



For a clean judiciary

The process to remove Justice Shukla shows the importance of in-house mechanisms

With an in-house committee concluding that a judge of the Allahabad High Court had committed judicial impropriety serious enough to warrant his removal, the subject of corruption in the higher judiciary is in the news. Justice Shri Narayan Shukla had come under adverse notice before a Supreme Court Bench headed by Chief Justice of India Dipak Misra last year. The Bench had found he had violated a restraining order from the apex court by allowing the GCRG Memorial Trust, Lucknow, to admit students. The Supreme Court observed that the Bench headed by Justice Shukla had violated judicial propriety. The CJI formed a three-member committee, comprising Chief Justices Indira Banerjee of the Madras High Court and S.K. Agnihotri of the Sikkim High Court and Justice P.K. Jaiswal of the Madhya Pradesh High Court, to examine his conduct. The committee has now found substance in the allegations and that the judge had deviated from the “values of judicial life”. It is unfortunate that Justice Shukla has not tendered his resignation or sought retirement, the options available to him to avoid the ignominy of impeachment in Parliament. His position has paved the way for the CJI to recommend his removal.

The allegations against him appear to correspond to the claims in a first information report registered by the CBI against another medical college trust and alleged middlemen, including a retired judge of the Orissa High Court, that there was a plot to influence public servants to obtain favourable orders. The allegation had set off a storm in the judiciary, as some orders related to medical colleges in Uttar Pradesh were also passed by Supreme Court Benches headed by Chief Justice Misra himself. The climactic event was the unprecedented press conference at which four senior-most judges alleged the CJI had departed from convention while using his power to draw up the roster. It is important for the institution that the charges against Justice Shukla are properly investigated. It may have a sobering effect on those who desire that the institution be cleansed as well as those who feel there is an unwarranted onslaught on it. The process of removing a judge is too elaborate and somewhat cumbersome. However, an in-house finding may help hasten it in flagrant cases. The possibility of getting a motion passed in Parliament is brighter, and the charge of the process being misused for partisan ends is reduced. The removal of a serving judge is undoubtedly a sad development, but one that the institution should not fight shy of in appropriate cases. That internal mechanisms work with due regard for institutional integrity is something that should be welcomed.

A year of Trump

The American President has confused everybody with his State of the Union speech

In delivering his first State of the Union speech on Capitol Hill, President Donald Trump spoke of many small victories that he chalked up to his administration's record over the past year. Yet the biggest surprise to many may have been the fact that they saw before them a Commander-in-Chief who unwaveringly stuck to the script and eschewed his usual provocative style on social media. While “Twitter Trump” has lashed out at Democrats on immigration reform and the federal government shutdown earlier in January, “Teleprompter Trump” issued a generous call for bipartisanship in policymaking. Where Mr. Trump has actively promoted, on social media, Russian involvement in resolving problems with North Korea, Syria, Ukraine and terrorism, he said in his Congressional address that Russia and China were rivals that challenged U.S. economic interests. Most strikingly, Mr. Trump assured his audience that prospective immigrant families would benefit from his proposed reform, yet just three months ago he had vowed on Twitter that the Extreme Vetting Programme for migrants from certain countries was being stepped up to fourth gear. The divergence between Mr. Trump's two assessments of the current scenario is troubling also because the softer version of Americana he outlined in the State of the Union speech is in stark contrast to his inaugural speech a year ago when he famously spoke of “American carnage”. The question is, how much has really changed in the intervening year?

Considering his administration's successes first, at the top of the list is the passage in Congress of his tax-cut proposal that he claimed put more money back into American workers' pockets and built the foundations of a stronger economy. Leaving aside the fact that it was the 12th largest tax cut in post-World War I history, and not the largest as Mr. Trump claimed, it is quite likely that his voter base appreciates his adherence to the Republican fiscal *mantra*. On the linked subject of growth and jobs, the economy expanded by 2.3% in 2017, which is less than it did in 2014 or 2015. Mr. Trump's first year saw more than two million jobs created, yet that falls short of any of the last six years of his predecessor's tenure. Mr. Trump's decision to revoke the previous administration's decision to shut down the U.S. prison in Guantánamo Bay may have been a throwaway to policy hawks, but it could turn out to be self-defeating to the extent that it serves as a recruitment tool for terrorist groups. While Americans will continue to debate these complex questions of domestic policy, the attention of the world, including India, must have been on Mr. Trump's call to end the sought-after visa lottery and “chain migration”. Given the context of a hardening immigration policy, which could potentially affect legal migration, these remarks will likely make the American Dream seem like a mirage to separated loved ones and hopeful professionals on distant shores.

