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Winning over Nepal

A Kathmandu-Lhasa rail link can enhance China's influence in Nepal, to India's detriment

Chinese President Xi Jinping's two-day visit to Nepal has been a nasty wake-up call for India. It was the first visit by a Chinese President in 23 years and it sent out a clear signal: India cannot dictate terms to its smaller, landlocked neighbour, nor take it for granted. Displaying a willingness to play an expanded role in the region, Xi declared China would always support Nepal in safeguarding the nation's "independence, sovereignty and territorial integrity." Xi also pointedly promised China would "help Nepal realise its dream of becoming a land-linked country from a landlocked one." Driving that point home, China and Nepal signed a feasibility-study agreement for a 70-km rail link connecting Kathmandu and Shigatse in Tibet where it would join an existing railway line to Lhasa. Also on the cards are improved road links and slashing travel time from Kathmandu to the Tibetan border from five hours to two. In addition, China earlier offered Nepal use of four ports for shipment of goods. India hasn't wanted to be left behind in the connectivity race and recently inaugurated a 69-km oil pipeline from Barauni in Bihar to Amlekhgunj that can carry two million tonnes of petroleum products annually. (Significantly, though, that project was first proposed in the 1990s). Also, construction's underway on two rail links, one of which will eventually link Patna and Kathmandu.

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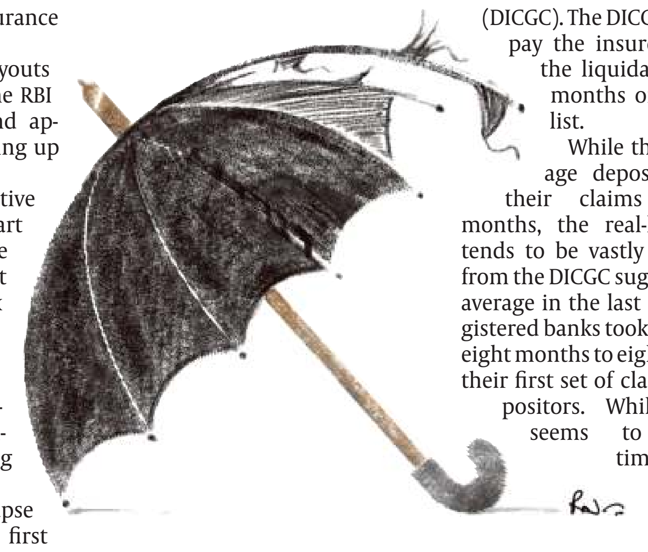
From the day he took office, Prime Minister Narendra Modi had stressed that close ties with Nepal were crucial to India's vision of South Asia. He's been to Nepal thrice, and it was the first country he visited after taking office in 2014. But India-Nepal ties got derailed when Kathmandu drafted a new constitution which upset Nepal's Madhesi ethnic minority. That led to a six-month blockade which crippled food, fuel and drug supplies entering Nepal, that only months before had been devastated by an earthquake. Nepal accused India of tacitly engineering the blockade. New Delhi denied this, but Kathmandu wasn't convinced. In 2016, Nepal also found itself stuck with Indian currency notes after New Delhi's shock demonetisation. However, geography and cultural links have always worked in India's favour in Nepal. Plus, there's the all-important fact that Nepalese citizens can work freely in India without visa restrictions. The remittances from India are crucial for Nepal's economy.

But these days, China sees itself as a global power and isn't shy of muscling its way into what's traditionally been India's sphere of influence. Also, the Chinese have technology and the construction skills to build railways and roads in difficult terrain. The rise of the Nepalese Communist Party has also given the Chinese an extra edge they didn't enjoy earlier. India needs to rebuild links with the mountain nation.

SUKIYAKI MANJULA PADMANABHAN

Is deposit insurance working as it should?

Bank depositors often have to endure long waits in limbo before they are able to get their hands on the insurance money



AARATI KRISHNAN

CIRCUIT BREAKER

The Indian saver's enduring faith in bank deposits has taken hard knocks lately. First there was the string of disclosures from public sector banks on legacy bad loans that they had evergreened. Then came the revelation that many private sector banks had also chronically under-reported dodgy loans. Recently, the RBI's directions against Punjab and Maharashtra Co-operative (PMC) Bank have opened a Pandora's box on funds diversion and weak supervision at urban co-operative banks.

