



Monsoon's here

With fears of the impact of El Nino receding, India must make the most of a good rainfall

The arrival of the monsoon along India's shores on May 30, with a meteorological forecast for rainfall that would almost match the normal average of 89 cm, is cause for cheer. It appears that the official forecaster, the India Meteorological Department (IMD), is less apprehensive now about the negative impact of a late-onset El Nino phenomenon in the Pacific Ocean, since it expects a favourable swing in Indian Ocean sea surface temperatures to act as a counter. This year's summer monsoon rainfall will be studied closely for more than one reason. The IMD is using an improved dynamic forecasting model that relies on high-grade computing after several years of off-the-mark predictions, and its accuracy will be tested. In the area of agricultural productivity, a second consecutive year of normal rainfall will improve the prospects of higher output from the 60% of farmland that is without irrigation facility. Combined with the benefit of low oil prices, and thus low inflation, this could spur rural prosperity. Giving rural residents a better deal is imperative. Even with ongoing urbanisation, there is a need to improve the socio-economic infrastructure in villages, starting with health, education and housing. It is also important to relieve a significant section of rural residents from debt. The All-India Debt and Investment Survey, conducted by the National Sample Survey Office in the 70th round during January-December 2013, showed that 31.44% of rural households were in debt.

There will also be variations. Indications are that Rajasthan, Punjab, Haryana, Uttar Pradesh, Delhi, Goa and parts of Tamil Nadu may get less than average rainfall this year, while Kerala, Karnataka and the Western Ghats region could get more than the normal. Preparing for rainfall variations between years and among geographic regions should be a policy goal, but this has not received the needed attention. The long-term neglect is reflected in the lack of irrigation facility for more than half of all productive land. A good year is a time to prepare for the future, and if 2017 concludes with a bountiful monsoon and harvest as expected, the Centre and the States should focus on creating the infrastructure that will build resilience against droughts. State governments need to prepare cities and towns for the monsoon on a continuous basis. Clearing of urban waterways and creation of new reservoirs are absolute necessities, since flooding has assumed crippling proportions on the one hand, while municipal supply of drinking water is unable to meet new demand from expansion of housing. Unchecked pollution is making a lot of naturally harvested water unproductive, with poor management of solid waste in cities turning lakes into cesspools. A good monsoon is described by economists as a four-month-long swing factor for the national economy, more so because it generates millions of direct farm jobs. That should make it a central policy concern, with efforts made to tap every drop.

The Kumble factor

A decision on retaining him as head coach must not be muddled with personal agendas

The Indian cricket team should have been exuding confidence as it begins its title defence in the ICC Champions Trophy in England from June 1 to 18. It comes off a long and successful season at home, and in the normal course of things the buzz would be about India's match against Pakistan at Birmingham on June 4, given how rarely the traditional rivals play each other these days. However, all is not right in the dressing room, and there is distracting speculation about an imminent change in leadership. It started with the Board of Control for Cricket in India calling for fresh applications for the head coach's post since the incumbent, Anil Kumble's one-year contract will end after the Champions Trophy. The BCCI clarified that Kumble would have a direct entry for the process, but the last-minute scramble, just as Virat Kohli's men landed in England, raised questions. There had been enough time for the Board to take a call on the head coach, whether it meant retaining Kumble or opting for a new candidate. It did not come as a surprise, therefore, when leaks surfaced about Kumble seeking a higher pay package for the Indian players and support staff. Disgruntled BCCI officials painted Kumble as a man extracting his pound of flesh, and the anti-Kumble campaign was sharpened with suggestions that Kohli is not comfortable with his "overbearing" ways.

Such talk about differences between coach and skipper does nobody any good. Whatever be the nature of their alleged differences, the Kumble-Kohli combination has delivered excellent results. While there could be the odd difference of opinion, on the field it is entirely the captain's call on how to guide the team. Last year in the West Indies, when Kohli preferred Rohit Sharma over Murali Vijay in the third Test at Gros Islet, Kumble backed his decision. Victory in the West Indies and a golden run at home against New Zealand, England, Bangladesh and Australia are a testament to Kumble's and Kohli's man-management skills and a validation of the talent within the ranks. The unsavoury tidbits planted in the media about Kumble are a terrible contrast to the can-do spirit with which he took charge as coach in June 2016. Now, the Cricket Advisory Committee comprising Kumble's former team-mates Sachin Tendulkar, Sourav Ganguly and V.V.S. Laxman has an unenviable task. They have to sift through fresh applications, besides having to assess Kumble's performance, and then take a call on who should be the head coach. Positions of authority in cricket teams usually have a four-year cycle coinciding with the World Cup. Ideally, the next head coach, be it Kumble or somebody else, should be given a contract till the 2019 World Cup in England. The focus must be on the demands of cricket.