Power of a single identity

Indian activists echo American conservatives of the 1930s, but Aadhaar is the best tool to administer the subsidy regime



RAJU RAJAGOPAL

The United States enacted the landmark Social Security Act in 1935, giving birth to the Social Security Number (SSN). The debate leading up to the Act was highly contentious, as conservative Republicans/Congressmen declared, “Never in the history of the world has any measure been brought in here so insidiously designed as to prevent business recovery, to enslave workers, and ... opens the door and invites the entrance into a political field of a power so vast, so powerful, as to threaten the integrity of our institutions...” Christian fundamentalists joined the crusade by proclaiming that SSN was the very Mark of the Beast prophesied in Revelation 13:17: “...no man might buy or sell, save he that had the mark, or the name of the beast, or the number of his name.”

Safety nets

The fearmongering ultimately failed to impress the American public, and over the years Social Security and its counterpart, Medicare, have become the only safety nets for a majority of America's elderly. While the SSN has arguably been overused for purposes that it was not intended for, and there have been many instances of leakage of information linked to it, nonetheless it continues to be the backbone of citizen interactions

with the state – for the simple reason that no one has come up with a better alternative.

Eighty-three years later, the apocalyptic rhetoric of those opposing Aadhaar in India's Supreme Court harkens back to the arguments made against the SSN: “[Aadhaar] tends to terrorise citizens with the country becoming a totalitarian regime;” and “it is a ‘giant electronic mesh’ and will turn the country ‘into a surveillance state.’”

However, there is one important difference: The opposition to Social Security was informed by right-wing ideology, which saw it as the harbinger of socialism and an existential threat to America's capitalist enterprise. In stark contrast, the movement against Aadhaar is led by a small group of Left-leaning activists, who are well known for advocating more and more government in people's lives (the public distribution system, rural employment guarantee, food security, and so on), but who are now arguing in the same breath for the citizens' right to be left alone.

Understandably, they do not sound credible when they invoke the bogey of Big Brother, who to most poorer Indians is the benevo-

lent state that brings succour in an otherwise precarious existence. Also, having been the loudest voices against mismanagement of welfare schemes in the past, they appear a bit hypocritical when they now suggest that everything was working just fine until Aadhaar came on the scene.

The biometric difference

Petitioners will, of course, argue that there is another crucial difference between the SSN and Aadhaar: biometrics. Unlike other personal information that one can change at will to protect one's privacy, they say, one can't change one's fingerprints. Granted, but as one of the learned Supreme Court justices observed recently, Google and other social media, mobile operators, and our own voter lists have a lot more immediately damaging personal information that one has no real control over. (Have you ever tried to delete highly personal and sometimes libellous information that show up when you Google your own name?)

Besides, none of the examples of Aadhaar data breaches that have been reported – which we should all be rightly concerned about – involves fingerprints or iris scans. So, the argument that

biometrics somehow make a more compelling case against Aadhaar simply does not hold water. In fact, in a nation with the world's largest safety net programmes, historically largest levels of leakages, and systemic fraud in every past ID programme, it is indeed the biometrics that bring credibility to Aadhaar as a national ID.

So, where does all this leave us?

On the one side, we have a well-organised group of anti-Aadhaar activists who can take full credit for catapulting the privacy debate on to the national stage, but who have not offered a single viable alternative tool to better administer the nation's massive subsidy regime.

Unfortunately, in their eagerness to quash Aadhaar, they seem even willing to embrace questionable storylines deliberately designed to bait and malign the Unique Identification Authority of India (UIDAI) prior to the Supreme Court hearings. For example, when the UIDAI filed a FIR in a case of alleged misuse of its grievance redress system to illegally obtain some people's Aadhaar demographic data, it was quickly accused of muzzling the free press, when it was merely fulfilling its legal obligation to act on any reported misuse of data.

Best use of a scheme

On the other side, we have a government at the Centre whose party opposed Aadhaar prior to the elections, but upon taking over the reins quickly realised the power of a single national ID in effectively administering welfare schemes; and which has been much more internally unified than

the previous government in its determination to make the best use of Aadhaar. And we have the UIDAI, which has consistently shown its seriousness in addressing data security and privacy issues; is poised to add more layers of security, such as virtual Aadhaar ids; is taking an active part in crafting a national data privacy law; but which, unfortunately, has been unable to match the nimbleness of the opposition in its public messaging.

