

8 EDITORIAL



For more equity

The 10% long-term capital gains tax should be revised by allowing indexation

The Centre’s decision to bring back the long-term capital gains tax (LTCG) on equities, which was scrapped in 2004-05, seems to be a hasty move to plug the widening fiscal deficit ahead of an election year. With investors in equities enjoying terrific returns over the last few years, it is not a surprise that they have become targets for the government to secure additional revenue. The decision to announce the imposition of 10% tax on gains of over ₹1 lakh made on any form of investment in listed equities and mutual funds with a holding period of over one year will hit the average middle class investor. Not surprisingly, the sharp fall in both the Nifty and the Sensex after Budget day has been linked to the new tax, along with the government’s abandonment of fiscal goals. But given that the sell-off was part of a wider correction in global stock indices, it may be hard to draw a definite conclusion on the exact impact of the LTCG. The Centre has justified the new tax arguing that it helps avoid the erosion of its tax base and levels the playing field between financial assets and investment in manufacturing.

One legitimate concern is whether raising the tax burden on equities, rather than lowering the tax and other barriers to investing in alternative assets, is the right way to address the distortional effect of taxes. Further, the smaller differential between short and long-term capital gains tax itself will discourage the long-term holding of stocks in favour of short-term trading activity. While this might serve to improve liquidity in Indian markets and add to the government’s revenue, it is also likely to discourage to some extent the growing culture of investing in equities for the long run. Besides, the securities transaction tax (STT), which was introduced in lieu of the LTCG in 2004 and penalises the buying of stocks for purposes other than just intraday trading, has been left untouched by the government. The double whammy of the STT and LTCG will further privilege short-term trading in stocks over long-term investment. Being the only country in the world to impose both the STT and LTCG, India is also likely to become a little less attractive to foreign investors when compared to its peers. A complete rollback of the new tax is too much to expect – Finance Secretary Hasmukh Adhia has justified the higher tax levy saying that the capital gains accrue from zero effort. Despite the constraints, the government would do well to at least soften the negative impact of the new tax by allowing indexation (allowing a set-off based on inflation rate) of capital gains and removing the STT on equity investments. Tough love for the well-off is not a bad strategy for a pre-election Budget, but it is important to be careful about maintaining India’s credibility in the global money markets in the process.

Youth power

Indian cricket has its work cut out to mentor the Under-19 team for the bigger stage

India’s title triumph in the Under-19 cricket World Cup at the Bay Oval in New Zealand seemed inevitable. Prithvi Shaw’s boys, astutely coached by Rahul Dravid, maintained an unbeaten record through their three-week sojourn. The rousing campaign commenced with a 100-run win against Australia on January 14; in subsequent games, Papua New Guinea, Zimbabwe, Bangladesh and Pakistan were all emphatically defeated. There were no big-game nerves and even in the much-hyped semifinal against Pakistan, India pocketed a facile 203-run victory. In the summit clash against Australia, Shaw’s boys followed their template of dominance. Australia was bowled out for 216 and India cruised home in 38.5 overs with eight wickets to spare, and enjoyed the added lustre of opener Manjot Kalra’s unbeaten 101. Through the tournament India found diverse heroes. Fittingly, its batting troika of Shaw, Kalra and Shubman Gill, along with seamer Kamlesh Nagarkoti and spinner Anukul Roy, found a berth in the International Cricket Council’s Under-19 World Cup team, essentially a tribute to the best players on view in the championship. Cricketing excellence allied with the resultant celebrity status, especially during the teenage years, can be a double-edged sword and it helped that in the dressing room there was the calming presence of Dravid. As the ecstatic players leapt and photo-bombed after clinching the trophy, Dravid cut through the hype and said that this win should not be the team’s defining memory as each individual cricketer has much more to achieve in his career.