Thought for food

We need to hasten efforts to prevent food waste, at the consumer household level and in the supply chain



VINITA BALI

One of the unfortunate paradoxes of our lives today is that despite adequate food production and unimaginable advances in technology, one in three persons worldwide is not getting enough of the right food to eat and approximately 800 million of seven billion sleep hungry every night. Not surprisingly, this makes poor diet the No. 1 risk factor by far, for the global burden of disease. Poor diets globally are more responsible for ill health as compared with the combined effect of drugs, tobacco and alcohol. Women and children continue to be the most vulnerable, with 156 million stunted children in the world and 40% women anaemic. Add to this the fact that the world adds 200,000 new people to its population every day, of which India adds 58,000. This translates to the need to feed two billion more people by 2050 and to support a higher demand for major crops, estimated to increase by 50%, from 2.5 to 3.5 billion tonnes.

Staying on target

It is therefore with compelling reason that Target 3 for the Sustainable Development Goal (SDG) 12 is to "halve per capita global food waste at the retail and consumer level, and reduce food losses along production and supply chains including post-harvest losses". Food loss is valued at \$1 trillion globally by the Food and Agriculture Organ-

isation, enough to feed the 800 million who sleep hungry every night. Of this, over 200 million are in India, a country that grows sufficient food to feed its burgeoning population of 1.3 billion.

The SDGs have clearly put the spotlight on food loss and waste, and we are beginning to see more attentive discussion on the subject. At the recently held Food Congress in Dusseldorf in early May 2017, the focus was on identifying possible solutions for both – through better farming practices, use of technology, better information, change in consumer behaviour, etc. Estimates of "food waste and food loss" range between 30 and 50% for both developed and emerging countries.

In developed countries "food waste" happens more at the consumer household level, where more is purchased than consumed; and in emerging economies, it is the supply chain that leads to "food loss" during harvest, storage or in transit, largely due to poor infrastructure and inadequately aligned processes. As an example, India's cold storage requirement is 66 million tonnes, and the national storage capacity currently available is approximately 30 million tonnes. Investment in creating adequate cold storage capacity alone will stem food loss substantially. With increasing wealth, India is, ironically, home to both food waste and food loss.

In either scenario, food that is produced (using depleting and critical resources such as water) but not consumed is a colossal waste which we cannot afford to ignore. Food loss is also nutrition loss, productivity loss and therefore GDP loss. The 40% food loss in



India translates to approximately \$7.5 billion, and for a country where agriculture contributes 15% to GDP and employs 53% of the workforce, this is clearly unaffordable.

These are serious statistics, and unless there is an effort to address food loss factors systemically, the state of health and nutrition of our people will continue to be inadequate, as food loss means loss of macronutrients such as calories, fats, proteins; but even more alarming, it means loss of micronutrients because foods that are rich in micronutrients are also perishable – fruits, vegetables, poultry, fish, dairy, etc. Additionally, with urbanisation and rising incomes, the length of the food value chain also increases, as what people eat becomes less and less connected to where they live.

The Global Nutrition Report 2016 has highlighted India's overall tardy progress in addressing chronic undernutrition, manifest in stunting (low weight for age), wasting (low weight for height) and micronutrient deficiency or "hidden hunger".

With 17% of the world's popula-

tion, India remains home to a quarter of the world's undernourished people, a third of the world's underweight children and a quarter of the world's hungry. This demographic cannot possibly result in a productive and efficient workforce, or be converted into any meaningful economic dividend. The World Happiness Report 2017, which looks at quality of people's life beyond GDP and per capita income and includes economic variables, social factors and health indicators, has ranked India at 122 of 155 countries. India's decline in 2014-16, compared with 2005-07, is on account of poor and slow progress on social factors and health indicators.

Agriculture has to be one of the drivers of India's growth, and even though we are the world's third largest producer of food, our agriculture growth has fallen well below the targeted 4% over the last 15 years. According to the International Food Policy Research Institute, India needs to at least double its investment in agricultural research to double farmers' incomes by 2022. This will not happen only with a focus on rice and wheat – more diversity is needed, with the addition of vegetables, fruits and dairy farming.

