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Surveillance and the State

We urgently need laws against unauthorised digital snooping by private entities and state actors

The Centre should come clean on the alarming disclosures made by WhatsApp that several journalists and civil rights activists in the country were under surveillance through spyware developed by an Israeli tech company called NSO Group. While the US-based messaging company has not provided any details of who authorised the surveillance, NSO claims it sells its spyware strictly to government clients only. The spyware, called Pegasus, gives unauthorised access to the users' private data — including passwords, contact lists, calendar events, text messages, and live voice calls from popular mobile messaging apps such as WhatsApp. The list of people who may have been under the secret surveillance programme include lawyers linked to Bhima Koregaon case and activists who campaign for the rights of Dalits and Adivasis. Did the Israel company sell the spyware to Indian agencies to keep a tab on civil rights groups, or was this done at the behest of some foreign entity? If it was done by Indian authorities, then what due process was followed to authorise the surveillance?

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The scandal comes at a time when the Centre has been asking WhatsApp to decrypt messages in order to trace individuals who spread rumours that instigate criminal activities such as lynching. WhatsApp has refused to comply, stating that it does not have the ability to decrypt messages and that it respects individual privacy. The spyware in effect nullifies WhatsApp's objections. Surveillance of communication by government agencies is not new. Earlier, intelligence agencies would use phone tapping provisions to hear into conversations of certain individuals. In 2013, a mass surveillance programme called the Central Monitoring System was launched. This allowed security agencies and even income tax officials the ability to tap directly into e-mails and phone calls.

The moot issue is whether the surveillance is being directed at activists and journalists who may not be aligned with the current political dispensation. While WhatsApp has filed a complaint against NSO Group, this scandal has once again highlighted the vulnerability of Indian citizens in the absence of adequate data protection and privacy laws. The proposed Personal Data Protection Bill remains only on paper even after multiple rounds of discussions over the last 18 months. Consumers of Internet services are increasingly being subjected to surveillance by the state and data mining by private entities. The massive data breach at Facebook in 2018 not only opened a can of worms on the potential misuse of social media platforms for influencing a nation's political destiny, but also sent out a warning on the perils lurking in the digital world. Facebook was asked to pay a record-breaking $5-billion fine in the US. But Indian users impacted by the data breach are yet to get justice. Indian policymakers have been slow to put in place laws that protect users from not just from private entities that mine data without consent but also against state actors who misuse surveillance powers.

FROM THE VIEWSROOM

RCEP negotiations need clarity

India must ensure transparency and keep the people in the loop

India's position on the highly ambitious Regional Comprehensive Economic Partnership (RCEP) pact it is negotiating with 15 others, remains shrouded in mystery even as top leaders from most of the participating nations are keen to make an announcement on its completion at a Summit meeting in Bangkok next week.

While on one hand, Commerce and Industry Minister Piyush Goyal has stressed that India will not be forced by timelines into a pact, on the other he criticised the "fear-psychosis" being created around free trade agreements and warned against being globally isolated. The Minister also said that people should wait and see how things progress before expressing views based on "half-baked" information. The problem with this logic is that it could lead to a situation when it becomes too late for people to protest or intervene. Negotiations that are secretive are seldom beneficial for the people. A good example at hand is the FTA that India signed with the ASEAN in 2009. Had there been enough protests and criticism, the UPA government could not have signed a pact so heavily loaded against India.

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It is very well for the BJP to say that it is a much stronger government and would protect all vulnerable sectors, but the fact remains that India is dealing with China in the RCEP, and a majority of the Indian industry and farmers are apprehensive of a sharp rise in imports once tariffs are demolished.

So, it is natural and beneficial for those who may be adversely hit to raise their voice not only for the government to take notice but also for other negotiating countries to understand the constraints being faced by Indian negotiators back home. The BJP government should indeed learn from the mistakes made by the UPA in the past and keep the people of the country by its side by ensuring total transparency in negotiations.

Amiti Sen Senior Deputy Editor

Small savings schemes need a makeover

A comprehensive revamp of post office schemes, which suffer from much neglect, can help improve the *aam aadmi's* savings rate

AARATI KRISHNAN

CIRCUIT BREAKER

Experts puzzling over how to revive the dwindling savings rate of Indian households should pay attention to the stories circulating in the media after the collapse of PMC Bank. The stories are an eye-opener to the hardships faced by small depositors when dealing with India's unfriendly banking system.

Asked why he didn't bank with a safe public sector bank instead of a co-operative bank, a daily wage earner explained that PMC Bank was the only bank in his neighbourhood that worked for extended hours beyond 5 pm. This allowed him to deposit or withdraw money after he was done with the day's work. A lady employed as domestic help explained that PMC Bank's staff were friendly and were willing to interact in Marathi, while staff in most other banks were stuck on English.