In the middle is the Supreme Court, now hearing detailed arguments from both sides. When they are through, one would hope that the court will roundly reject the zero sum choice (Aadhaar or privacy) posited by some of the petitioners which would pose a huge setback for administrative reform. Instead, the Justices will hopefully focus their deliberations on where the nation should draw the line between personal privacy and the national interest. In my view, mandating Aadhaar for all government schemes and subsidies, and allowing it as a tool to prevent money laundering and terrorism are the most logical places to draw that line. And, lighting the fire under the government to quickly enact a comprehensive national data privacy law, which enshrines internationally accepted principles of privacy, must be the citizens' insurance policy to prevent mass surveillance and other excessive use of Aadhaar, like in the case of the SSN.

Raju Rajagopal, former head of Civil Society Outreach for UIDAI, is based in Berkeley, U.S.

Making financial savings less taxing

Savers in India need a far simpler tax regime for financial products that doesn't distort their freedom to choose



AARATI KRISHNAN

Bumping up the household savings rate and nudging savers to park their surpluses in financial assets have always been high on the agenda of Indian Finance Ministers. Fully aware of this, different arms of the financial services industry – insurers, banks, intermediaries, mutual funds – usually present a long laundry list of Budget demands. This year has been no exception.

But it is accommodating such piecemeal demands over the years that has led to such a complicated and inconsistent smorgasbord of tax rules for investors. This does them more harm than good. It may be desirable for the Finance Minister to refocus on the big picture policy objectives on savings, to rework the tax incentives around them. Here are some ideas that may un-complicate life for savers, if they figure in the Budget.

Omnibus 80C

India is an aspirational economy and this makes deferring one's consumption a particularly difficult decision for the income-earner. Offering tax incentives to increase the savings rate, therefore, makes sense.

The Income Tax Act, under Sec-

tion 80C, does create such incentives by allowing savers to deduct up to ₹1.5 lakh upfront from their taxable income each year towards investments. Ideally, Section 80C should have stopped with an omnibus deduction and allowed investors to choose their own instruments.

But in practice, there's a restrictive list of ‘approved’ 80C investments that has grown over the years to accommodate the whims of different Finance Ministers. In the present section 80C, bread-and-butter contributions towards provident funds and senior citizens' savings jostle for space with the principal on home loan EMIs (equated monthly installments), ULIPs (unit linked insurance plans), equity-linked funds and children's tuition fees. There are also separate carve-outs outside 80C for pension contributions, home loan interest, medical insurance premium and, unaccountably, donations to political parties.

The problem with the ‘approved’ 80C list is that it distorts choices for savers. Some savers lock into risky ULIPs or ELSS (equity linked savings scheme) products for 80C tax breaks, when bank fixed deposits would better suit their risk profile. Others buy larger homes than they can afford to avail of home loan tax breaks. The sub-limits on medical insurance and National Pension System (NPS) unduly influence allocation decisions.

Instead of micromanaging sav-



the Finance Minister did away with the approved list and offered just one catch-all deduction of, say, ₹2 lakh a year, for financial investments. That would allow savers freedom of choice based on individual goals.

Favour financial assets

That Indian savers prefer to bet their surpluses on physical assets such as gold or property, instead of in productive financial assets such as deposits, bonds and shares, has for long been a sore point with policymakers. It is only recently, in fiscal year 2016 and FY 2017, that there has been a mild shift in this behaviour.

Income tax rules, however, continue to offer handsome tax breaks on property investments, which are denied to many financial investments. For instance, tax laws encourage leveraged investments in property by allowing tax deductions on both the principal (Section 80C) and interest repayments (Section 24B) on home loans. But when it comes to financial investments, forget leverage, many popular avenues (bank and post office deposits less than five years, recurring deposits, bonds) receive no

tax breaks even on the actual investment.

Property investments also enjoy more generous capital gains exemptions than financial products. Capital gains earned on selling residential property after three years is not taxed if you reinvest the proceeds in another house. But this reinvestment benefit is unavailable to financial products. What's more, capital gains tax rules for financial products are complex – shares and equity mutual funds get full exemption after one year, bonds and debt mutual funds suffer tax after three years and returns from cumulative deposits are taxed at stiff rates as income, and not as capital gains.

To establish a level playing field between physical and financial assets, sale proceeds from financial assets, if held long term, should be allowed to be reinvested without capital gains tax. A uniform definition of ‘long-term’ and cost inflation benefits for all financial products, whether they are bonds or bank deposits, would render them more attractive.

Freedom on allocation

Prudent financial planning requires a saver to decide on her relative allocation between safe and risky assets based on her life stage, income, financial goals and risk appetite. Reserve Bank of India data tell us that in FY17, Indian households made a ₹18.2 lakh crore incremental allocation to financial assets. About 60% of this went into bank deposits, 24% into insurance

premia, 16% into pension and provident funds, 10% into shares/mutual funds and about 5% into small savings, with other minor allocations.

