a no-confidence motion against him in parliament. The growing pressure on Mr. Zuma was also visible on some of those who allegedly colluded with him, notably the India-born Gupta brothers whose home in the swish Saxonwold suburb of Johannesburg was raided by the police on Wednesday. The trio - Ajay, Atul and Rajesh Gupta - whose business interests range from mining to media and technology have been accused of using their ties with Mr. Zuma to enable "state capture" by possessing inside information, influencing ministerial appointments and swinging multimillion-dollar state contracts. The timing of the raids was hardly a coincidence. The ANC is only too aware of the need to get its house in order before the 2019 general election. Putting Mr. Zuma through a no-confidence motion would have further exposed a party that went from leading South Africa out of apartheid to administering a system and country characterised by high levels of inequality and corruption and a flagging economy, with 30% unemployment and low growth.

The way is now clear for the reformist veteran Cyril Ramaphosa, the new President. He has been a trade union leader, a key figure in the anti-apartheid movement and a close associate of Nelson Mandela. He led the effort to draft the country's new constitution in 1994 and was an MP in the first post-apartheid parliament. With the ANC choosing Thabo Mbeki as Mandela's successor in 1999, Mr. Ramaphosa's presidential ambitions were dashed, and he focussed on his businesses instead - today, he is one of South Africa's wealthiest black businessmen. In December, he won a close and bitter contest against Nkosazana Dlamini-Zuma, Mr. Zuma's ex-wife, to become ANC's leader, and has now been given a shot at leading South Africa. Mr. Ramaphosa has spoken of a new phase and about prioritising the economy. This, in addition to his background in politics and business, gives reason to believe that South Africa has a significant opportunity for a change in direction and speed. However, whether and to what extent the new leadership will allow the law to independently take its course with regard to Mr. Zuma remains to be seen.

A deepening crisis

Our national aspirations will remain unmet as long as we fail to prioritise education



KRISHNA KUMAR

The more necessary it seems, the less likely it gets. That is the story of public spending on education. In 1966, the Kothari Commission had said in its voluminous report that India should aim at spending 6% of its GDP on education. More than half a century later, we are spending less than 3% of our GDP on education. D.S. Kothari's recommendation gives us a symbolic measure of the importance given to education. At the time the commission chaired by him was drafting its report, India was passing through a difficult period. Famines, wars and political uncertainty were taking their toll. The economy was stuck in sluggish growth, and the idealism of the freedom struggle was waning.

Walking the talk

Conditions are rather different today. By any standards, India is more prosperous today and people's aspirations are higher. Education is valued across different sections and strata. Despite this favourable social climate, education has failed to become a matter of national concern. Every year, the Union Budget indicates that it is not a high priority although it is loudly announced to be so. This year's Budget is no different. It offers

a marginal increase on different routine expenses and reduction on some. There is no sign of funds to enable institutional recovery after a prolonged period of damage caused by financial cuts in higher education. In elementary education, supply of funds for improvement in quality is no more certain. No funds are in sight to sustain the bold dream of making the Right to Education a sustainable reality.

In his Budget speech, the Finance Minister referred to the importance of teacher education. This was a welcome reference and somewhat rare too. Teacher training constitutes a relatively invisible, low-status sector of the system. It seldom receives high-level attention. A few prestigious colleges that were set up under British rule a century ago have lost their sheen. In the discourse of policy too, teacher training stays on the margins. And the current popular term 'public policy' does not cover teacher education at all. Some years ago, its inner reality was revealed by a commission appointed by the Supreme Court under the chairmanship of the late Chief Justice of India, J.S. Verma. The report of this commission brought to public attention the dismal state of teacher education, especially the corruption that has seeped into the regulatory system put in place in the mid-1990s. Rampant commercialisation and rigid bureaucratic control combined to stifle any possibility of academic growth in teacher education. The Justice Verma Commission offered several good remedies to improve the



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regulatory structure, and for a little while it seemed as if things were moving forward. But the progress could not be sustained.

Four-year option

The Finance Minister made a special mention of the four-year integrated B.Ed. (Bachelor of Education) programme as a way forward for achieving quality in teacher training. The big question that has remained unanswered since the commission submitted its report is whether the Central government will spend the money the sector needs. So far, the indications have been that teacher education will have to pay for its own growth. What the government is willing to invest in is mainly the in-service part of the sector. Pre-service courses like B.Ed. continue to have a huge market outside public institutions, like departments of education in universities. The long history of the four-year integrated B.Ed. course in the confines of the Regional Institutes run by the Na-

tional Council of Educational Research and Training (NCERT) offers the hope that it may perhaps do well in the broader world as well, but that hope is contingent on a big, presently daunting question.

That question is whether the government is aware of its responsibility towards higher education. Teachers for all levels are directly or indirectly affected by institutions of higher education. A nursery teacher needs to benefit from current knowledge in child psychology, and someone teaching language in primary classes must know how to leverage contemporary knowledge about how children learn reading or how to impart bilingual skills. The secondary teacher is directly affected by conditions in undergraduate colleges. If they have no science labs and adequate faculty, the graduates who opt for school teaching as a career can hardly do justice to the adolescents who choose to study science. These are reasons why the degraded state of undergraduate education limits the potential impact of training on a school-teacher's academic capacity.

