



Unending pain

Governance reforms and recognition of losses are a must to solve the bad loans crisis

If the financial performance of India's largest lender is anything to go by, an end to the severe bad loans crisis may be much farther beyond the horizon than previously anticipated. For the first time in almost 19 years, the State Bank of India reported a quarterly loss of ₹2,416 crore for the three months ended December, compared with a net profit of ₹2,610 crore in the year-earlier period. While the figures are not strictly comparable after SBI completed merger with its associates, the loss was the result of both a massive increase in provisions to account for bad loans and a substantial amount of mark-to-market losses on its holding of government bonds. Provisions for non-performing assets (NPAs) more than doubled to about ₹17,760 crore, from about ₹7,200 crore in the third quarter of 2016-17. On treasury operations, SBI recorded a loss of about ₹3,255 crore, versus a profit of about ₹4,776 crore in the comparable period. The bank revealed that an audit by the Reserve Bank of India showed a divergence of ₹23,239 crore in the way it classified assets at the end of the last financial year, which led to increase in provisions in the last quarter. Most of these reclassified assets are linked to troubled projects in sectors including power and telecom. SBI, of course, is not the only lender to have had its assets forcibly reclassified by the RBI. Private sector lenders have also been found guilty of pushing troubled assets under the carpet until the RBI called their bluff.

It may be tempting to believe that last year's bankruptcy law reforms will soon begin to ease the pain at banks by encouraging the quick sale of assets of troubled borrowers. The proceeds from such sales, however, would likely amount to very little in comparison with the mammoth scale of troubled assets. According to a joint study by Assocham and Crisil, gross NPAs in the banking system are estimated to increase to ₹9.5 lakh crore by March 2018, from ₹8 lakh crore a year earlier. In that case, write-offs recognising losses may be the most honest and practical way to deal with the bad loans problem. So the RBI in the coming months should continue to push banks, both public and private, to promptly recognise the stressed loans on their portfolios. Incidentally, Prime Minister Narendra Modi last week laid the blame for bad loans on the previous government. While it is quite true that the present bad loans crisis has been a long time in the making, the problem of lax corporate governance, which has plagued public sector banks and contributed in no small measure to the present crisis, still remains largely unaddressed by the government. Even the latest plan to recapitalise public sector banks may achieve little more than giving some temporary relief to lenders for the sake of reviving credit growth. The bad loans problem is likely to remain a festering sore and risks undermining the health of the economy until meaningful structural reforms to the banking system are undertaken.

BNP in a bind

Former PM Khaleda Zia's conviction heightens political uncertainty in Bangladesh

The sentencing of former Bangladesh Prime Minister Khaleda Zia to five years of rigorous imprisonment by a special judge's court in Dhaka on charges of corruption has upended politics in an election year. Her arrest and possible disqualification from contesting – unless higher courts decide otherwise – has created a political crisis for her Bangladesh Nationalist Party, and equally a challenging opportunity for the ruling Awami League. The BNP is entirely dependent for leadership on the Zia family. With Ms. Zia's son Tarique Rahman, who has been named the acting chairperson of the party, in exile in London after being convicted in another corruption case in 2016, the BNP is caught in a bind. Elections are scheduled for December 2018, and even before Ms. Zia's conviction the party was struggling. The BNP had boycotted the previous elections in 2014, practically allowing the Awami League a walkover. It was, in hindsight, a questionable strategy. Since 2014 the BNP has suffered significant erosion in its organisation. Besides Ms. Zia being embroiled in dozens of corruption cases, party activists have also been hauled up in several cases. Ms. Zia is expected to appeal the judgment, and could be eligible to contest elections after release on bail – but the conviction will weigh heavily on her party's fortunes.

Bangladeshis will hope the BNP gets its act together, because the withdrawal of the party from the electoral fray has not been beneficial for democracy. While it did not make tactical sense for the BNP to boycott polls in 2014, the consequent victory by walkover did not help the Awami League to assert its legitimacy. In what is effectively a two-party polity, the absence of the BNP as an opposition within Parliament had externalised dissent and led right-wing forces to use their intimidatory tactics to attack liberal, secular voices. Since the end of dictatorship in 1990, Bangladesh alternated between Prime Minister Sheikh Hasina's Awami League and Ms. Zia's BNP, with short interregnums of army and judicial rule, till the League's re-election in 2014. The two parties have battled in a vituperative game, each trying its best to muzzle the other while in power and the party in opposition preferring the street to the legislature to make its presence felt. Attempts to build a third force or project a different set of leaders from among these two leading parties have so far come to naught. Keeping this in mind, the Awami League government should be cautious about being seen to be interfering in the judicial process in Ms. Zia's cases. If Ms. Zia is allowed to contest elections, pending her appeal to a higher court, the Awami League should welcome the contest.