Harnessing technology to increase agricultural productivity, where we lag both our potential and competitive benchmarks will be critical to our overall well-being. As an example, since the 1960s India's groundwater irrigation has increased dramatically, and since the 1980s groundwater levels have been dropping, thus stressing the system. Groundwater recharge therefore becomes a critical variable to augment agricultural productivity. Further, imports of agri-

cultural commodities have increased from 4% of GDP in 2008-09 to 5.5% of GDP in 2013-14, according to the Economic Survey. Edible oil imports alone in the last year cost us ₹65,000 crore (\$10 billion). This need not be the case in future.

Dignified quality of life

To provide even a baseline and dignified quality of life to its people, India has to address enhancing agricultural productivity, crop diversification and eliminating food loss and waste with a firm resolve, backed with the right and timely action. The last must be done on priority as it deals with food already available. So the key question is, how do we minimise food loss given that the government wants this, businesses want this, and people want this?

There is clearly a structural and behavioural component to this, and the door is open for investment in food system infrastructure: storage, transportation, processing, etc; investment in information systems that help identify loss by crop and region so solutions can be specifically tailored to the problem; use of technology to better connect supply and demand; public-private partnerships with companies to reduce spoilage and loss; creation of food banking networks that work with civil society and development agencies on getting food already available to those that need it. Among the several priorities we have, minimising food loss has the potential to be transformative in multiple ways.

Vinita Bali is chair, Global Alliance for Improved Nutrition. Views expressed are personal.

Don't tax the tiller

Even the net benefit of taxing agriculture isn't worth the cost of monitoring and rolling out such a system



FEROZE VARUN GANDHI

For peasants, the Mughal Empire was fundamentally an extractive state; a protection racket run riot. Typically, the land revenue share of a crop varied between 33% and 50%, depending on fertility, with a further 10-25% paid to the zamindar for his efforts. Its replacement by the East India Company and later the British government provided little respite. Zamindars were now granted hereditary and proprietary rights, with the rate of assessment fixed in perpetuity. The Company's share was often fixed at 2/3rd of the gross produce received by the zamindars from the ryots. The consequences of such land revenue systems were stark – agricultural output grew at just 0.37% per annum between 1891 and 1947, with foodgrains at just 0.11% per annum, while commercial crop output rose by 1.31% annually; meanwhile the population rose at 0.67% annually. The colonial government pushed farmers into heavy debts and eventual pauperisation.

Post-Independence, the national and State governments sought to redress this. The Agrarian Reforms Committee of 1949 sought a programme of land reforms that would transform the actual tillers into owner-cultivators by a large scale. Instead, a step-by-step approach was adopted to ab-

olish intermediaries, which encouraged zamindars to evict existing tenants instead, pauperising them further. The Central government did its part by seeking to not tax agricultural income, with most States following suit.

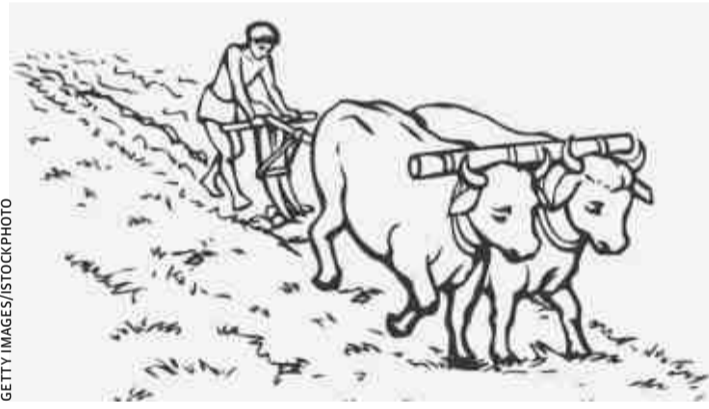
Pitfalls in the tax demand

However, with growth in agricultural rising, a demand for taxing agricultural income has arisen. Agricultural income declared by taxpayers, in returns filed till end 2014, for exemption was at ₹9,338 crore, with over 2,746 income tax cases declaring ₹1 crore agricultural income in the 2014-15 assessment year.

The estimated total annual agricultural income from cultivation and livestock, as estimated by the National Sample Survey Office, is at ₹4,16,092.5 crore, with the total income of the top bracket at ₹16,084 crore and that of the first two brackets, including households with over four hectares, at ₹83,433 crore.