Barely a decade ago, the Yash Pal report on renovation and rejuvenation of higher education presented a bleak picture of undergraduate education and offered recommendations for improving it. Implementing these recommendations will need increased public spending. Above all else, it will call for an institutional recovery road map. Neither extra money nor a recovery plan is in sight.

It is a legitimate question why India does not worry about its educational crisis or why it does not invest more public funds in education. One way to seek an answer is to look back. In the first few decades following Independence, resources were limited and they were used for other, more immediate needs. Then, for a little while, it seemed as if education might become a priority because social demand for it had increased. However, before this demand could acquire a political voice, the state got seduced by the option to privatise education. Now, we are in an advanced stage of that fascination. Any suggestion is welcome provided it avoids arguing for more funds from the public exchequer. How long this viewpoint will continue to shape public policy in education is anyone's guess.

Increasing damage

But one thing is certain. The damage our institutional apparatus has suffered over the last three decades has begun to hurt our long-term national economic interests and social goals. We need to recognise that growing inequality and dissonance among youth are a consequence of malnourished institutional experience. The United Nations discourse of sustainable development should remind us that our national aspirations might get a jolt if we fail to prioritise education.

Krishna Kumar is a former Director of the NCERT. His latest book is an edited volume titled 'Handbook of Education in India'

Making up for lost time

India and Canada must use Justin Trudeau's visit to take a long-term view of bilateral ties



VISHNU PRAKASH

Justin Trudeau, Canada's youthful, popular and telegenic Prime Minister, begins his much anticipated seven-day, five-city state visit of India on February 17. This is his first trip to India after he became Prime Minister in 2015, but he has always had India and Indians around him. He is familiar with Indian rituals and customs. He and his spouse are practitioners of yoga. He can even perform bhanga. He has several friends, advisors and colleagues of Indian origin, given that the Indian diaspora comprising 3.6% of the Canadian population is well-educated, affluent and politically suave.

The Khalistan angle

He is particularly close to the Sikh community, which affectionately calls him 'Justin Singh'. Never in Canadian history have at least 19 persons of Indian origin been elected to the House of Commons, of which 17 (15 Sikhs) represent Mr. Trudeau's Liberal Party. He has rewarded four Sikhs with key Cabinet berths. As such these should have been heydays for India-Canada ties, but for the fact that this phase has also coincided with a resurgence in anti-India activities by emboldened Khalistani elements

in Canada.

In a first, the Ontario Provincial Parliament adopted a resolution moved by the ruling Liberal Party's MPP (Member of Provincial Parliament) Harinder Malhi, on April 6, 2017, terming the 1984 anti-Sikh riots as 'genocide'. She was promptly rewarded with a cabinet berth. A peeved India described it as a "misguided motion based on a limited understanding of India, its Constitution, society, ethos, rule of law and its judicial process."

Next, on April 30, 2017, Mr. Trudeau himself showed up at the Toronto nagar kirtan where Khalistani flags and pictures of slain terrorists like Jarnail Singh Bhindranwale were conspicuously displayed. Former Prime Minister Stephen Harper had consciously shunned such platforms during his years in office.

Not to be outdone, in December, self-appointed radical leaders imposed a ban on the entry of Indian officials in Canadian gurdwaras, which goes against all tenets of the inclusive, benign and liberal Sikh faith. It is heartening that several sober and influential Sikh voices have criticised and disassociated themselves from the move.

The 'Khalistani' issue has figured prominently between India and Canada at all levels. However, Canadian political leaders and parties continue to mollycoddle the Khalistani elements in the quest for electoral gains. What is incongruous is that the current Liberal government seems to be going beyond the needs of political and



REUTERS

electoral arithmetic in courting the radicals. Naturally bilateral relations cannot be impacted.

Sensing the delicacy of the situation, the Canadian government appears to be strategising to contain the fallout. Infrastructure Minister Amarjeet Sohi, who has impeccable credentials, stated: "Throughout my life, I have been one of the strongest opponents of the Khalistani movement." It is high time to put the issue to rest, though this may be unlikely given that Canadian leaders only seem to be looking at a tactical recalibration.

That said, Canada has truly been a land of opportunity for the Indian diaspora. They have earned the affection and respect of Canadians, who are very inclusive. There are many iconic rags-to-riches stories, like that of Prem Watsa, Chairman of Fairfax Financial Holding, who migrated from Hyderabad in the 1970s with a few dollars and is now known as the Warren Buffett of Canada. His company has invested over \$1 billion in India during the last 30

months or so.

Another welcome development in recent years has been a spike in investments by the well-endowed Canadian Pension Funds like CPPIB and CDPQ into India. Together, Canadian companies have pumped in some \$12-15 billion Canadian in India in sectors including real estate, financial services, distressed assets, modern logistics facilities and e-commerce.

