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BECAUSE THE TRUTH INVOLVES US ALL

An Indo-Pak Cold War

India will have to devise and pursue the logic of a long period of bilateral disengagement



SANJAYA BARU

A RICH HAUL

Black money scheme brings in more than expected. In long run, streamline tax system to ensure compliance

NOT MANY within the government and outside it expected such a massive haul — an income disclosure of Rs 65,250 crore during June-September — from the black money declaration scheme that closed midnight Friday. A concerted push by the taxman in the last fortnight of the scheme seems to have worked, yielding 64,275 declarations. This works out to an average of a little over Rs 1 crore per disclosure. The government will eventually collect Rs 29,362 crore — around 0.25 per cent of the GDP — in tax from the scheme, which Union Finance Minister Arun Jaitley said would be used towards public welfare.

While the government will claim the IDS cannot be likened to tax amnesty because the 45 per cent tax on income disclosed includes a penalty component, such schemes are fraught with a moral hazard. In fact, way back in 1997, following the VDIS and public interest litigation, the government had committed to the Supreme Court there would not be any more tax amnesty schemes. Such schemes are seen to be corrosive and warped because they tell the honest taxpayer that someone else may not pay tax for years or launder money and get away with it by paying a minor penalty on undisclosed income at a later date. The other issue relates to the confidentiality of information on the declarations. Having achieved more than what it asked for, it is hoped the government now keeps the information secure. Now that the tax department has the details, it is possible for it to verify the declarants' annual returns regularly. But if the taxman randomly knocks at the declarants' doors, it will only serve to erode the taxpayer's confidence in the government. Further, it is also not entirely impossible that convincing applications and public interest litigation are filed before Information Commissioners and the courts respectively, demanding that such information be made public. This is the flip side of any income disclosure scheme.

It is also true that evading tax will become more and more difficult. The Goods and Services Tax will bring all elements of a business into the tax net. In India, tax evasion is rife in sectors such as real estate, jewellery and in the export-import businesses. It is also a fact that many enterprises are set up within households, there is often no distinction between a household and an enterprise. A mechanism in the finance ministry where the direct and indirect tax departments collaborate and share information on income declared and taxes paid will go a long way in ensuring greater compliance. At the end of the day, a combination of moderate tax rates, robust mechanisms to track business activity and capture income data and incentives for voluntary compliance, is the only sustainable way to avoid the generation of black money.

BILL IN BAD FAITH

Religious belief cannot be the basis of preference or discrimination in matters of Indian citizenship

THE PROTESTS in Assam against the Citizenship (Amendment) Bill, 2016 point to the contentious nature of the proposed amendments. The bill was introduced in Parliament earlier this year, but opposition from the Congress and Left parties forced the government to refer it to a parliamentary panel, which had sought the views and suggestions of the public. The objections from the All Assam Students' Union and various ethnic groups in Assam are premised on the fear that the amended bill could further increase migration into Assam. This fear is rooted in the politics that spawned the Assam agitation in the 1980s and led to the signing of the Assam Accord. While the fears of Assamese ethnic nationalists, even if exaggerated, arise from specific local concerns, the bill is most problematic, perhaps for another reason: It moves away from the vision of the founding fathers who refused to see the Indian state primarily as a Hindu nation.

At the core of the bill is the proposal to amend the Citizenship Act, 1955 so that members of minority communities — Hindu, Sikh, Buddhist, Jain and Parsi — from Pakistan, Afghanistan and Bangladesh could acquire Indian citizenship faster than at present. Now it takes 12 years of residency for any non-citizen to acquire Indian citizenship by naturalisation. The amendment proposes that a person from any of the aforesaid countries could acquire citizenship (by naturalisation) within seven years even if the applicant does not have the required documents. However, and here lies the problem, this provision is not extended to Muslims from these countries. The move to relax the conditions for acquiring Indian citizenship is unexceptionable, but surely the enabling criterion cannot be based on the applicant's religion.

The intent of the amendment arguably draws from the BJP's poll manifesto that declares India a "natural home for persecuted Hindus" who "shall be welcome to seek refuge". Of course, India has accommodated scores of refugees — people targeted for their faith, political beliefs and so on — from its neighbourhood and should continue to do so. But in so doing, governments in the past have not made a religious distinction or discriminated against people of a particular faith. In fact, the refugee influx from Bangladesh in 1971 included a large number of Muslims, and over the years, many Afghans, who are Muslims, have taken refuge in India due to the political turmoil in their country. The Constitution, drawing from the syncretic and accommodating spirit of the Indic civilisation, imagines the Indian nation as a secular state with no special preference for any faith. The citizenship bill should be reworked according to the idea of India in its largest and most capacious version.

URI WAS THE last straw. The Indian military action across the Line of Control was waiting to happen for many years now. It finally did. The fact is that a "cold war" of sorts has been on between India and Pakistan since November 2009. Pakistan has done little in these past seven years to respond to Indian concerns about terrorism in the region emanating from territories under its control and command. Going forward, the challenge for both countries is to manage a long period of bilateral disengagement.

