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BECAUSE THE TRUTH INVOLVES US ALL

AFTER THE DELUGE

It is time to design clear rules for departure from accepted norms of fiscal prudence

ARVIND SUBRAMANIAN HAS likened the current economic situation to a “pralay (deluge)”, in which the government should spend more than even what it ought to in a rainy day. India, the former chief economic adviser said at an e-Adda event hosted by this newspaper, must plan for a “substantially negative” growth this year that might require an additional fiscal expenditure of Rs 10 lakh crore. He has a point. Corporate indebtedness was already high before the lockdown. Not only will insolvency cases mount further, but even companies facing no significant cash flow issues wouldn’t invest in an uncertain public health as well as demand-constrained environment. Banks, too, aren’t going to lend, no matter how much liquidity the Reserve Bank of India (RBI) may infuse. The burden of non-performing assets, which is set to get heavier in the coming months, makes it impossible for them to finance an economic recovery. Last, but not the least, are households. Faced with layoffs and pay cuts, they would rather save and will be afraid to spend.

Under the circumstances, the onus for ensuring that the wheels of the economy start moving — there’s no guarantee of it happening even with all lockdown restrictions being lifted — lies on the government. Without somebody to spend, the economy is in real danger of contraction, which will, in turn, worsen the problem of businesses going bust, joblessness and loan defaults that can spread to the entire financial services industry. The one consolation today is that India is not saddled with its traditional “3F” constraints — food, fuel and foreign exchange — which were triggers for inflation and balance of payments crises. On the contrary, public foodgrain stocks are at an all-time-high, global oil prices have crashed and there is no run on the rupee, unlike during the “taper tantrum” period of May-August 2013. The risks, if at all, are tilted more towards demand-side “deflationary shocks”, as Subramanian puts it, than supply-side inflation concerns.

There is a legitimate question, though: If the government has to take up the slack, where will the money for it come from? The finances of both the Centre and states are in a mess, with receipts from tax and non-tax sources hardly covering even existing expenditures. But governments enjoy sovereign borrowing powers that allow fund-raising at rates below that of triple A-rated instruments issued by private corporates, more so in the present risk-averse scenario. Also, there is the option of deficit financing (“printing money”) through the RBI subscribing to primary auctions of government securities. There are, of course, costs in such powers being exercised. Past precedents — whether the issuance of ad hoc Treasury Bills to the RBI prior to April 1997 or the stimulus package post the 2008 global financial crisis — do not inspire confidence. This is the time to design clear rules for departure from accepted norms of fiscal prudence. Any stimulus has to be transparent and time-bound.

THE PRICKLY STATE

At a time of crisis, government should welcome, not punish, ideas, criticism. These provide ammunition for the battle ahead

IN FACING THE coronavirus challenge, information and ideas are the only ammunition currently available, and should be welcomed and evaluated irrespective of their provenance, whether they originate from within the government or from the public. But a government which has, in better times, sought suggestions directly from the public over the web and through the Prime Minister’s app, has become unduly sensitive at a time of grave crisis. When 50 young officers of the Indian Revenue Service forwarded, through their association, policy suggestions, in a report titled FORCE (Fiscal Options and Response to COVID-19 Epidemic) to the Central Board of Direct Taxes and shared them on social media, the Centre termed it as a position “contrary to current policies of government”, read it as a breach of service rules and instituted an inquiry against three senior Income Tax officers. Some of the suggestions may be controversial, for instance, a hike in income tax rate to 40 per cent for those earning over Rs 1 crore a year for a limited period of time, but the response is repressive and excessively out of proportion. The officers never claimed that their document was official. Publicly dismissing the controversial suggestions would have sufficed if the government wanted to distance itself from the report.

Meanwhile, public questioning of the government’s handling of the pandemic in Manipur has landed several citizens in trouble with the law — police have invoked sections of the Disaster Management Act and the Indian Penal Code, including sedition. In one case, it had merely been suggested that a proposed quarantine centre in Imphal should be moved from agricultural land to a disused airstrip. The deputy chief minister was stripped of all his portfolios, amid a controversy over rice allocation under the National Food Security Act during the coronavirus lockdown, apparently for being critical of the chief minister’s assurances of adequate food supply. And in Port Blair, a journalist was booked for asking why the phone contacts of COVID-19 patients were being home quarantined. Instead of arresting him, the authorities could have simply explained that tracing call records is one way of discovering a patient’s close contacts.