Taxing 9,73,000 large farm holdings having greater than 10 hectares of land earning an average of approx. ₹5 lakh annually shall yield about ₹1,200 crore of agricultural income tax on varying crop conditions, consequent incomes and applicable tax rates.

We've tried this before. The K.N. Raj Committee on Taxation of Agricultural Wealth and Income (1972) sought to institute a progressive agriculture tax on agricultural income in a norm-based manner, with regional average crop yields defining levy rates in a universal manner. The recommendations were not accepted, given limited political and grassroots support.



However, there remain significant pitfalls with this demand. Given the level of informal occupation prevalent in agriculture, implementing an agricultural tax will not be easy. Any agricultural tax system would have to evolve crop-specific norms of return to the land, while accommodating external shocks like droughts, floods or pests. Furthermore, for imposing tax on value of goods produced, the mechanism would fail to take individual farm economics into account, thereby presenting a case wherein a farmer would be taxed even if he makes a loss on sale. It shall require administration to ensure exact estimate of crop productivity and realised sale price per crop harvested – a seemingly homogenous task for all farmers. Lack of clarity on land titles and cropping patterns based on lease/share-cropping shall further introduce randomness to the system.

Further complications arise if farmers suffer from multiple crop failures followed by one successful crop, for the income in that period

may be subjected for tax payment. Taxing agricultural incomes is an idea devoid of knowledge of farming practices as well.

Many farmers save seeds from one harvest for the next and the practice remains critical to running Indian agriculture – proposals based on value of goods produced would end up taxing such sustainable practices as well. For tax based on sales, it shall disincentivise farmers to sell through organised formal channels, thereby increasing risk to farmer's income. Instead of raising agricultural income, we would trend back to age-old farmer pauperisation.

Not worth the effort

In addition, any crop-specific taxation would have to be traded-off against input subsidies, which are nationally uniform for fertilisers and vary on a State-wise basis for water and electricity. Should input subsidies, assumed to be high at the institution of the crop tax rate, fall in the future, the farmer would effectively lose out on both ends of the value chain. Any crop-specific

taxation would have been locally based, with a national crop register not necessarily linked to which crops would be taxed in specific regions or States. The tax rates for the same crop in different regions could be different, inequitably ensuring arbitrage for some farmers.

Amidst all this, it is hard to determine if there would be net benefit to taxing agricultural revenues, even for rich farmers (defined on local thresholds), compared to cost of monitoring and rolling out such a system. Even a progressively structured taxation system would encourage fictitious ownership splits amongst rich farmers and their relatives. Even assuming a net take of approx. ₹1,200 crore, the potential increase in the Central government's taxation revenues would be increased by about 0.1%, while input subsidies, currently totalling ₹35,784 crore in 2016-17, would face significant upward pressure. Is this truly worth the effort?

Agricultural taxation has historically been considered the third rail of Indian politics. While we harken about improving economies of scale in agriculture, such efforts send discouraging signals to large and medium farmers who seek to increase their produce through utilisation of better techniques, differing crop patterns and more judicious use of agricultural inputs. A nation-state where a farmer can be moderately rich one year and marginally poor the other cannot in good conscience tax their income.

Feroze Varun Gandhi is a Member of Parliament, representing the Sultanpur constituency for the BJP

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.

Assault on ideals

Not only is the notification issued under the Prevention of Cruelty to Animals Act (PCA) on the buying and selling of cattle in animal markets unconstitutional, its timing is also an attempt to target a people preparing for their month-long fasting and the feasts which follow ("All animals are equal," editorial, May 29). In fact, with the spate of lynchings and violent attacks by goons in many parts of the country on the pretext of protecting the cow, any decent government and polity would have shown some seriousness towards bringing in an anti-lynching law. It is a shocking coincidence that both the U.S. – which claims itself to be the oldest democracy – and India – the biggest

democracy – have at varying points seen incidents of targeted lynchings. India urgently needs to learn from the gory and shameful history of the U.S. in this matter, enact a stringent anti-lynching law and strengthen the secular, enlightenment values of its education system and the administration itself. A polity built on the foundation of non-violence and constitutional ethos cannot tolerate violence on the part of its people.