The last round of purposeful engagement between India and Pakistan was during the first term of Prime Minister Manmohan Singh. That ended in 2007 when Pakistan President Pervez Musharraf was besieged within his own country, and was eventually dethroned. Despite the dastardly terror attacks in Mumbai in November 2009, Prime Minister Singh began his second term seeking to revive the engagement with Pakistan. He met Prime Minister Yusuf Raza Gilani twice during the second term. The first time at Sharm-el Sheikh and the second at Thimphu. Neither yielded any results.

After that, all interaction became largely formal and Dr Singh decided he would not travel to Pakistan unless something tangible could be achieved. His foreign policy advisors and many in the media urged him repeatedly to at least make a non-official visit to his place of birth, the village Gah in Pakistan. He refused to do so.

Surprising the nation and the world, Prime Minister Narendra Modi began his term in office reaching out to Pakistan. Once again, in the face of Pakistani intransigence on dealing with cross-border terror attacks and anti-India Islamic extremists in Pakistan, Prime Minister Modi stuck to his out-of-the-box approach and landed in Lahore to spend a chatty day with Prime Minister Nawaz Sharif. That visit too yielded no result of consequence for India.

For seven long years, and in the face of extreme provocation, Indian political leadership across the ideological divide has tried to mend fences with Pakistan and failed. The attack on Uri brought India's simmering mood to a boil. Little wonder, then, that every political party has hailed Indian action across

the LoC. Prime Minister Modi has initiated a new phase in the bilateral relationship.

Pakistan's response of denial should not surprise anyone. Especially since it follows the most irresponsible assertion of nuclear blackmail by none other than its defence minister. Some part of Pakistan's response should be put down to the instinctive bravado and urge for self-preservation of its pampered Punjabi elite. Some part betrays nervousness.

The fact is that India has carefully calibrated its action, deploying diplomacy and coercion at the same time. With the exception of China, Pakistan's "all-weather" protector, most other countries that matter have implicitly backed India.

What next? It would be foolish for us to imagine that Pakistan would have learnt a lesson from this experience and would mend its ways. It will not. The China-Pakistan axis has become stronger. This fact alone explains Pakistan increasingly behaving like North Korea. The way forward for India is clear. Pakistan has to be treated by India in the same way that South Korea and Japan treat North Korea.

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Today, both India and South Korea realise that this policy has not yielded the dividends they had hoped for. The military leadership in both countries has become the extended strategic arm of an increasingly assertive China. After all, the nuclear programme of both countries has benefited from Chinese assistance and the economies of both countries are increasingly tethered to that of China.

There are only two differences between North Korea and Pakistan. The latter is an Islamic republic and that makes all the difference in the contemporary Asian strategic context. What partly balances this out is the fact that Pakistan still has an English-speak-

ing, pro-Western elite with social and economic links to the United States and the United Kingdom. However, as Pakistan's Islamic identity becomes stronger, the influence of her westernised elite is becoming weaker. Even the West is beginning to come to terms with this reality.

What all this means is that normal relations are unlikely to be restored between India and Pakistan in the near future. Pakistan has refused to establish normal trade relations with India, refused to adhere to the trade liberalisation programme of the South Asian Association for Regional Cooperation (SAARC) and has refused to provide transit rights for Indian goods and vehicles seeking access to Afghanistan and Central Asia.

Given this hard reality it is only natural that the Indian government has decided to stay away from the SAARC Summit. More than the supportive decision of Afghanistan, the fact that Bangladesh, SAARC's founder-country, has also decided to stay away from the Islamabad summit this November shows that SAARC has entered a cul de sac.

With trade relations frozen in time, with diplomacy derailed by military-supported terrorism and Pakistan's increasing resort to nuclear blackmail, a new era of an India-Pakistan Cold War has begun. Of course, there is always the risk of a "hot war" if Pakistan military becomes desperate or Islamic jihadists provoke both countries into direct conflict.

While a "hot war" can still be averted, a "cold war" has already been launched. India will have to devise and pursue the logic of such a Cold War. Its aim can be a more benign one than was the case with the original Cold War, namely to get Pakistan to become a "normal" nation, state and neighbour. However, if Pakistan cannot evolve into normalcy, then the end result of the regional Cold War would be no different from that of the global Cold War — a nuclear weapons power becoming a failed state; imploding economically and politically; indeed, even getting reconstituted in the process.