It is generally agreed that long after lockdowns are lifted, nations will have to remain in close cooperation, so that ideas that work in one place can be borrowed and deployed elsewhere. The principle applies domestically, too. Over-sensitive and prickly responses betray insecurity, precisely when governments must project confidence.

HIS OWN PATH

Irrfan pushed back against Bollywood mainstream, made his audience see and believe. His best was yet to be

WITH IRRFAN KHAN’S passing, we mourn the loss of a great actor. He was one of those performers who dig deep into themselves to discover the truth, even when he played the flakiest of characters. He had that very unique, most paradoxical quality, something that all great actors possess: To make his audiences accept the falsity of film as an ineluctable truth, to make them believe.

He began, in 1988, in Shyam Benegal’s tele-serial *Discovery of India*. His latest film, *Angezi Medium* released in mid-March, but couldn’t reach the theatres because of the lockdown. He was a cinephile’s delight. Critics loved him. But the constraints of finding good work in a film industry which coasted on formula-heavy flicks, and star-driven vehicles were also his constant companion. He began work with directors who broke into Hindi cinema, laterally, just like he had. The mid-90s Bollywood was on the verge of a massive churn: The mainstream, under the steam of the three young Khans, Aamir-Salman-Shah Rukh, was creating demand and supply for family-friendly, mono-cultural, mono-theistic romances and sanitised social dramas. Pushback was arriving, in the shape of filmmakers who came from the Hindi-speaking heartlands of the North, from Vishal Bhardwaj, Anurag Kashyap, Tigmanshu Dhulia, who wanted to tell their stories, and needed actors who could do the job.

This Khan, who was happy to junk his surname, was finally right where he needed to be. He was capable of being as raw and visceral as the stories he was offered. And soon, he was outstanding. Big Bollywood took notice, and made a grab for him. Big Hollywood wasn’t far behind, and cast him in a few mega-budget entertainers. By then, Bollywood had turned new-agey enough for Irrfan to be able to make some of his most exciting work. But his best, combining maturity and “thehraav (gravitas)”, was yet to be. Farewell, Irrfan. You made us see.



DEEPAK NAYYAR

Decision-making under high uncertainty requires conviction. It is now essential to begin end of lockdown

PRIME MINISTER NARENDRA Modi held his fourth round of consultations with state governments on April 27 to review the COVID-19 situation. The draconian lockdown, which completes 40 days on May 3, was discussed. As in the earlier meetings, several chief ministers urged that the lockdown be extended. While no decision was announced, the lockdown might well continue.

For governments everywhere, more so after the experience of Italy, Britain and the United States, where governments did too little too late, imposing and continuing lockdowns is a risk-averse strategy. If the spread can be curbed, it would bring political kudos. If it is not, the microbe is to blame. It is the equivalent of a one-way option in financial markets, where you cannot lose. This is even more attractive now as it conforms to herd-behaviour by governments worldwide. Of course, exit from a lockdown poses a real dilemma for governments. It is about decision-making under high uncertainty, which requires conviction and confidence.

This dilemma will always be larger than life when there is a single objective of saving lives in a pandemic. But it must also be recognised that the health of people and the health of an economy are interdependent, where both shape the wellbeing of people. Thus, saving livelihoods is an equally important objective. Obviously, getting sick and going hungry cannot be an either-or choice. Everyone would prefer to stay healthy and be well fed. It is the role of governments to strike a balance and reconcile these two objectives, rather than juxtapose them as conflicting, requiring a choice to be made.

Lockdowns, combined with mass-testing, contact-tracing, containment-zones, mandatory-quarantines, can only slow down the speed at which the infection spreads. This might help in countries where public health facilities are robust, yet not adequate for large numbers. But our public health system is poor and could never suffice for our large population if the pandemic spreads. There is no vaccine yet. From development through trials to production will be at least one year, and far longer before it becomes available in sufficient quantities for our massive population.