FIROZ AHMAD,
Delhi

The Centre's notification on cattle slaughter is more than just a deliberate attempt to encroach upon States' powers. It is an attempt to encroach on our rights related to food and eating

habits. Poor people often get their food supplement from red meat, which is available at a moderate price. With the banning of cattle slaughter, many more people are likely to suffer from malnutrition. The cow slaughter ban and beef consumption ban will provoke a situation similar to that created in Bihar after the liquor ban, leading to more black marketing. Mahatma Gandhi had once been asked if he supported a ban on cow slaughter. He responded by telling that it would "mean coercion against those Indians who are not Hindus". Cow slaughter ban and beef ban will be counterproductive to our nation in two ways – it will polarise the country and it would provide opportunity to some

unscrupulous traders to engage in black marketing. In both cases, the ordinary people would be the worst sufferers.

K.A. SOLAMAN,
Alappuzha

Army chief's defence

A simple question should be posed to those who support in the name of patriotism the action of Major Nitin Leetul Gogoi in using Farooq Ahmed Dar as a human shield: would they continue to hold the same opinion if they or their kith and kin are required to undergo what Mr. Dar underwent? ("Questions that won't go away," May 30). If we were to go by the reasoning offered by Army Chief Bipin Rawat, use of a human shield will be seen as a legitimate standard

procedure used by military personnel. Our judgments on Major Gogoi, no doubt, should be tempered by the fact that he acted on the spur of the moment in a do-or-die situation. But the Army Chief's approval for the action, especially when a court of enquiry is examining the matter, was totally unwarranted.

MANOHAR ALEMBAATH,
Kannur

Language policy

It is important to continue with English as one of the prime languages ("Beyond the language conflict," May 30). Given the international relevance of English, we cannot afford to regress at the world level. On the other hand, Hindi may be given a dominant place but not at the cost of other

languages. The current scenario, where it is being suggested that Hindi be made the link language, it imposes unnecessary burden on the people of non-Hindi-speaking States to learn Hindi. A contrarian view could be that it will be extremely useful for people from the north to learn a south Indian language, or even for people from the south to learn the language of the neighbouring States. The growing importance of cities like Hyderabad, Bengaluru and Chennai as a source of employment can actually serve as a link to their languages and cultures.

RAGHAV R.N.,
Bengaluru

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THE WEDNESDAY INTERVIEW | PINARAYI VIJAYAN

'For the BJP, the Left is its principal enemy'

Kerala's Chief Minister on his government's policy priorities, the rise of the BJP, and the dangers to pluralism and secularism

STANLY JOHNY

Kerala Chief Minister Pinarayi Vijayan has been in the forefront of the opposition to the Centre's decision to ban cattle trade for slaughter. He's already written a letter to the Prime Minister seeking a reversal of the decision and another to all other Chief Ministers urging them to oppose the move and called for an all-party meeting in the State to discuss its response to the notification. When *The Hindu* met him at his North Block office in the Secretariat in Thiruvananthapuram last week, news on the controversial Environment Ministry notification was still fresh on TVs. "How can people eat beef now?" was his first comment while sitting on a sofa placed on the right side of his large office room. Asked if this poses any legal or constitutional issues given that the power to make laws on cow slaughter lies with State legislatures, Mr. Vijayan said, "it appears so. We have to look into the notification in detail." Excerpts:

You are one of the two Chief Ministers of the Communist Party of India (Marxist) in the country. Tripura is a much smaller State. So obviously, there's a larger focus on your government. Does it put any additional pressure on you?

I don't feel any such pressure. We see this as part of our public works. We have clear policies on each issue. And we are working according to those policies. For us, it's the normal way of functioning.

The Left governments in Kerala are known for flagship initiatives, be it land reforms, literacy campaign, people's planning or welfarism. What is your government's flagship programme?

The motto of this government is not to focus on any particular agenda but on Kerala's comprehensive development. As part of this, we have taken sector-wise initiatives.

These programmes in total will change the face of Kerala. We are sure that such initiatives, like the programmes implemented by the previous Left governments, will have a place in history.

Can you be little more specific?

If I start pointing out initiatives, there are quite a lot of them. Kerala has a good education system. Still, there are some issues in the State's public education sector. Our priority is to fix these problems. The plan is to make all classrooms, from Standard 1 to Plus-2, smart classrooms. Once this is rolled out across the State, a student studying in a public school will have the same facilities as in any advanced school in any part of the world. Similar changes will happen in the health-care sector as well. The first is to establish a system of family doctors. Also, all the main hospitals in the State, including medical colleges and taluk hospitals, will have the best healthcare facilities. We have also taken measures to control prices of drugs. We have already launched the Aardram initiative that will revamp the public health system in the State. LIFE (Livelihood, Inclusion, Financial Empowerment) is another major scheme the government has launched that aims to make Kerala a zero homeless State in five years.