The immediate reaction from most commentators to these events has been to demand that the RBI raise the deposit insurance cover for banks from the current limit of ₹1 lakh per depositor, to a more liberal limit of say ₹2 lakh or ₹5 lakh. Some campaigners are even demanding 100 per cent insurance coverage.

A revision in India's bank deposit insurance cover, which is way below global averages, is long overdue. But if the campaigners believe that a bigger cover will be enough to provide succour to hapless depositors who've trusted their life savings with dubious banks, they're far off the mark.

Directions limbo

History shows that in India, depositors in troubled banks often endure multi-year waits and surmount many hurdles before they get their hands on the insurance money.

Bank deposit insurance payouts in India kick in only after the RBI cancels a bank's license and appoints a liquidator for winding up of its matters.

For deposits in co-operative banks, troubles usually start with the RBI unearthing some evidence of mismanagement or misreporting by the bank and passing directions on it. These include curbs on the bank's lending, investing and deposit-taking activities accompanied by stringent limits on depositors withdrawing their money.

But several years can elapse between the RBI passing its first set of directions on a bank and finally making up its mind to cancel its license. In the meantime, depositors are usually stuck in limbo — neither able to access to their deposits nor file insurance claims.

It was in March 2001 that the RBI issued its first set of directions restricting withdrawals from Madhavpura Mercantile Co-operative Bank, which went belly up after lending to the infamous Ketan Parekh. It took 11 years for RBI to finally cancel the bank's license in June 2012, paving the way for depositors to get their insurance payout. In these 11 years, the bank came up with multiple proposals to restructure its operations, all of which failed spectacularly.

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For over two lakh depositors in the Bengaluru-based Amanath Co-operative Bank, under RBI directions since April 2013, it has been a wait without end. After initially freezing withdrawals at ₹1,000 per account for six months, the RBI tried to cobble together a merger of the ailing bank with Canara Bank in 2014. After the merger fell through, depositors have been left high and dry with the RBI extending its restrictions dozens of times without assigning any reasons.

There are literally thousands of depositors in co-operative banks currently under the RBI's watch, which have been frozen out of their bank accounts for years.

While the RBI's keenness to explore every option to revive an ailing bank is understandable, the unending wait that its directions impose on depositors is unfair. The RBI must set fixed timelines for revival efforts at troubled banks, failing which liquidation will automatically proceed. It also owes depositors regular updates on the status of resolution efforts.

Liquidation troubles

Even after a bank's license is officially cancelled by the RBI and its liquidation is set in motion, depositors of failed banks may face interminable waits for their insurance pay-outs.

According to the rulebook, when the RBI cancels a bank's license, it must immediately direct the Registrar to appoint a liquidator. Within three months of his appointment, the liquidator is supposed to hand over a claims list of all eligible depositors to the Deposit Insurance and Credit Guarantee Corporation (DICGC). The DICGC is required to pay the insured amounts to the liquidator within two months of receiving this list.

While these rules envisage depositors receiving their claims within five months, the real-life experience tends to be vastly different. Data from the DICGC suggests that on an average in the last five years, deregistered banks took anywhere from eight months to eight years to settle their first set of claims to their depositors. While the DICGC seems to adhere to timelines, the claim settlement process often runs into roadblocks at the liquidators' end.

In some cases, the claims process is stalled by poor maintenance of depositor records or their seizure by investigators. In others, rogue managements do their utmost to scuttle resolution by filing suits against merger or liquidation plans. Some liquidators also present half-baked records to the DICGC, requiring much toing and froing.

These factors could explain why despite dozens of co-operative banks failing over the years, the DICGC has been paying out only modest sums by way of insurance claims. From the time of its inception until March 31, 2019, the DICGC has paid out a cumulative ₹296 crore to depositors of 27 failed commercial banks and ₹4,822 crore to depositors of 351 failed co-operative banks. That's less than ₹15 crore in average payouts per bank.

Clearly, it is time to hold bank liquidators accountable to fixed timelines on the liquidation process, similar to those specified under the IBC.

Is the fund enough?

So far, given the modest demands that have been made on it, the DICGC has faced no challenges in meeting demands for insurance claims from failing banks. With annual claims often undershooting its premium collections of ₹110-120 crore from member banks, its Deposit Insurance Fund has steadily grown to stand at ₹97,319 crore by March-end 2019. There has also been no reason to revise the flat rate of premium levied on member banks, set at 10 paise for every ₹100 of assessable deposits.