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ANATOMY OF THE URBAN FLOOD

We must recentre urban planning to take our agrarian pasts into account



ANANT MARINGANTI

A SPECTRE, TO misquote Karl Marx, it appears, is haunting India's new urbanisation — the spectre of agrarian pasts. In the last 15 years, it has repeatedly stalked Hyderabad, Mumbai, Delhi, Uttarakhand, Guwahati, Srinagar in the form of urban floods. Again, to take liberties with Marx, all the powers of politics, business and technology have apparently entered into a holy alliance to exercise this spectre — recklessly code named as "nature". The code serves to absolve us of guilt. We just need to build smartphone apps to give us early warnings of nature's mischief. In the worst case scenario, we have the favourite whipping boys — planners — to take all the blame. Neither is nature autonomous from human action, nor is there any masterplan which is free from politics and corporate interest. The fault lies in forgetting our agricultural past and ignoring climate change.

It took us centuries to develop the complex systems of values assigned to lands in the agrarian settlement. These values are based on soil conditions, gradient, location relative to other geographic and geological features such as ground water, surface water, drainage patterns etc. Lands were strategically exploited for production, left fallow to recover, left unoccupied to provide buffers against the cycles of excesses of nature. Urbanisation alters this agrarian imprint with new logics of efficiency and economy of service delivery. This is why cadastral

maps of an agrarian settlement show fluid zigzag boundaries of property. After land use conversion for urbanisation, the boundaries change into rigid geometric patterns. New logics of revenue categories, new processes of record maintenance, reservation of land parcels for new purposes and installation of new infrastructure erase the agrarian birthmarks of land. Urban policy has, till now, remained oblivious to this dynamic.

In the 1970s, lands that served ecological functions were occupied by the poor who migrated into the city and found no housing. But in the last 20 years, many of these properties have entered the land market. With increasing pressure for land monetisation, governments and public utilities are all vying with each other to capture and convert land parcels to new uses. Ridge systems, stream paths, accumulation points in the valleys — all play critical roles in managing precipitation and drainage — have been flattened.

The untold story of urban floods is the story of lands that were until recently variously categorised as *poramboke*, *gochar*, *gomala*, *gaonthan*, *bancharai*, *sikhram*. It is the story of our cities that transport water across hundreds of miles, turn it into grey water, mix it with stormwater and banish it from view. It is the story of how not a drop of water is allowed to seep into the ground. Nor is a drop allowed to flow without obstruction. It is the story of how people with customary rights to such lands have either been ex-

cluded or turned into brokers for the rise of urban transition. Urban property owners, managers and regulators must pretend that the earth is flat, at least within the boundaries of their property. But water must follow the law of gravity and go down the slope. Thus, the Guwahati floods wash away houses on hill slopes. The Hyderabad floods inundate houses on tank beds. The Delhi floods make the airport terminal unusable.

We must recentre our policy and retrain our engineers into acknowledging our agrarian past. Urbanisation is a profound geo-historical shift. We must manage it well by careful observation, data gathering over long periods of time, modelling the behaviour of nature in the altered context. We must review and revise revenue laws and rules that govern land categories and shape land use change. This requires homegrown multidisciplinary expertise and we have plenty of it.

We can import modelling tools and sensor technologies. But we cannot import historical data. It must be generated, captured and curated. We can hire international consultants but we cannot import native intelligence. It must be affirmed and nurtured in our cities. We can borrow money from international agencies, but we must build our own resilience. With climate change induced extreme events likely to occur with greater frequency, we have little time to lose.

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FREEZE FRAME

E P UNNY



OCTOBER 3, 1976, FORTY YEARS AGO

SOVIETS TOLD TO PAY Japan told the Soviet Union that it should pay costs for getting back its MiG-25 fighter flown in to Tokyo by a Soviet pilot in September. Japanese Foreign Ministry announced that it had notified the Soviet Embassy formally of its readiness to return the MiG on or after October 15. Victor Denisov, counsellor at the embassy, was told that the Russians should pay the cost of moving the plane from Hyakuri base to a seaport for loading into a cargo ship. The Japanese also felt the Russians should pay compensation for the damage done at Hakodate civil airport where the pilot, Lieutenant Viktor Belenko, landed the plane on September 5.

500 DEAD IN HURRICANE Nearly 500 people were killed and 500 more were missing after a hurricane ripped into the Mexican city of La Paz. About a third of the buildings were flattened when hurricane Liza struck it with winds of 200 km an hour, causing floods. Red Cross said rescue workers have recovered nearly 500 bodies.

CHINA'S IMF DEMAND China's request for Taiwan's expulsion from the International Monetary Fund will be discussed by the Fund's executive directors after next week's joint annual meeting of the Fund and the World Bank, the IMF managing director, Johannes Witteveen, said. The

Chinese request was cabled to Washington two days ago, but Witteveen told a news conference in Manila that it was not clear whether Peking was seeking membership.

FIGHTING IN BEIRUT Fighting flared up with renewed ferocity in Beirut, but right-wing forces halted their advance on a Fey mountain stronghold of Lebanon's Palestinian-leftist alliance. The Lebanese capital, severely damaged in the 13 months of civil war, was experiencing its heaviest artillery bombardment in two weeks. The museum crossing point on the Green Line dividing Christian and Muslim sectors were closed.