Kerala is already doing better in health-care and education sectors. But what about agriculture? The State is heavily

dependent on other States for vegetables and other food items...

We understand the problem. It's the people's right to eat healthy food. That's why we are promoting bio farming. The plan is to revamp Kerala's agricultural sector through these measures. We want the State to be self-sufficient in vegetables and fruit. When the agricultural sector is revived, farming will spread to more fertile areas which are now lying idle.

There are concerns about the state of economy as well. Unemployment is high. Kerala doesn't have a big industrial sector. You had promised millions of employment opportunities during the campaign. How are you going to fix the economy?

Kerala is not a resource-rich State. This is a big challenge. Only if you have resources, you will have sound industries. To overcome this challenge, we have launched the KIIFB (Kerala Infrastructure Investment Fund Board). We are planning to spend ₹50,000 crore for different development initiatives through the KIIFB.

But will industries come to Kerala? Critics say the State is not business-friendly and its militant trade union culture is driving away investors...

That's not right. Look at the facts; has any industry in Kerala been shut down because of this militant trade unionism? Has any industrial house operating in Kerala complained about facing problems in doing business because of the unions? There are several wrong campaigns going around about Kerala. This is one among them. We are going to announce a new



S. GOPAKUMAR

industrial policy to bring more industries into the State. Ease of doing business is our motto. Kerala will become one of the best States that provide facilities for industries to come up.

Your party (CPI(M)) has been very critical of the BJP and particularly of Prime Minister Narendra Modi. How is your equation with the Centre?

It has two sides. On one side, there are political differences over the policies of the Central government led by Narendra Modi. At the same time, the State had certain issues with the Central government. One among them was that an all-party delegation wanted to meet the Prime Minister a few months ago to apprise him of certain issues the State is facing. But we were not given permission to meet him. Usually Prime Ministers don't take such a position of not meeting a State delegation under the

The Congress party, despite its nationwide presence, is incapable of building resistance to BJP

leadership of a Chief Minister.

Despite such criticisms, the government-to-government relationship between Kerala and the Centre is on a firm track. For example, we had gone to Delhi as soon as the Left Democratic Front (LDF) government took office [in May 2016]. We met several leaders, including the Prime Minister. The Prime Minister asked us if we could launch an Ayurvedic institute in Kerala as there's lots of interest in Ayurveda in the State. He promised the Centre's help. We are now actually planning to establish a world-class Ayurvedic Institute in Kerala. We have made some other suggestions as well which were approved by the Centre. So we can say

there's a cordial relationship between the State and the Central governments.

As a CPI(M) Polit Bureau member, how do you look at the rise of the BJP? It has an absolute majority at the Centre, it keeps winning State elections...

If you look at the current political climate in the country, we are going through a very dangerous phase. What distinguishes the BJP from other parties is that it's controlled by the RSS (Rashtriya Swayamsevak Sangh). It's clear that the RSS is directly taking key decisions on behalf of the BJP. RSS policies are not compliant with our country's interests. The RSS doesn't accept secularism... The danger this poses to a pluralistic country like ours is huge. A strong resistance has to be built against this attack on our constitutional values.

But at the same time, we can't overlook the fact that

the Congress party, despite its nationwide presence, is incapable of building this resistance. What we see now is that several Congress leaders are joining the BJP, including national leaders, State committee presidents and even former Chief Ministers. So we can't trust the Congress in this anti-BJP resistance. Both the Congress and the BJP are representing extreme right-wing politics. Be it liberalisation, globalisation, or privatisation, the Congress was in the forefront of implementing them. The BJP is following the same economic policies. Since there are no major differences in economic policies, both of them represent a common sphere. That's why the BJP is not seeing the Congress as its main rival.

For the BJP, the Left is its principal enemy. The Left is not a powerful force nationally in today's India. Still the BJP is scared of the Left. You can see that in Kerala and Tripura, the only two States where the Left is in power.

The BJP is growing in Kerala as well. It is no longer a political untouchable. It has an MLA for the first time in history. Its vote share jumped and it is getting equal media space with other parties.