David has a point. India has won the Under-19 World Cup on four occasions, including the previous golden runs in 2000, 2008 and 2012. From among these champion sides, only a few graduated to the big stage. Yuvraj Singh and Virat Kohli came through the under-19 ranks and managed to carve a niche for themselves, but Unmukt Chand, who led the team to the Cup in 2012, and then featured in a soft drink advertisement besides writing a book, has been unable to make it to the Indian senior team. He is still finding his feet with the Delhi squad in domestic cricket. Shaw and his mates will be aware that after the spectacular rise under the New Zealand skies, they still have to earn and preserve their respective spots in the State outfits before earning the right to rub shoulders with Kohli and his men. The road towards the high-stakes game of international cricket is long and arduous and history has taught us that not all teenage prodigies can be a Sachin Tendulkar or a Kohli. For Shaw and company, the journey has only begun but their moment in the sun does suggest that Indian cricket’s conveyor belt is moving smoothly along.

The anatomy of another riot

Kasganj is a metaphor for the emerging everydayness of riot-induced violence



SHIV VISVANATHAN

Every riot today produces a set of staged narratives which are eerie to watch and strange to listen to. A riot is no longer an act of production where the narrative focusses on causes but an act of consumption where a variety of narratives create a quilt patch we call history. The actual event is enacted in a limited space, while the narratives of the event spread out in oceanic circles for consumption. The riots in Kasganj convey that quality and need to be seen within an analytical frame. Today, narratives of riots are the Rorschach test of a people, capturing their fear and anxieties.

Fractured narrative

This much is clear. It was riot on Republic Day, invoking a miracle gone wrong. In a way the performance already enacts the problematics of memory, not just that it was January 26 but the violence took place on Abdul Hameed Avenue in Baddu Nagar, a Muslim majority area. It was probably the most ironic tribute to a great soldier. Riots too often begin with a festival-like quality. The reports say a group of Hindus, or more specifically, Hindutva supporters, probably a mix of elements of the Rashtriya Swayamsevak Sangh (RSS), Bajrang Dal, were carrying out a victory parade on motorbikes. At the other side of town, a group of Muslims were celebrating Republic Day, hoisting a flag. In an earlier era it would have been a show of solidarity of a national event commanding the allegiance

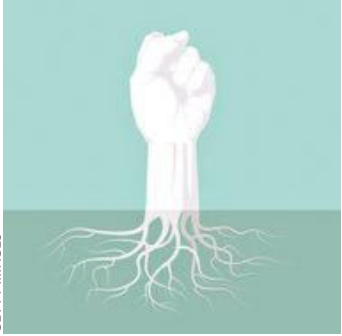
of its desperate citizens.

The rise of the Bharatiya Janata Party (BJP) has helped fracture this narrative. Today political solidarity seems to be a two-layered affair – where the icing of patriotism hides a huge chunk of communalism, where patriotism becomes what a communal majority defines it as. This leads to Muslims being asked to sing Vande Mataram when they feel that this insults their loyalty to the nation.

The motorcycle cavalcade moves to the Abdul Hameed avenue, the youths are armed with flags and swords. Even guns, as videos later testify. One almost senses a whiff of machismo and nationalism weaving together. Those in the Hindu cavalcade to assert its claim to history and turf insist on driving though the crowd hoisting a flag. A fracas ensues and in the resulting violence, a young Hindu man, Chandan Gupta, is shot. Of course another person was blinded and shops and vehicles gutted but all that is passive background.

At first sight, the Kasganj riot is presented as an archetypal riot around a standard scenario of small differences, two angry communities and a stumbling bureaucracy. Yet what brings irony and confounds this narrative is that the Kasganj riots took place on Republic Day. The communal and the national confronted each other to prove that patriotism today is not a secular loyalty but a majoritarian definition. As the events unfolded, the communal rhetoric takes over completely. Abdul Hameed must be turning in his grave.

The nature of narrative changes. It is no longer about solidarity but about communal accounting. The Vishwa Hindu Parishad (VHP) and Bajrang Dal desperate to settle narrative accounts equate the death of Chandan Gupta with the murder of Mohammad Akhlaq in



Dadri. They talk about “the silence of Hindus”, of a need to balance narratives and compensation. The Akhilesh Yadav government in a populist move used the Akhlaq episode to give out doles – ₹30 lakh in compensation to Akhlaq’s family, ₹5 lakh to each of the brothers, and a flat to the family from some discretionary fund.