The jallikattu challenge

Any effort at securing animal welfare will have to be grounded in our own rights as human beings



SUHRITH PARTHASARATHY

What must the Supreme Court do when a community's right to cultural freedom comes into conflict with values of animal welfare? At first blush, on a purely intuitive level, this is likely to strike us as a question unworthy of close judicial scrutiny, for judges, we might think, would have to lose their moral capital before they condone cruelty to animals by placing a people's right to culture on a pedestal. But a group of cases which the Supreme Court referred on February 2 to a Constitution Bench for final determination shows us that resolving this perceived clash is far from straightforward. To provide a morally justifiable answer, the court would have to not only make a hugely imaginative leap in its interpretation but also overcome a series of vexing doctrinal problems that limit the reach of constitutional theory.

Amendment the crux

The issue before the Supreme Court arises out of Tamil Nadu's amendment to the Prevention of Cruelty to Animals Act, 1960 (PCA Act) made early last year amidst vociferous protests in the State. The amendment discharges the practice of jallikattu, which it defines with a sloppy lack of precision as “an event involving bulls conducted with a view to follow tradition and culture”, from the various rigours of the PCA Act. The petitioners, including the People for the Ethical Treatment of Animals, argue that the amending law violates a slew of fundamental rights. What's more, in their belief,

the Tamil Nadu government, in any event, lacked the legislative competence to dilute the requirements of the PCA Act.

On an examination of these petitions, Justice R.F. Nariman wrote in his order of reference, at least five questions warrant deeper deliberation: Is the amendment an instance of colourable legislation? Can the law be considered as a measure introduced in furtherance of a community's cultural right under Article 29? Was Tamil Nadu's intention in making the amendment aimed at ensuring the survival of a native breed of bulls? Does the exemption granted to jallikattu run counter to some of the fundamental duties imposed by the Constitution, thereby impinging on rights guaranteed by Articles 14 and 21? And, finally, has the amending law validly overcome the Supreme Court's 2014 judgment in *Animal Welfare Board of India v. A. Nagaraja*, where the practice of jallikattu was found to offend the PCA Act?

Part III of the Constitution, which lists the various fundamental rights, provides to persons different manners of guarantees, including in Article 14 a right to equality, and in Article 21 a right to life. These enumerated rights, however, do not explicitly recognise animals as persons. Indeed, until now, the liberties contained in Part III have largely been understood as promises made to human beings, and, in appropriate cases, to associations of human beings, such as corporations, partnerships and other similar entities. As a result, when a movement for animal welfare in India was initially launched, it stemmed not through an argument predicated on rights, but through an effort founded on qualities of decency, on a belief that to inflict unnecessary pain on animals was morally unconscionable.

Since the Constitution imposed



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no binding obligation on the state to protect animal welfare, it was left to campaigners to beseech Parliament into enacting a proper law for the purpose. It was to this end that in 1960 the Union government brought into force the PCA Act, which criminalised several different types of actions resulting in cruelty to animals. But, far-reaching as the statute was for its time, it also defined a set of unpalatable exceptions. Notably, these included the performance of experiments on animals aimed purportedly at advancing discovery of drugs and a wide and general concession for “killing any animal in a manner required by the religion of any community”.

A case of violations

It was clear, however, that plainly read, the bull-taming spectacle jallikattu, which is traditionally held during the Pongal period in southern States, violated many of the provisions of the PCA Act. Indeed, in 2014, in *A. Nagaraja*, the Supreme Court found that the practice treated bulls in a way that caused the animal unnecessary pain and suffering, and, therefore, that any attempt by Tamil Nadu to regulate these events could not be afforded any sanctity. But the effort made by the State last year in amending the PCA Act offers a different challenge.

Expanding horizons

India's West Asia engagement must focus on strengthening its presence as an economic and security partner



HARSH V. PANT

As India seeks to pursue a multi-dimensional engagement with West Asia, Prime Minister Narendra Modi's latest visit to the region has merely underscored its growing salience in the Indian foreign policy matrix. While much focus is often given to India's ‘Act East’ policy, India's ‘Look West’ policy too is evolving rapidly. This is Mr. Modi's fifth visit to West Asia in the last three and a half years and sustained high-level engagements have ensured that India's voice is becoming an important one in a region that is witnessing major power rivalries playing out.