This tells us that Indian investors have an overwhelming preference for fixed income avenues that safeguard their capital, even if they earn lower returns. This is logical given that the population is dominated by low to mid-income earners.

But present tax laws ignore individual risk-taking ability, and try too hard to push investors towards equities. So, dividends on equity shares are exempt in the investors' hands (distribution tax is a flat 20% at source). But interest on deposits are added to one's income and suffer tax at 10-31%. Equity gains are treated as ‘long term’ after just one year and completely exempt from tax thereafter. But for most debt investments, ‘long term’ is three years with gains taxed at 20%.

It would be desirable to tax both dividend and interest income at similar rates in the hands of investors. There is also a case for treating equity gains as ‘long term’ only after three years. These measures above will not just nudge savings behaviour closer to the policy objectives. They will also make financial products vastly more appealing to savers, by un-complicating the tax rules that presently hamper their freedom of choice.

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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.

A perfect storm

The full page investigative report on antibiotic use in the poultry industry was an eye-opener (“A game of chicken: how India's poultry farms are spawning global superbugs”, January 31). Growing evidence of the link between poor sanitation practices and the spread of antibiotic resistance underscores the necessity to scale up sewage treatment facilities and strictly regulate the sale and import of antibiotics.

While efforts have been made to control the sale of unprescribed medicines and over-the-counter medication, all such initiatives are bound to have limitations without large-scale awareness programmes and a multi-sectoral approach covering both consumer and supplier. There are a few companies that sell antibiotic-free

farm-raised birds. Such certification from a government regulator, in addition to incentivising the ethical farming of poultry, would go a long way in slowing down frightening scenarios such as anti-microbial resistance. The subject needs to be introduced in academic curricula and as TV spots, as was done in the polio eradication programme.

SANCHARY GHOSH, Bengaluru

■ With chicken-based fast foods becoming the staple of the youth and large segments of the working population in our cities, one can well imagine the effect consumption of poultry farm-sourced chicken and eggs must have on the health of our population, especially the most productive segment. It is shocking that multinationals have no qualms in selling hazardous

drugs labelled as the ‘last line of defence’ against disease and passing them off as ‘growth promoters to the developing countries in bags’. How can one forget reports about developing countries having been used as an export destination for harmful substances such as asbestos, DDT and toxic cattle dung from Europe?

M.A. SIRAJ, Bengaluru

■ The term “health care” has no meaning given the indiscriminate use of antibiotics and pesticides in our farms, poultry and vegetables. As long as a total ban against the use of such substances is not implemented, it appears that we are destined to suffer the dangerous consequences of antibiotic resistance.

T.V. SREEKUMAR, Puducherry

Simultaneous elections

The suggestion to have

simultaneous elections across India, and one that appears to be gathering steam, is impractical. There are different governments in different States and with different tenures. It is a moot point whether the Election Commission could conduct such a massive exercise all over the country, at one go. In fact some States have more than a single day of polling due to security concerns and logistical problems. One wonders whether the Prime Minister has cost in mind or some other political consideration. We need to have wider consultations with all States as well as political parties.

D.B.N. MURTHY, Bengaluru

■ Having simultaneous elections for both Parliament and State Assemblies is practical only if there is uniform rule across India by only the national parties. But we cannot ignore the fact

that regional parties hold sway in some States and that the national parties have to pay heed to their voice.

D. SETHURAMAN, Chennai

No end to this?

The reformative theory of punishment seems to be an utopian idea for those who commit brutal crimes against children (“8-month-old rape victim's family gets interim

relief”, January 31). I lost my peace of mind after reading the horrifying news report. Why do we insist on making compensations rather than putting an end to this? Exemplary punishment must be awarded to the guilty, and swiftly.

SREELAKSHMI T.S., Ashtamichira, Thrissur, Kerala

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CORRECTIONS & CLARIFICATIONS:

Thar Link Express was the *second rail link* between India and Pakistan that received an extension from Islamabad. It was not the *solitary rail link*, as stated in the report headlined “Pakistan extends Thar Link Express for 3 years” (Jan. 31, 2018).

Double fault: Instead of carrying a news item published fifty years ago on Jan. 31, the entry corresponding to “Fifty Years Ago” (of “From The Hindu Archives column, Jan. 31, 2018) reproduced what was carried on Jan. 29, 2018 under the same column.

In the report headlined “Pinarayi for battle against pseudoscience” (Jan 29, 2018) there was a reference to *Article 51* of the Constitution in the context of promotion of scientific temper as a citizen's fundamental duty. It should have been *Article 51 A*.

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