The BJP is doing all kinds of political stunts in Kerala, but they still haven't gained public support. They won a seat in the last Assembly election [in Nedom, Thiruvananthapuram] with support from Congress voters. The Congress had traded votes with BJP [in Nedom] for the BJP's support elsewhere. There was some arrangement between them. But it's true that the BJP is getting high media space in Kerala disproportionate to its actual strength,

maybe because their party is leading the Central government. But just with that, we can't say the BJP is growing in strength in Kerala.

The BJP leadership both at Centre and in State says the CPI(M) attacks its cadres in Kerala. Many people, both CPI(M) and RSS activists, have been killed since your government came to power. What did you do to end this cycle of violence?

The RSS has tried to destroy the CPI(M) in Kerala in several ways. One among them was physical attacks. It's been a long time since horrific physical attacks started in Kerala. We brought together the related parties for talks. Such talks had a good impact. Though some incidents took place even after that, we plan to continue the same approach.

Does it upset you that your party's legislative presence keeps shrinking nationally?

Each State unit is trying to revamp the party base. The major setback we suffered was in West Bengal. But the Bengal party has taken steps to address its challenges and we see that it is having a good impact. In other States, ours had already been a small party. But some alliances had weakened us further in some places. We have realised our mistake and are now trying to strengthen our independent activities. But irrespective of our national strength, only the Left can stand up to the communal forces in the country. That's why the BJP and the other right-wing parties keep attacking the Left.

Full interview on <http://bit.ly/PinarayiVijayanInrw>

SINGLE FILE

GST no panacea

Killing tax competition between States is not a great idea

PRASHANTH PERUMAL



GETTY IMAGES/ISTOCKPHOTO

The Goods and Services Tax (GST) is being flaunted as the single-biggest economic reform since the economic liberalisation of 1991. Even critics of the tax, who complain about its complex four-slab rate structure, agree that it is a step in the right direction. The primary reason is that it does away with the present system of multiple Central and State taxes, replacing it with a much simpler tax system.

Another supposed benefit of GST is that it is a tax on consumption, which replaces the current web of 'cascading' taxes in the production chain that increases prices and distorts production. In the process, it is said, the new tax system does away with the barriers to free trade within and between States, effectively turning India into a single free market for goods and services.

For sceptics, there is good reason to doubt all these claimed benefits of the GST. One, a nationwide tax such as the GST will lead to a higher tax burden as it reduces tax competition. Earlier, States which were keen to attract investment and labour from each other had a reason to cut taxes. Now, the Centre, which will face no tax competition except from the rest of the world, can determine rates at whim. This will encourage tax rate increases that are detrimental to growth.

Two, the number of taxes does not necessarily reflect the actual burden imposed on businesses by any tax system. For example, a single, high tax rate might impose a greater burden on businesses than multiple taxes that add up to a lower rate.

A single, low tax rate might also turn out to be more burdensome if the cost of bureaucratic compliance is higher than under multiple, higher tax rates. So what matters eventually is the overall burden under a tax regime, which is likely to be lower when States compete than otherwise.

No change in prices

Three, contrary to common belief, the prices that consumers pay don't rise or fall in tandem with taxes imposed on goods, be they production or consumption taxes. Consumer prices are determined purely by consumer demand, not the cost of production. It is true that a discriminatory tax might force businesses to discontinue or reduce the supply of certain goods in favour of others.

Such distortion of production can lead to the rise in the prices of certain goods (due to lower supply) and a fall in the prices of others (due to greater supply), which is clearly not the same as a general increase in prices. Which brings us to the final point. It is true that multiple taxes across and within States can distort production, but the benefits in the form of lower tax rates are likely to outweigh the costs of such distortion.

A bigger, but imperfect, economic pie may be preferable to a smaller, but perfect, one.



CONCEPTUAL Efficient market theory

FINANCE

A theory of financial markets that states that asset prices fully reflect all available information in the market. Since, according to the theory, assets are priced to perfection, investors will not be able to exploit discrepancies between price and intrinsic value to earn abnormal profits. Consequently, it should be impossible for investors to earn returns that beat the market, except by assuming higher investment risk. The theory was proposed by American economist and Nobel laureate Eugene Fama in 1970. It has come under criticism lately for ignoring irrationality among investors that can cause wide gaps between price and value for a long time.

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Question of public trust

The right lessons must be learnt from the Zika cover-up

VIDYA KRISHNAN

Last week, it became apparent that the Health Ministry had, for many months, kept it under wraps that India has so far reported three cases of the Zika virus. The earliest case was that of a 64-year-old man, who had tested positive for Zika as early as November 2016.