Recoding history

To the VHP and the RSS, history is about equivalence. If Akhlaq was immortalised by compensation rather than commemoration, Chandan Gupta deserved no less. He was to be declared a martyr, a shaheed, a patriotic servant of the country who died in battle. They demanded full security for Gupta’s family and demanded a compensation of ₹50 lakh. It was one-upmanship parading as concern, care and justice. It made one feel that the historic battles of liberation found a crass continuity in violence. Only riots offered you the possibility of compensation. Earlier, a martyr carried a symbolic halo and earned a ritual salute. Now history becomes a form of attraction and a victim of a riot makes some families cash-rich. One senses a recoding of history to fuel the fires of communal politics. Republic Day now is a continuation of communalism by other means.

Riots today are always enacted

twice, once on the streets and once through video clips. One is tempted to modify the Marxist quote and add once as history and second time as a farce. One discovers that the flag cavalcade was a Tiranga Yatra, led by a communal mob known for its rowdy behaviour. To allow inflammatory speeches and threats on Republic Day makes little sense and says less about the Yogi Adityanath regime, which is treating it as a strictly law and order problem.

Watching the videos one senses a happy crowd full of children anticipating the ritual of flag hoisting. Suddenly a festival is marred by goons entering the narrow streets of the mohalla. A festival turns into a riot and a world changes. The brittleness of our society is obvious in these moments. The saffron flag overpowers the national flag, and the nationalist Muslim resists the second discourse. As the riots turn bloody, all media can do is ask for a probe. No one wants to ask how a Tiranga Yatra which is not quite nationalist was allowed on Republic Day. How could a national day be subsumed under a communal event? A mob tells the crowd, if you want to stay in India, sing Vande Mataram with us. Policeman signalling secular sensibilities are immediately transferred. Baiting minorities seems to be becoming a common sport with lumpen communal crowds. The bureaucracy will ritualise the inquiry. A probe will be initiated and the questions of Kasganj will die a natural death.

A show of bias

Kasganj has to be seen as a concrete event and as a metaphor for the emerging everydayness of riot-induced violence. As an event, one has to locate it within the history of violence in Uttar Pradesh. The 2013 riots at Muzaffarnagar are

still etched in people’s minds. Riots today have become the second major source of displacement after dams. At this moment, for the BJP to ignore the wider demographics of riots and turn hysterical about compensating a victim is hypocritical. Chandan Gupta maybe a victim, but he is no martyr.

Second, it’s clear that the Tiranga Yatras have been threatening disruption. The fact that no anticipatory action was taken reveals the biases of the regime. Mr. Adityanath does not sound as immaculate an administrator as he is usually portrayed. His carte blanche to communal groups creates an ecology of threat and violence that makes a society feel brittle. It creates geographies of anxieties that minorities find difficult to cope with. As one hears the narrative, one sees a cycle of repetition and indifference, and also changes which increase the inventiveness of violence. Yet the administration has little to say to these events and maybe even the cause of many anxieties.

But there are bigger questions about riots and memory. Why are riots erased so easily from official memory? Second, what processes make riots a part of urban normalcy? Scholarship and investigation are required to answer these questions. Meanwhile, Kasganj will join the long glossary of violence from Meerut to Muzaffarnagar, taking democracy to its tipping point. When a regime is indifferent to such questions, civil society has to respond before such questions corrode the normative basis of our lives.

Shiv Visvanathan is a member of the Compost heap, a group of academics and activists working on alternative imaginations

Courting the rankings

India needs a granular road map to improve its reputation for ‘enforcing contracts’



N.L. RAJAH

The euphoria over reports of India moving into the top 100 in the World Bank’s Ease of Doing Business global rankings, which is credible, is bound to be dampened if there is acknowledgement of our dismal performance in one key component in the indices that make up these rankings; if there is a component that still has a dismal ranking it is the one about “enforcing contracts”. A nation’s ranking in the “ease of doing business” index is based on the average of 10 sub-indices which are: starting a business; dealing with construction permits; getting electricity connections; registering property; getting credit; protecting minority investors; paying taxes; trading across borders; enforcing contracts; and resolving insolvency.