Another Mumbai resident recounts how his domestic worker — who has been frozen out of her account at PMC Bank — has been running from pillar to post for the last 15 days, trying to open an alternative account at a PSB. Despite being a resident of Mumbai for 50 years with both an Aadhar and a ration card, the bank has been stonewalling her for her inability to provide fingerprint authentication.

These anecdotes go to show that contrary to popular perception, it is not greed for higher rates that often drives ordinary savers to choose risky options such as co-operative banks over safer alternatives. Proximity to one's home, helpful staff and pragmatic working hours matter.

No risk appetite

In this context, some of the solutions being peddled to restore investor confidence after the PMC Bank debacle are impractical. When you earn subsistence wages and need to walk over hot coals to open a bank account, awareness campaigns that inform you that only ₹1 lakh of your savings are protected by deposit insurance are more panic-inducing than reassuring.

India's national income statistics show that nominal per capita income hovers at ₹1.26 lakh for an individual. The Global Wealth Report 2019 by Credit Suisse estimated that the median wealth accumulated by an Indian adult is at a mere $3,042 (around ₹2.1 lakh). Asking folks with such low levels of savings to eschew assured return products for market-linked products is akin to a certain French queen asking peasants who couldn't afford bread to eat cake.

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Both anecdotes and data suggest that ordinary Indian households have an unmet need for simple savings products that offer complete capital protection with fixed returns, which can be accessed at convenient times in their neighbourhood.

Why small savings

With a few tweaks, the small savings schemes offered by India Post can fit the bill admirably.

Post office schemes directly channel the investments of small savers into the National Small Savings Fund, which is a direct conduit for Central government borrowings. These schemes thus represent one of the safest avenues in the economy, without the rigmarole of deposit insurance.

Convenient access for the small saver is a given too, as India Post with its 1.55 lakh branches offers extensive rural and semi-urban coverage that no bank can hold a candle to. As a known Central government entity, India Post automatically commands the confidence of even less literate depositors. With fixed interest payouts, investors don't need to track bond or stock markets or do due diligence on balance sheets to gauge the safety of their money.

Needed, a revamp

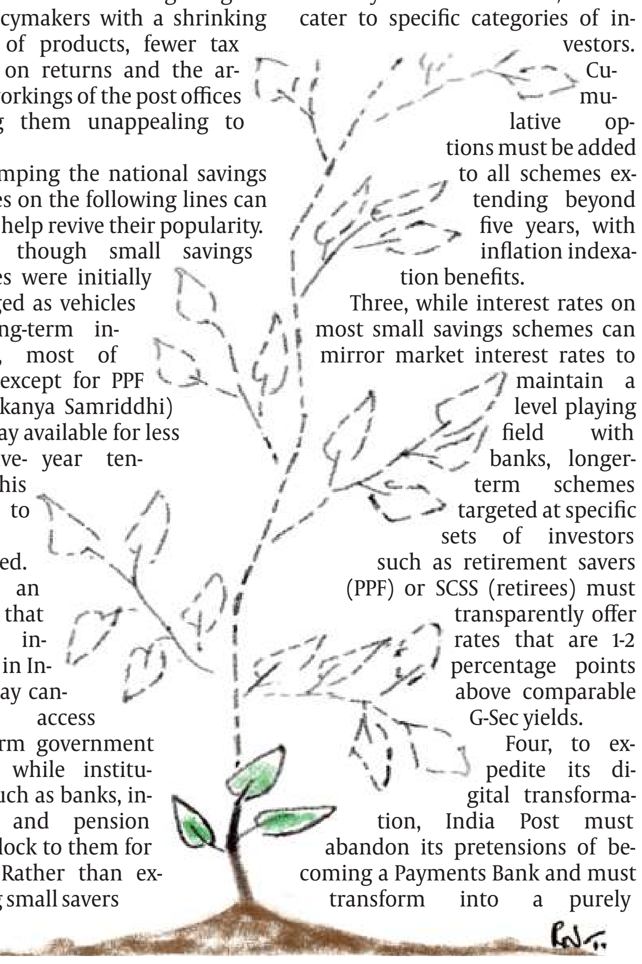
But despite their obvious utility to the poor, post office schemes (now renamed national savings schemes) have suffered from benign neglect by policymakers with a shrinking basket of products, fewer tax breaks on returns and the archaic workings of the post offices making them unappealing to savers.

Revamping the national savings schemes on the following lines can greatly help revive their popularity.

One, though small savings schemes were initially envisaged as vehicles for long-term investors, most of them (except for PPF and Sukanya Samriddhi) are today available for less than five- year tenors. This needs to be remedied.