But the question really is if the Deposit Insurance Fund would be up to the task, if it was faced with more frequent claims, or hit by multiple large co-operative or commercial bank failures in the same year.

In developed countries such as the US, this problem has been solved by regulators assigning comprehensive risk ratings for banks covered by deposit insurance and levying differential premia based on each bank's risk rating. In case of default, premia for the entire class of banks are immediately hiked to disincentivise risk-taking. Drawdowns from the insurance fund are promptly refilled through higher premia or contributions from the central bank. There's also regular stress-testing on the ability of the fund to weather systemic failures in the banking system.

It is not as if Indian regulators aren't aware of these developments. Several RBI-appointed committees — from the Narasimham committee on reforms in 1998 to the Jasbir Singh committee on differential risk premiums in 2015 — have thoroughly gone into these aspects to suggest drastic reforms to India's archaic system of deposit insurance. But apart from a half-hearted attempt to introduce some of these ideas in the (shelved) FRDI Bill in 2017, these proposals have not seen the light of the day.

Reforms on all these counts need to accompany an increase in the deposit insurance cover, to make sure that the Indian savers' faith in the banking system isn't lost for good.

Decoding the psyche of female serial killers

The make-up of Jolly Joseph, the prime suspect in the recent Koodathayi murders, fits well with psychopathic personality traits

THOMAS SAJAN
TITTO IDICULA

Kerala is yet to recoup from the shock and outrage created by its 'globally infamous' female serial killer. People in general still struggle hard to digest the news— as *BBC* reported— of "a model daughter-in-law accused of killing six family members with cyanide" in Koodathayi, a village.

The Koodathayi murders, which unfolded over 14 years, raise questions about how to define serial killings and Jolly Joseph herself —the prime suspect under police custody.

"Jolly does not fit the definition of a serial killer, as such persons kill anyone they want out of their compulsive killing behaviour. In this case, the culprit had a specific motive, which is yet to be clear, and she was kind of removing the obstacles to achieve that motive. She had well-calculated plans," said noted criminologist and author Dr James Vadackumchery. However, some recent findings on female serial killers are not in line with such conventional perceptions.

An article titled *Sex Differences in Serial Killers*, published by the American Psychological Association coincidently during the same week that Kerala police arrested Jolly Joseph, suggests that male and female serial killers do not belong to the same category. By using data on 55 female and 55 male serial killers from the US, the researchers from Penn State University have proposed a "hunter-gatherer model" to explain the modus operandi of serial killers.

While male serial killers are likely to "hunt" their victims, who are mostly unknown and murdered for sadistic gratification, female serial killers tend to "gather" their victims — targeting people around them, predominantly for economic benefits.

"Male serial killers stalk and hunt strangers; females trap and poison inmates — kill on their own home territory or on that which they share with their victim," to quote from the book *Female Serial Killers: How and Why Women Become Monsters*. The Koodathayi murders are a textbook case for this model; all the victims were close relatives of the culprit and killed with economic intentions.

Psychopathic traits

What makes the psych of the female serial killer? An immediate and rather conspicuous answer is that the culprit is a psychopath. A psychopath, by definition, is someone who cannot conform to the society's rules and lacks the ability to feel empathy.

False sense of confidence is a driver

However, unlike the common perceptions, all psychopaths are not serial killers. Neither the term 'psychopath' is a rigid one. There are people with traits of psychopathy among the commoners, and only a few show extreme deviant characters. It is estimated that up to 1 per cent of the population has people with 'subclinical' psychopathy.

"Psychopaths are neighbours, coworkers, bosses and dates. Some are sadistic serial killers," as noted by Kevin Borgeson and Kristen Keuhnle in the book *Serial Offenders: Theory and Practice*. What is noteworthy about psychopaths is their ability to charm almost anyone, from young children to older adults.

It is quite likely that the Koodathayi murder culprit has psychopathic traits, as the preliminary investigations show a lack of guilt. Joseph was also known to have maintained a charming impression among neighbours and relatives.

Illusion of control

Serial killers, despite their lack of guilt or remorse, are indeed cautious beings worried about repercussions and punishments that may incur to them. Meticulous planning and careful executions, however, give them a false sense of confidence.

"With successive killings the culprits feel that their detailing makes them invincible. This is quite analogous to the 'illusion of control' as seen in certain kinds of gamblers," says Dr Mathews Thomas, a Boston-based forensic psychiatrist and former faculty at Harvard.