From what is now in the public domain, we know that the government has violated established protocols in many ways, each having serious national and international implications.

By not briefing the media or the global public health community, India broke a well-established protocol of sharing information with the affected community and neighbouring nations, who could have taken necessary precautions such as issuing travel advisories. More important, the Health Ministry collected nearly 35,000 samples from people living in the Bapunagar area of Ahmedabad without informing them that they were under surveillance. Fortunately, the outbreak



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Transparency in administration is the cornerstone of public health.

In the first five days, reports went from announcing the incidence of Zika to boilerplate reports on precautions to be taken and symptoms to watch out for. With interest dwindling, and serious questions unasked, the government seems unlikely to hold a press briefing explaining the bizarre chain of decisions it has taken since November. The government owes an answer to the citizens as to why the affected community, in Bapunagar district, was kept in the dark while their samples were being taken.

I cannot imagine any other beat – finance, defence or sports – where Indians will not get outraged on finding out, from an international agency such as the WHO, that their government had suppressed crucial information for all this time, from Parliament, the press and the public, who had the right to take all necessary actions to protect themselves and their families and neighbourhood.

FROM The Hindu. ARCHIVES

FIFTY YEARS AGO MAY 31, 1967

Sino-Pakistan line-up against India

Using language which appeared to be pregnant with hidden and secret meaning known only to themselves, the Vice-Chairman of the Chinese National Defence Council, Mr. Yeh Chien-ying and visiting Pakistani Defence Minister, Mr. Afzal Rahman Khan, yesterday [May 30] spoke highly of the "significant talks" which had been held between the two sides and the further co-operation which had resulted from Mr. Rahman Khan's current visit to China. The nature of Mr. Rahman Khan's present mission is not known but there have been reports that he is in Peking to negotiate an arms deal. Whatever the mission, the indications are that he is having a very successful visit. Speaking at a dinner given by Mr. Rahman Khan in Peking last night [May 30] Mr. Yeh revealed that the Pakistani Defence Chief in meetings with Chinese State and Army leaders had "very friendly and significant talks on questions of interest to both parties thus making contributions to furthering the relations of friendly co-operation between China and Pakistan." He declared that "no force whatsoever" could disrupt Sino-Pakistani friendship.

A HUNDRED YEARS AGO MAY 31, 1917

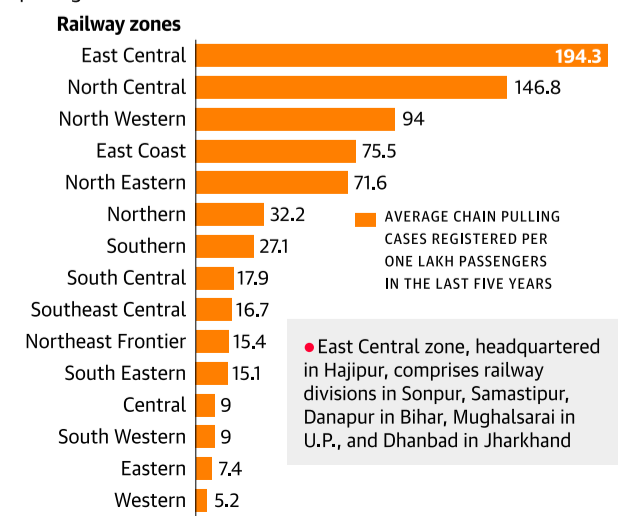
Alleged cheating: A European charged.

At the Police Court before the Chief Presidency Magistrate G.W. Brown Clegg, a European is being prosecuted on a charge of cheating Miss Hewett of the United Free Church Mission in respect of Rs. 870 and criminal breach of trust as a servant in respect of Rs. 66. It is alleged that on 1st February, 1915, the accused as manager and partner of the School Equipment Company received an order from Miss Hewett's school for black boards and school desks and on 18th March, 1915, received full payment of Rs. 910 for the goods. The black boards worth Rs. 40 were delivered to Miss Hewett, but ten months later when she wanted the desks the accused was not to be found. On enquiry it transpired that the business of the School Equipment Company was taken over by Messrs. Forbes Forbes Campbell and Company on 13th February 1915.

DATA POINT

Ground to a halt

The East Central Zone registered the highest number of chain pulling cases between 2011 and 2015



SOURCE: RAILWAY BOARD DATA, RAILWAY PROTECTION FORCE