It is now absolutely essential to begin the process of exit from the lockdown. For one, it would enable the government to find some

A calibrated, planned and phased exit could also help manage the spread of the virus. So far, morbidity and mortality associated with COVID-19 in India has been much lower than elsewhere in the world. This is possibly attributable to our immune systems, which have antibodies that could be effective in resisting the virus. After all, millions of migrants stranded in megacities or relief camps in cramped spaces have not caught the virus through contagion in large numbers. It suggests that there are already some elements of herd-immunity in India that would grow stronger as the lockdown is lifted slowly.

balance between the twin objectives of saving lives and saving livelihoods. For another, it would help restart the economy, which has been almost completely shut down, and the collateral damage is bound to be far greater if the lockdown is extended.

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The economic and social consequences of the lockdown have been severe. A large proportion of the self-employed, casual workers on daily wages, and informal workers, who constitute 90 per cent of the total workforce, have lost their livelihoods. Demand has dropped sharply as employment has contracted. Supply has been strangled by the massive reduction in output. Government revenues, for both Centre and states, have collapsed. And, even if the lockdown is lifted now, economic growth during 2020-21 would be zero or negative.

For the poor - 75 per cent of rural households and 50 per cent of urban households - food security is at risk. It is a matter of survival. Similarly, for micro-small-medium enterprises, their survival is at stake. Large firms, except those with deep pockets, will also struggle. Whatever the government might stipulate, most firms will find it difficult to pay the wages of their employees, for these will only add to their cash losses during the lockdown. Healthcare for patients, except those with COVID-19, has diminished in terms of both access and quality. In education, learning outcomes, already poor, will get worse as schools and colleges remain closed. In every sphere, the short-term effects of the lockdown will have long-term consequences - hysteresis - as future outcomes will be shaped by this past.

For the economy, the sooner the lockdown is lifted the better. But the process of

exit from the lockdown will have to be in calibrated steps based on a planned transition path in terms of sequence and speed. In this phasing, the geographical size and diversity of India provide degrees of freedom that are missing in most countries.

On April 27, of the total 736 districts in India, 283 districts had not reported any COVID-19 cases so far, while another 18 districts had no new case in the last 28 days (green zones). Thus, economic activity can resume without restrictions in 41 per cent of our districts. In addition, 48 districts had no new case in the last 14 days while 33 districts had no new case in the last 21 days. Thus, in 11 per cent of our districts that are orange zones, economic activity can be resumed in a phased manner.

Similarly, on April 27, there were nine states, in descending order of numbers, that had more than 1,000 infections: Maharashtra, Gujarat, Delhi, Rajasthan, MP, Tamil Nadu, UP, Andhra Pradesh and Telangana. Taken together, they accounted for 80 per cent of the infections and 57 per cent of the population in India. There were 13 states, in descending order, that had less than 1,000 infections: West Bengal, Jammu & Kashmir, Karnataka, Kerala, Bihar, Punjab, Haryana, Jharkhand, Uttarakhand, Odisha, Himachal Pradesh, Chhattisgarh, and Assam (in the last five, the number of infections was in double-digits). Taken together, they accounted for 12 per cent of the infections and 42 per cent of the population. The distribution of green, orange and red zone districts among states is uneven. The distribution of economic activity across states is also unequal. Even so, there are possibilities.

Economic activity can be resumed in districts without infections and in green zones. The orange zone districts can be brought in as they turn green. The lockdown should continue in states such as Maharashtra, Gujarat and Delhi (with limited relaxations where possible) and in red zone districts, containment-zones or hot spots within cities, as long as necessary.

In this decision to begin exit from the lockdown, PM Modi will need to act with the same confidence as he did when imposing the lockdown.

The writer is an economist and former Vice Chancellor, University of Delhi



SHAH ALAM KHAN

I LIVE IN a suburban, gated (let’s call it corona-secure) colony in Noida at the edge of Delhi. I don’t have to worry about my livelihood, clean water, food, or money to buy hand sanitiser. For work, I take the expressway to Delhi. A few days after the lockdown was declared, I witnessed a stream of migrant workers and their families on the expressway — men carrying children, women, children carrying younger children and the elderly. Poor people, deprived of their livelihoods, were supposedly walking to their villages, some as far as 200 to 400 km.

Sitaram (name changed) sits in front of my corona-secure colony. He sells balloons and had once told me that he earns about Rs 200 a day. Sitaram lives in a shanty across the road and has three mouths to feed. After the lockdown, his only source of income has dried up. But Sitaram is still lucky — he and his family members are apparently healthy. The lockdown could mean death for a large number of the chronically-ill or those under treatment or awaiting hospitalisation.