Mr. Modi's Palestine visit – and the first visit by an Indian Prime Minister – coming just weeks after Israeli Prime Minister Benjamin Netanyahu's high profile visit to India, has been being looked at with significant interest. Underlining India's credentials as a “very respected country in the international arena”, Palestinian President Mahmoud Abbas had called for a

potential Indian role in the West Asian peace process. “We believe in the importance of a possible Indian role... to reach a final agreement based on international consensus and resolutions,” he had suggested before Mr. Modi's visit, but the Prime Minister decided to steer clear of this as the complexities of the region were evident in the very manner of his landing at the Palestinian Authority's presidential headquarters in Ramallah.

In line with New Delhi's policy of trying to build capacity of Palestine, India signed six agreements worth around \$50 million with the Palestinian Authority that include setting up of a super speciality hospital in Beit Sahur, a centre for empowering women, procurement of equipment and machinery for the National Printing Press and significant investment in the education section. Mr. Abbas also conferred the ‘Grand Collar of the State of Palestine’ on Mr. Modi in recognition of his key contribution in promoting ties between India and Palestine. Though Mr. Modi said, “India hopes for Palestine to soon emerge a sovereign and independent country in a peaceful atmosphere”, he dropped any mention of a “united” and “viable” Palestine in his remarks, in a departure from past practice. His shift is as much about changing



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realities on the ground as it is about New Delhi's evolving priorities.

Bringing in a focus

India's robust engagements with the Arab Gulf states are a part of this dynamic, with Mr. Modi visiting the United Arab Emirates (UAE) for the second time in the last three years. Trade and economic ties are becoming central to the India-UAE relationship. A landmark pact awarding a consortium of Indian oil companies a 10% stake in offshore oil concession will be the first Indian investment in the UAE's upstream oil sector, transforming a traditional buyer-seller relationship into a long-term investor relationship with stakes in each other's strategic sectors. There was also a MoU aimed at institutionalising the collaborative administration of contractual em-

ployment of Indian workers. In their joint statement, the two countries “reiterated their condemnation for efforts, including by states, to use religion to justify, support and sponsor terrorism against other countries, or to use terrorism as instrument of state policy.” There is also growing convergence between the two countries on tackling terrorism.

Containing China

Oman has been a long-standing partner of India in West Asia, where Indians constitute the largest expatriate community. With the Indian Ocean becoming a priority focus area for New Delhi, Oman's significance is likely to grow. China's expanding footprint in the Indian Ocean Region has alerted India to the possibility of strengthening security ties with littoral states. India is likely to step up its military presence in Oman. Naval cooperation has already been gaining momentum with Muscat giving berthing rights to Indian naval vessels to fight piracy in the Gulf of Aden. Regular naval exercises have now become the norm.

India and Oman have not only made military cooperation more expansive during the Modi visit but also made an attempt to take the relationship to other domains:

clusion might sound, though, it simply doesn't fit with the Constitution's text and structure. The second approach also brings with it its own complexities. But it does present us with a rationally justifiable answer. After all, the Supreme Court has previously held that the right to life under Article 21 partakes a right to a healthy environment. Perhaps, therefore, it might not be implausible for it to also hold that this right includes a freedom to live in a society that respects and shows empathy towards other living beings, that Tamil Nadu's law, much as it strives to protect a community's cultural rights, offends this larger, more general guarantee.

Paradoxically, therefore, for the present, any effort at securing animal welfare will have to be grounded in our own rights as human beings. If such a reading of Article 21 allows for a kinder, more compassionate society, where animals are treated with dignity, it is perhaps the interpretation that the Supreme Court must prefer. But the court will have to be exceedingly cautious here. It mustn't, in endeavouring to read Article 21 widely, borrow generously from the list of fundamental duties contained in Article 51A. These duties are non-justiciable by definition, and they should remain so. The court's venture must be to independently construe Article 21, to see whether a finding that the right partakes a freedom to live in a society free of animal cruelty fits with India's larger constitutional design. Ultimately, the court has two choices: to uphold the law and give in to the occasionally depressing limits of constitutionalism, or to take a plunge into the unknown, in the interests of articulating a morally consistent constitutional theory.