It is an irony that retail investors in India today cannot access long-term government bonds, while institutions such as banks, insurers and pension funds flock to them for safety. Rather than expecting small savers to jostle with these big boys in G-Sec auctions, it makes sense to offer more small savings schemes in the 10-, 15- and 20-year tenors. At the same time, convoluted conditions surrounding early exits need to be dismantled, as small savers have a high need for emergency liquidity.

Two, withdrawn tax breaks on interest receipts from many of these schemes need to be restored. While it makes sense for the Centre to levy tax on interest from Post Office Savings/Time Deposits to ensure a level playing field with bank deposits, there's no reason why concessions cannot be extended to the Senior Citizens Savings Scheme or the Monthly Income Scheme, which cater to specific categories of investors.



Cumulative options must be added to all schemes extending beyond five years, with inflation indexation benefits.

Three, while interest rates on most small savings schemes can mirror market interest rates to maintain a level playing field with banks, longer-term schemes targeted at specific sets of investors such as retirement savers (PPF) or SCSS (retirees) must transparently offer rates that are 1-2 percentage points above comparable G-Sec yields.

Four, to expedite its digital transformation, India Post must abandon its pretensions of becoming a Payments Bank and must transform into a purely deposit-taking entity with a friendly customer interface.

Ignore the pushback

Any such attempt to revive the small savings schemes will receive strong pushback on two counts.

One can expect stiff resistance from India's banking lobby, which has always held that high interest rates on small savings schemes impede rate transmission. But this claim wears a little thin when one compares the size of deposit flows managed by banks to those garnered by the post office.

At the end of FY19, all the post office schemes put together managed about ₹9 lakh crore, whereas commercial banks were sitting pretty on deposits of ₹127 lakh crore. Both the low savings potential of folks who frequent post office schemes and statutory caps on investments (such as ₹1.5 lakh a year on PPF and ₹15 lakh for SCSS) will ensure that post office schemes don't pose much of a threat to banks. Even if higher rates on schemes such as the PPF or SCSS do offer some competition, they are too small a sliver of the savings pie to make a material dent. At the end of FY19, the SCSS managed around ₹54,000 crore and the PPF around ₹73,000 crore.

There will also be criticism that allowing the National Small Savings Fund (NSSF) to bloat will peg up the off-balance sheet borrowings of the Central government.

But there's really nothing wrong with the Centre relying more on the NSSF for borrowings, provided it makes transparent disclosures about this in its budget documents and doesn't use it to dress up its deficit.

On the contrary, expanding the NSSF will solve two problems at one go. There will be less risk of the Centre crowding out private firms in the bond market when it goes on a borrowing binge. It will also be benefitting deserving retail savers with its borrowings, rather than fat-cat institutions.

Will AI replace 'real' intelligence?

The challenge is to infuse human values into Industry 4.0. Trust, fairness and empathy should be preserved in this cyber age

KESHAV MURUGESH

The fourth Industrial Revolution has swept the world, leaving its indelible impact on the shop floor, in stores, offices, boardrooms and beyond. The fusion of technologies that characterises this revolution has triggered a wave of transformative change, impacting society in ways we could not have imagined earlier and at a pace that we have not seen before.

The benefits of digital technologies are many. They have the power to revolutionise society as, for the first time, the disadvantaged have access to information, services, skilling opportunities and markets that can enable them to improve their lives. However, as in the case of the earlier Industrial Revolutions, this one too, brings formidable challenges for society. The frenetic speed of digital adoption and the entry of machines is making the skills of millions of people irrelevant almost overnight. It also raises the need to determine what a machine should do and which tasks should remain under a human's purview.

As a result, the conversation in technological and business circles is moving from a purely business-focused view of technology application to one that is more human-centric. Business benefits such as higher productivity, better decision-making and improved customer engagement will continue to drive digital growth. But the themes of Industry 4.0 are already countering conventional business thinking. Supporting human values through technology, building consumer trust in an era of robotic solutions and the limits to deployment of artificial intelligence (AI) are the issues generating debate among corporates today.

A few immediate steps can aid the transition, as technologists and business leaders strive to humanise the digital revolution.

Building trust

Around the world, the trust deficit is growing. Concerns about the misuse of data by government institutions and businesses — especially with the frequent incidents of cyber attacks — have eroded people's faith in the way data is being stored and managed.

The 2019 Edelman Trust Barometer reveals that people trust only those relationships that are within their control. Globally, as many as 75 per cent of people trust their employers to do what is right for them. But only 47 per cent trust the media, while 56 per cent trust the business world and 57 per cent trust non-governmental organisations. Moreover, the trust gap between the informed public and the mass population has grown to a record 16 points.

Only true transparency on the part of business leaders about data protection and usage can now regain public confidence. Proactive policies are also urgently needed to restore people's faith in new technologies.