Early conclusion of the bilateral Comprehensive Economic Partnership Agreement (CEPA) and Investment Promotion and Protection Agreements (BIPPA), which have been under negotiation for several years, would boost our economic partnership. It would particularly open up the services sector allowing highly skilled Indian professionals, for whom there is a ready demand, to work in Canada. However, this is not likely to happen in a hurry. BIPPA is closer to finalisation, but India would prefer that both agreements be operationalised in one go.

A strategic partnership

During Prime Minister Narendra Modi's visit to Canada in April 2015, both sides agreed to elevate their bilateral relations to a strategic partnership. Truth be told, the strategic content remains wafer thin. The ties essentially rest on 3Es - economy, energy and education. India has started importing uranium from Canada, beginning 2015. Canada also has sizeable re-

serves of oil and gas. Over time Canada could become a key partner in India's quest for energy security.

With declining interest in Britain and some uncertainty over the U.S.'s policies, Indian students have begun heading for vocational and higher education to Canada in larger numbers. An added attraction for them is that Canada routinely provides a three-year work visa upon completion of studies, which opens up avenues of gainful employment and citizenship. Canada also continues with a liberal immigration policy. In 2016, some 40,000 Indian immigrants were admitted into the country.

Till recently, knowledgeable Canadians would say with pride that there was a little of their country in every Indian home, as significant quantities of Canadian pulses were being imported by India. Both nations also have some collaboration in agri-tech and much more can be done. We are fortunate to have complementary economies and capable human resources. There is enough potential for stepping up cooperation in areas like information technology, science and technology, clean and green tech, aviation and outer space, cold-climate warfare, cybersecurity, counterterrorism and tourism. The need of the hour is to strengthen mutual trust and confidence, by taking a long-term view of the relationship.

Vishnu Prakash is a former Indian High Commissioner to Canada (2015-16)

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.

Bank scam

As though the problem of non-performing assets is not enough, now bank officials are also indulging in malpractices that will further deteriorate India's financial condition

("₹11,500 crore scam rocks PNB, stocks hit", Feb. 15). The phenomenon of bank officials scuttling the system to favour a few is not new; we have been seeing this since the Harshad Mehta days. That such a situation continues shows that there is no vigilance. It is also worrying that such instances happen in an institution whose activities are being monitored by no less than the Reserve Bank of India. It is sad that while the common man was forced to stand in queues to withdraw his own money after demonetisation, vast amounts were being siphoned off from banks

through the back door.

V. SUBRAMANIAN,
Chennai

This scam is shocking. To make matters worse, banks are unable to recover money from these individuals who are fleeing to other countries. Vijay Mallya is yet to be extradited from the U.K. Are our banks safe for small depositors?

GOPAL S.,
Kakinada

This is only the tip of the iceberg. A thorough investigation of such cases in nationalised banks may reveal the reasons for non-performing assets that threaten the very existence of a common man. I shudder to think of the volume of money involved. When we approach banks for even small loans, they demand

so many documents and sureties. And yet, thousands of crores of rupees are being sanctioned to some individuals and traders, who flout all banking norms. Naturally, such advances end in non-payment. The involvement of bank officials in such transactions cannot be ruled out. The government should initiate tough action on erring officials and reveal all those behind such scams.

M.R.G. MURTHY,
Mysuru

No more charts

I don't understand why reservation charts are no longer going to be pasted on train coaches ("No more charts on train coaches", Feb. 15). A majority of passengers boards the train at the beginning of the journey. The charts give

them an opportunity to double-check their seats and see if they are entering the right coach. If they realise that they have boarded the wrong coach and if the train has started moving, they will be forced to use the vestibules to cross coaches, sometimes with considerable luggage. This is very difficult for the elderly and for those with children. No passenger will take the risk of getting down from the coach at the next station to look for the right one. Also, the need to cut down expenditure on paper is laughable. How much is spent to prepare charts?

V. LAKSHMANAN,
Tirupur

Praise or insult?

The song *Manikya Malaraya Poovi* is from the Mappila Pattu, a compilation of popular folk

songs in north Kerala ("A viral wink, a new heart-throb, and a controversy", Feb. 15). It is sung during weddings and other joyous occasions. Kerala, which has a 29% Muslim population, is richer for the Mappila Pattu. Describing Hazrath Khadeja as a "pearl flower" is a tribute to the Prophet's wife. By no stretch of imagination can it be construed as

irreverence. In fact, it is full of praise for her. To say that a woman desired or desires a man is not being irreverent. It cannot be helped if someone cannot distinguish between praise and blasphemy.

G. DAVID MILTON,
Maruthancode

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CORRECTIONS & CLARIFICATIONS:

>>The second editorial, "Suppressing history" (Feb. 15, 2018), talked about a legislation to impose a fine and three-year imprisonment for all references that imply the complicity of the Polish nation and the state in Nazi war crimes. It should have been fine or three-year imprisonment.

>>The opening sentence of the OPED page article, "Crucible for civilisation" (Single File, Feb. 15, 2018), should be recast to read: "In 1863, British geologist and archaeologist Robert Bruce Foote discovered the first Palaeolithic stone tools at Pallavaram and later at the Attirampakkam site, close to Madras."

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturi Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com