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by enhancing cooperation in the field of health, tourism and peaceful uses of outer space.

Given the nature of West Asian politics, with sultans and monarchs still holding sway, the Prime Minister's personal diplomacy has indeed had a significant impact in galvanising bilateral relations. But bureaucratic inertia in New Delhi continues to hamper India's outreach. India's engagement with West Asia should now focus on delivering on its commitments and strengthening its presence as an economic and security partner. This will be crucial as traditional powers such as the U.S. and Russia are jostling militarily, even as America's stakes in the region decline by the day. China and India, as two emerging powers, are yet to articulate a clear road map for the region. While India is still stuck in the age-old debates of Israel-Arab rivalry, West Asia has moved on. Growing rivalry between the Sunni Arabs and Shia Iran is reshaping old relationships and India will have to be more pragmatic in its approach towards the region. The Prime Minister's visit has underlined this new reality for India.

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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.

The cackle

One does not know whether the writer (OpEd page - ‘Single File’, “With abandon”, February 12) watched the full proceedings in the Rajya Sabha last week, when the Prime Minister was speaking. The Rajya Sabha Chairman cautioned Renuka Chowdhury but the Congress parliamentarian continued to laugh in a loud and dramatic manner. In a democracy, one can dislike a fellow parliamentarian, but one also needs to show respect. Going by television footage, it was sickening to listen to the parliamentarian's derisive laughter. Bringing in the “freedom of expression” in this incident is ridiculous.

Vijay Kumar Chadalavada, Bengaluru

■ Laughter or “a cackle” is an expression of freedom but defending laughter that was

meant to insult someone and create hindrances, especially in the country's supreme legislative body, is stretching things a bit too far. On top of it, “feminising” the issue only makes the writer's defence even worse. The remark of the Prime Minister was absurd and the matter should have been allowed to rest as both the Congress and the BJP were only engaged in unproductive mud-slinging. There is no way that women's rights are involved in this.

Pooja Singh, New Delhi

■ The writer should bear in mind that “women's freedom” doesn't mean doing anything one likes. This applies to men too. I hope the writer noted that the Prime Minister did in fact look at it from the point of view of the freedom of women, by repeatedly

requesting the Chairman of the Rajya Sabha to allow her to continue “cackling”. He didn't seem the least bit infuriated by her conduct. The Prime Minister's comment in response to the “cackling” has nothing to do with patriarchy.

Jayachandran A., Chennai

■ Mr. Modi's comment was unbecoming of a Member of Parliament, even less of a Prime Minister, and he should have apologised. But to make Ms. Chowdhury the poster girl of feminism and a mascot of liberated womanhood is unjustified. Her guffaw was with the intent of mocking the Prime Minister while he was speaking. If she disagreed so strongly with what the Prime Minister said she could have raised her hand or countered his speech by speaking later. The whole issue is about decorum in the temple of

democracy and should not be seen through the prism of gender.

Ashtutosh, Gaya, Bihar

Health sector road map

The Union Government appears to have been short-sighted in rolling out the National Health Protection Scheme without ensuring a proper foundation for the smooth implementation of the scheme (“Hardly a gamechanger”, February 12). The government has hardly made a substantial allocation in the Budget to fix an already ailing health infrastructure. Rather than rolling out a populist scheme with meagre funds and a weak superstructure, the poor would have been served better had the government focussed its attention on bettering the existing medical structure.

Mayank Sahu, Lucknow

Ambassador of sport Shahid Afridi's wonderful gesture (‘Sport’ page, “Afridi's touching gesture”, February 11), without doubt, reiterates the fact that the spirit of sportsmanship transcends all nationalistic borders. His action reflects the essence of events such as the Olympic Games where many nations participate as one. There was a similar heartening instance in Australia, when, despite the

CORRECTIONS & CLARIFICATIONS: In the Magazine story - “The bitcoin boss” (Feb. 11, 2018) - two sentences in the paragraph that talked about the worth of bitcoin should be recast to read: “The ₹1 lakh that Kalra's ice bucket challenge delivered to ALS is now worth around ₹30 lakh.” (The print version had said it was ₹40 lakh.) “The return on investment is a mind-boggling 30,000% in three years.” (The print version had put it at 40,000%.)

We erred: The date of publication of the article about pulse polio (Corrections and Clarifications column on Feb. 10, 2018) was Feb. 4, 2018 and not Feb. 3, 2018.

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturi Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com