Distance to frontier

Of these, the one about “enforcing contracts” is directly dependent

on a country’s ability to provide an effective dispute resolution system. In the World Bank report which covers 190 economies, evaluating them on 10 specific parameters required for doing business, India’s ranking in the ‘enforcement of contract’ component is 164 (in addition to an overall ranking, each component also has a separate ranking). The report says that it takes an average of 1,445 days (or nearly four years) to enforce a contract in India. In this, the distance to frontier (DTF) ranking score is 40.76. The all-told cost to a litigant to recover amounts legitimately due to him is 31% of the value of the claim. This is a shocking state of affairs.

The DTF score must be explained. It measures the distance of a particular country’s economy from the “frontier” which represents the best performance. Simply put, the “frontier”, measuring 100, is the ideal situation and a DTF ranking indicates how far a country is from that ideal. Though India’s DTF score was 56.05 in 2017 and is projected to improve to 60.76 in 2018 in the overall ease of business rankings, unfortunately, in ‘enforcing contracts’ our score was a dismal 38.90 in 2017, projected to improve feebly to



40.76 in 2018.

Forum for resolution

Aware of this threat posed to India’s business environment, Parliament even passed the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act. When the implementation of an Act is left to State governments, there is generally a hiatus in enforcement. Going by indications, this “Act” too appears to be no exception, possibly explaining why India’s ranking in “enforcement of contracts” has not appreciated much.

The purpose behind the Act is to provide a forum with upgraded infrastructure to resolve a certain class of disputes, classified as “commercial disputes” in the Act, in a time-bound and effective manner. The legislation also requires establishment of appropriate in-

frastructure and manpower training on a constant basis. In identifying disputes above a specified value to qualify as commercial disputes, it has ensured that these courts are not cluttered up with small claims. The Act essentially paves the way for the setting up of commercial courts at the district level and a commercial division in High Courts that have original jurisdiction along with a commercial appellate division in the High Courts to hear appeals arising under the Act. By mandating that High Courts must show levels of disposal of such claims on their website, the Act also ensures transparency. However, for this statutory scheme to work, many players must play their respective parts.

Five aspects that relate to the working of the Act require immediate consideration. First, while the Act contemplates the “appointment” of commercial court judges in districts, in most States the government there has merely vested the presiding district judge with powers to act as a commercial court. Given that the workload of principal district judges is already quite staggering, vesting them with the powers of commercial courts in districts strikes the first

blow against the intent and purpose of the Act. Second, and this flows from the first aspect, whenever presiding officers are appointed to commercial courts, it must be ensured that they have experience in dealing with commercial disputes, as Section 3 of the Act ordains. Merely the fact that an incumbent is a district judge supplies no such experience. Third, in terms of Section 19 of the Act, the respective State governments must, in consultation with the High Courts, establish necessary infrastructural facilities to run these courts. Fourth, in terms of Section 20, the State government is to establish facilities providing for the training of judges who may be appointed to these courts. Finally, and possibly most importantly, in terms of Section 17, statistical data regarding the functioning of these courts are to be displayed on the website of the respective High Courts.

Without institutionalising these improvements, we cannot hope to make our commercial courts businesslike and our ranking in “enforcing contracts” any better.

N.L. Rajah is a senior advocate of the Madras High Court

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.

Closing the door

One needs to look at the refugee issue dispassionately (Editorial page, “If that door should shut now”, February 5). Western Europe, a group of developed economies and known for their compassion and humane nature, has been liberal enough to allow in refugees. However, ever since the inflow of refugees became a problem, there has been diplomatic wrangling even there on absorbing the number of refugees. Though India has allowed refugees in earlier, a change in policy now cannot be termed as unjustified. Attributing any motive to the present government’s move is untenable. India and Bangladesh should pressure the UN to prevail upon Myanmar to take back the Rohingya refugees.