Researchers at the Harvard Medical School and Tel Aviv University, who studied sports gamblers, concludes that an 'illusion of control' is what drives most of them.

Sports gamblers, according to the study, consider themselves cleverest of all gamblers. They assume that, along with their familiarity with the game, the command over details such as player's statistics, manager's habits, and weather could enable them to predict match results — although such assumptions are proven to be erroneous.

There are enough reasons to believe that the culprit in the Koodathayi murders acted confidently and without guilt under an illusion of control stemming from the successful execution and cover-up of the initial killings.

The make-up of the female serial killer in Kerala is a rare, but not impossible, one: psychopathic personality traits and exceptional social skills, conniving and executing successive murder plots while following everyday activities.

People with the traits of a serial killer do live in our society as "normal" social beings. In spite of the rarity and brutality of such occurrences, it is not a fundamentally un-human phenomenon.

Sajan is a social anthropologist trained in Norway. Idicula is a fellow at the American Board of Psychiatry and Neurology.

LETTERS TO THE EDITOR

Send your letters by email to bleditor@thehindu.co.in or by post to 'Letters to the Editor', The Hindu Business Line, Kasturi Buildings, 859-860, Anna Salai, Chennai 600002.

Credit process

This refers to 'MSME loan freebies, and the NPA fallout' (October 18). Abiding with the continuing economic reform measures, banks and shadow banks are reaching out to people to offer support for various economic activities. As the banking sector plays an effective role in the flow of institutional credit to the different segments of the economy, there is always pressure to provide credit, particularly on public sector banks.

Despite being part of the same economy, the fact that public sector banks are contributing more dud assets denotes that there are many flaws in credit creation, delivery and recovery of the dues on time. Taking advantage of technology, public sector banks must look for ensuring a robust system to make the entire process flawless. Banks should not jeopardise its interests while ensuring the viability and feasibility of the projects of the MSME borrowers.

Liberalised lending and relaxation in the asset classification and income recognition for MSME loans should not be taken as tools to camouflage the reality of the asset. Extending liberalised credit facilities and related concessions without providing other infrastructure to enable the MSMEs to become successful in their endeavours will pave the way for the generation of bad assets.

VSK Pillai
Kottayam

Electric scooters

Apropos 'A new Chetak to electrify the millennials' (October 18). Kudos to Bajaj Auto for coming out with an electric variant of two-wheelers well ahead of schedule. The fact that they called it Chetak, an iconic name that instils nostalgia, is just the icing on the cake. Since greener fuel and clean energy is the future, patience is the name of the game here. Once the market accepts this technology and it becomes part of the ecosystem, there will be no looking back for anyone who forays into this segment. Now biggest task for the government is to provide necessary infrastructure for such kind of vehicles to run on roads smoothly.

Bal Govind
Noida

Doubling economic growth

This refers to 'No better place to invest than in India, Sitharaman tells global investors'(October 18). The Finance Minister has expressed confidence in India becoming a $5-trillion economy by 2024-25 while speaking at Columbia University, citing the rise in the economic status from $1.7 trillion when the NDA took over power in 2014 to $2.7 trillion in 2019. But this rise in the economy has taken place in five years. To become a $5-trillion economy in the next five years, it has to grow to double the value. The question of doubling in the next five years appears to be too optimistic considering the various related factors. The government should work out a practical programme and frame a suitable working schedule of action with periodic monitoring of the growth.

TR Anandan
Coimbatore

Malnutrition in India

The identical findings and figures in both Global Hunger Index (GHI) and UNICEF's 'State of the World's Children' reports starkly show that the incidence of malnutrition is alarmingly high in India. They underline the enormous task before the National Nutrition Mission to make India free from malnutrition. India's position at 102 out of 117 countries is a reality check.

It is scandalous that over 90 per cent of children between the ages of six months and two years in India, according to the GHI, are not fed a 'minimally acceptable diet'. UNICEF data put the stunting rate among India's under-five children at an abysmal 37.9 per cent.

Poverty, poor sanitation, unhygienic living conditions, lack of access to clean water and ignorance conspire to cause malnutrition. It follows that the economic malaise be fought to succeed in the fight against 'serious levels of hunger'. It is a paradox that granaries overflow and still people go hungry. Hunger when food more than required is available is a failure of the system and calls for its radical overhaul.

G David Milton
Maruthancode

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