Cultivating empathy

Every day brings new points of intersection between humans and machines, allowing AI and machine learning (ML) to take critical decisions about human lives. We are applying data and AI to understand human behaviour and predict actions, monitor health parameters and diagnose medical conditions, and identify potential criminal activity for better law enforcement.

AI application Human touch is needed

An advocate of empathy-driven AI, Microsoft CEO Satya Nadella believes the world will have an abundance of 'artificial' intelligence but a scarcity of 'real' intelligence and human qualities like empathy. The need, therefore, is to apply AI with a human touch. Every solution should be evaluated through the lens of the person who will be impacted by it, rather than only for its technology capabilities.

Being fair and equitable

The connected world and the democratisation of technology gives us a wonderful opportunity to remove disparities, provide open access to information, services, capital and skills, and create a more equitable and inclusive society. However, we must learn from the previous Industrial Revolutions and ensure that technology does not serve the interests of only a few. Hidden biases or imbalances in data can skew algorithms, leading in turn to skewed decision-making.

Wikipedia is a prime example of how even an open platform, that crowdsources content from all around the world, can perpetuate existing prejudices. Only around 18 per cent of the biographies on Wikipedia are of women — a fact that prompted Jess Wade, a research scholar from UK's Imperial College, to write a page a day through 2018 to correct the bias.

The impact of the fourth Industrial Revolution will continue to be felt as digital technologies mature and find newer applications. The planet already has more connected devices than human beings.

As the machine population grows and becomes more powerful, we must remind ourselves of the primary aim behind developing machines: to improve and enrich human lives. If we keep this fact as our focus, we will have achieved our goals for the fourth Industrial Revolution.

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LETTERS TO THE EDITOR

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GST evasion

Recent media reports have mentioned the steps taken to check large-scale evasion of the GST by way of false claim of input tax credit (ITC), which include capping of number of invoices in tune with business turnover. The government has already amended rules to restrict the ITC to 20 per cent of the eligible amount for an entity in case in case supplier has not uploaded relevant invoice.

All such steps will rather further complicate the already-cumbersome GST system. A simpler way may be to retain the ITC system only for trade activities abolishing it from manufacture and service sector. In such a scenario, only two basic GST rates of 10 and 25 per cent can replace the various GST slabs. Increasing the GST for gold, silver and diamonds etc to 10 per cent may not result in double taxation.

Cess should be replaced by additional GST slabs; petrol and diesel should also come under GST system.

Madhu Agrawal
Delhi

Kashmir clampdown

Post abrogation of Article 370, a clampdown in the State was in order but it can not prolong beyond a point.

The BJP perhaps feared a political whiplash and adverse impact on its prospects in the Maharashtra and Haryana Assembly elections. Its political bravado was evidently short-lived.

But having now felt the growing national unease through the Assembly election results, the BJP must realise the futility of extending the siege in the Valley. The visit of EU MPs or any other ploy buys time but compounds the burden of remedy. International opinion is fickle; though it is favourable today, it can abruptly change tomorrow. The sooner we move on to the next phase the quicker we can put the Kashmir episode behind us.

R Narayanan
Mumbai

Market activity

This refers to 'Sensex reclaims 40K as FPIs pump in $1 b in a day' (October 31). In the context of the economic slowdown, the developments are highly significant and indicate that the fear of worse times ahead is fading. It might also be correct to say that the government's response to the slowdown might have contributed to the market's activity. As indicated in the article, the likely cut in personal income tax will further boost sentiment in the context of restoration of the economy.

The cut will also boost consumption, which is a necessary factor for the improvement of the economy. The reported likelihood of the 'doing away' with dividend distribution tax, long-term capital gains tax and the securities transaction tax are likely to boost the commercial and industrial sectors.

TR Anandan
Coimbatore

Missing in action

This refers to "Meditating' Rahul to skip Congress' protests against economic crisis' (October 31). The news that the former Congress president will skip the 10-day protests organised by his party from November 5 did not come as any surprise at all. While Congress spokesperson Randeep Singh Surjewala vehemently and dutifully tried to defend Rahul's escape, the timing of his current trip obviously raises several eyebrows.

In fact, missing out on such a golden opportunity to confront the incumbent Modi government on several key economic issues speaks volumes not only about Rahul's political inexperience but also his inherent inability to lead the party.

Vinayak G
Bengaluru

Foreign investment

Apropos 'The era of FDI-driven growth is over' (October 31). It has been brought to focus that despite structural reforms like the GST, the Make in India initiative and the various sops for foreign investors, the quantum of foreign investment both in FDI and portfolio investment is bleak.

FDI especially, must be augmented, since its quantum was only ₹1.1 trillion in 2018, much lower than the the expected ₹6.2 trillion. There is neither steady flow of FDI for start-ups nor investor-friendly tax and labour laws. There is a dire need is to create a productive atmosphere for the foreign investors.

NR Nagarajan
Sivakasi

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