R. SRIDHARAN,
Chennai

misplaced idealism. The graphic metaphor of a ‘hunted hare’ is an emotional response that lacks nuance. India has a tradition of sheltering persecuted people. At the same time, the government’s primary responsibility is to protect the interests of its citizens, especially viewed in the context of national security. No nation would like to be viewed as a ‘natural sanctuary’ although humanitarian considerations in certain contexts would demand the relaxation of this principle. India should register the Rohingyas who have already entered the country. Deportation would put their lives at risk. However, the government is justified in its stand that no more refugees will be accepted. There is no reason why India should burden its citizens by sharing the cost of the Rohingya neighbours.

V.N. MUKUNDARAJAN,
Thiruvananthapuram

Soldier’s remains

For a moment I thought the

story on Alam Beg, or rather his skull, was an instance of skullduggery (“Alam Beg, martyr of Sepoy Mutiny, wants to return home”, February 5). But I soon realised that collecting skulls as souvenirs was an entirely different ball game. The Scythians were fond of collecting the skulls of the vanquished to make skull-caps. During World War II, some in the United States military mutilated dead Japanese service personnel in the Pacific theatre of operations. “Teeth (sic) and skulls were the most commonly taken trophies.” In head hunting, the primary focus was ritual and ceremonial, possibly stemming from the belief that the head contained “soul matter” or life force, which could be harnessed.

C.V. VENUGOPALAN,
Palakkad, Kerala

■ The story speaks volumes about the cruelty inflicted on our early freedom fighters by the East India Company. Such unseen and unheard-of

inspiring and invigorating pages of the freedom struggle (christened as the “Mutiny” by the British) will certainly kindle the interest of the younger generation and emboss on their minds the struggle and sacrifice our forefathers underwent to win freedom which we use and misuse today. One thanks *The Hindu* for taking us back to 1857.

J. EDEN ALEXANDER,
Thanjavur, Tamil Nadu

Crisis in Male

The political crisis in Maldives presents an opportunity for India to leverage its waning influence in the island (Editorial - “Crisis in Male”, February 5). It makes strategic sense for New Delhi to engage with a nation which has, in the past few years, come under the sway of China. Beijing has been persistently playing its political cards in an attempt to encircle India through its ‘string of pearls’ strategy. The Prime Minister must show a greater appreciation of the unfolding events and

reach out to our oceanic neighbour. However, it should be a guarded approach so as to not be seen as interference in Male’s domestic affairs.

ANSHU PRIYA,
Bengaluru

Dear Mathrubootham

After reading the spate of letters criticising Mr. Mathrubootham (Letters to The Editor, February 5), I think his fans must come to his rescue. I must admit that I thoroughly enjoy his

delightful nonsense, eccentricities, bafflement at modern culture, and his huge exaggerations. If ministers can dismiss evolution as fantasy and communal hotheads threaten mayhem, can’t he have his legitimate grouses, whimsical viewpoints and delightful Indian English? Maybe he needs to add a disclaimer.

MATTHEW ADUKANIL,
Tirupattur, Vellore, Tamil Nadu

MORE LETTERS ONLINE:
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CORRECTIONS & CLARIFICATIONS:

A Sports page report headlined “India and Australia set for tryst with history” (Feb. 3, 2018), erroneously stated that Mohammad Kaif won the U-19 cricket world cup in 2002. Actually, Kaif won it in 2000.

“Lizarazu tips France to win WC” (Sports page, Feb. 4, 2018) wrongly said that the former world cup winner, Bixente Lizarazu, praised *FC Bayern Adidas Youth Cup’s initiative* to promote grassroots football in India. Actually, he had praised the *FC Bayern and Adidas’ initiative for the FC Bayern Youth Cup* to promote grassroots football in India. Also the report had wrongly listed *Taiwan and South Africa* – instead of *Thailand and Singapore* – among countries where Youth Cup was being organised.

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