I have written in this newspaper about cancer patients who come to metropolitan cities for treatment. Once their funds evaporate, they live on the streets near the hospitals where they are undergoing treatment (‘The cancer refugees’, IE, July 23, 2018). Hundreds of such cancer refugees live on the street out-

COMPASSION, ABOVE ALL

Nation’s fight against coronavirus cannot ignore the chronically sick and vulnerable

side the AIIMS, in Delhi. Within 24 hours of the announcement of the lockdown, the streets and footpaths near the hospital were empty. I’m not sure where this cohort melted away. What is more worrying is that they might discontinue their treatment. It’s unfair to compare tragedies, but I feel that the chronically sick are the worst affected in situations such as the current lockdown.

According to a WHO report (2015), nearly 5.8 million people in India die every year of non-communicable diseases (NCDs). Constant evaluation and surveillance hold the key to treating such diseases — this anyway is a difficult proposition in a country like India. After the lockdown, a large number of these patients could have been severely affected.

In 2018, 2.15 million new tuberculosis (TB) cases were diagnosed in India. Imagine the plight of these patients, a large number of whom would be on treatment at DOTS (directly observed treatment short-course) centres and/or at hospital OPDs, which are now either shut down or inaccessible due to the stringent curfew. The resurgence of TB — multiple drug-resistant TB — as a result of not following treatment protocols is well known. It is important that we track the health of TB patients during the lockdown period.

The devotion of my colleagues, students, nurses, ancillary staff, and other members of

the hospital where I work is worth mentioning. It was encouraging that the prime minister asked citizens to clap and clang *thalis* (utensils) as a mark of appreciation for healthcare workers. People responded to the PM’s call with gusto. Unfortunately, such appreciation was short-lived — junior doctors of the hospital where I work were asked by their landlords to vacate their premises. There were also reports of a female doctor in Telangana being assaulted by the police who had stopped her for violating the curfew — she was reportedly on her way to work. I wish there was less noise and more assurances about providing equipment to medical professionals.

Physical distancing is imperative to check the spread of the virus. But the lockdown could have been implemented with more compassion. People’s health is the responsibility of the state. But at no stage should it resort to methods that hurt the marginalised. The healthcare system of a nation should not be judged by its response to an epidemic but by its commitment to its peoples’ health in the long term. A well-oiled healthcare delivery system would have been useful in times like these. But it’s never too late to learn from bad experiences.

The writer is professor of orthopaedics, AIIMS, New Delhi. Views are personal

APRIL 30, 1980, FORTY YEARS AGO



ASSAM CLIMBDOWN
THE ASSAMESE HAVE modified their original stand on the foreigners issue, saying that they do not want their repatriation “but only their detention”. This climbdown to an olive branch now offered to the Centre to “diffuse tensions in Assam”, student leaders and Gana Sangram Parishad sources said. Denouncing the “occupation army-like behaviour” of the military and police forces in the strongest possible terms, they seriously regretted that while they had revised their stand, the Centre was “not showing any willingness to budge from their position”. The Assamese leaders said that they had changed their position on the repatriation of

Bangladeshi migrants because it would be “inhuman” to do so.

GOLD BONDS
GOVERNMENT MINTS ARE working overtime to refine 13,993 kgs of gold and make bars for refund to the gold bond holders after October this year. The gold had been given by the citizens under the National Defence Gold Bond Scheme in 1965 in wake of the war with Pakistan. About 1.4 lakh bond holders will get back their gold holdings. They were not only getting regular interest on their possession, but the value of gold has skyrocketed during the last 15 years. Prices have gone up from Rs 130 to Rs 1,400 per ten grams.

The finance ministry will refund the precious metal through 1,000 centres.

KOIRALA INTERVIEW
“OUR RELATIONS WITH China will be ‘very friendly’ and our relations with India will be the friendliest,” said BP Koirala. Nepal’s only democratically elected former prime minister. The man can do it again, become PM, if the Nepalese people vote for multi-party parliamentary democracy in the referendum on May 2. In an exclusive interview to *The Indian Express* on the eve of the elections, Koirala said that “Nepal belongs to the Asian community of nations. We will have to keep the Americans and Russians at a distance”.