

# Assess electoral bonds

Anonymity of donors evokes trust issues

S MURLIDHARAN

The government's claim that electoral bonds represent, and emanate from, clean money simply doesn't wash. If all banking transactions are *ipso facto* representative of clean, tax-paid money, then why did the government freeze some two lakh bank accounts of shell companies in September 2017?

Again, if all bank deposits are deemed to be clean then why is the government still looking into the genuineness of the deposits of 500 and 1,000 rupee demonetised notes made during the heady days of demonetisation in November-December 2016? Remember the Modi government bristled with indignation when the opposition and other detractors poked fun at it when the RBI admitted that almost 99 per cent of the banned notes wormed their way back into the banking system.



### Money laundering

Indeed money laundering is all about contriving to confer legitimacy on one's illegal income through the process of routing them into bank accounts. Round-tripping is a frequently used stratagem..

Money laundering starts with placing of the illegal money into an innocuous bank account and through layering and multi-layering in the manner of wheel within wheels it ultimately finds its way into what appears to be a noble cause which can be purchase of electoral bonds.

It is, therefore, entirely possible that some of the political donations made through electoral bonds may represent money of dubious quality. Anonymity conferred on the donors adds fuel to the suspicion that electoral bonds could well be the official money-laundering scheme. SBI knows the details of the bank accounts from

which the electoral bonds are purchased but it is not for it to look into the source of funds of the donor.

Lack of scrutiny and anonymity conferred on donors make the RBI and the Election Commission uncomfortable with the scheme. Yet the government preens with pride at this innovation ushered in with a view to discouraging cash donations.

Some people spring to the defence of the opaque electoral bonds saying that anonymity doesn't mean immunity. Implicit in this argument is while the accounts of the political parties cannot be probed as to the source of electoral bond funding, the bank accounts from which the electoral bonds were purchased can be. That precisely is the point the opposition is making — demanding inquiry into some of the large donations through electoral bonds.

### Political donations

Though there is no official information in the public domain, reports suggest that SBI has sold bonds worth ₹1,716 crore in January and March this year against the ₹1,056 crore of bonds sold in six months in 2018. But a national election is estimated to cost ₹30,000 crore or even more. So it must be conceded that electoral bonds haven't occupied the centre-stage insofar as political donations are concerned. Yet the disquiet over it is understandable and cannot be brushed aside.

Donations by electoral trusts hog bulk of the corporate donations, 92 per cent of which went to the ruling BJP in 2017-18. It is interesting to note that despite the removal of the 7.5 per cent of the profits ceiling in Section 182 of the Companies Act, upfront political donations by corporates is not happening. Perhaps the anonymity conferred by electoral bonds — 99 per cent of them bought by corporates — beckons them.

The writer is a chartered accountant

# Climate change is taking its toll on India

Its ill-effects are now visible across the country. A people's movement is needed to make combating toxic air a top priority



PARAG BALAKRISHNAN

### THE WIDER ANGLE

TV motoring star Jeremy Clarkson is now a believer — in climate change, that is. For years, Britain's self-described "petrol-head" insisted global warming was a global-sized hoax. His conversion took place when he was filming his hit show The Grand Tour and found drought-hit stretches of the Mekong river system reduced to a "puddle," a situation he called "genuinely alarming."

Closer home, we've been seeing signs of climate change all around. In earlier decades, Delhi residents pulled their woollens out of mothballs by mid-September when early mornings and evenings turned chilly. This year, the woollens are aired and ready but aren't yet needed. The weatherman has promised chillier temperatures ahead, but it doesn't require an expert to tell us winters are coming much later than before. Even fans, which should have been enjoying their off-duty season, are putting in overtime.

Winter in Delhi was also once the season when the city heaved a sigh of relief after summer's furnace blast and was a time for outdoor parties. This year, there's a mucky smog so bad that the Supreme Court this week called it "worse than hell" and apocalyptically offered the opinion it would be "better to get explosives and kill everyone".

We reminisce about how we once looked at photos of Beijing under a similar grimy pall and

wondered how they lived there. Now we know — not well, and it's defiling the air we breathe, causing higher rates of respiratory and heart disease, strokes and cancer, as well as making summers hotter and winters shorter.

### Economic costs

Then, there's the economic costs. Global warming's made India's economy 31 per cent smaller than it would otherwise have been according to a new Stanford study highlighting how temperature changes have widened inequalities between cool countries like Norway while dragging down growth in hot places like India. The World Bank calculates climate change will shave nearly 3 per cent off India's GDP and depress living standards of nearly half its population by 2050. The UN Office for Disaster Risk Reduction estimates India's suffered \$79.5 billion in economic losses in 19 years due to climate-change disasters.

Delhi, of course, gets all the publicity as the world's most-polluted capital. But the dirty haze has spread over a string of north Indian cities and even drifted southwards as Punjab farmers burn stubble. Indian cities easily cornered 22 out of 30 spots on a Greenpeace list of the world's 30 most polluted cities. City-dwellers can don masks and pray their lungs aren't too horribly affected by air pollution.

But farmers can't get through a season if weather patterns start to alter. And that's indeed what happened in a large swathe of southern and western India this year. In parts of Karnataka, there wasn't enough rain in June-July, so farmers postponed crop sowing. But then heavy, unseasonal rains in August destroyed a quarter of their crops. Kodagu, the coffee-growing region, was particularly badly hit.

We may not know its causes entirely, but the harsh reality of climate change has been visible all over India this year. It's time we



No boundaries The dirty haze has spread over a string of North Indian cities and even drifted southwards AP

began searching for solutions, but the political class doesn't appear to be ready to spearhead innovative initiatives. The Delhi Government, faced by the smoggy reality of climate change, quickly brought its odd-even number scheme back into action and banned construction. But this year's odd-even scheme was even less effective than its implementation the earlier time because two-wheelers, which contribute mightily to pollution, weren't included this time.

### Delhi's woes

Another cruel fact is that imposing an odd-even scheme isn't going to work unless it's imposed in the entire National Capital Region. But it would be tough to introduce vehicle curbs in Delhi's satellite cities like Gurgaon, Noida, Faridabad and Ghaziabad which don't have effective public transportation.

Incidentally, it should be mentioned that the number of vehicles in Delhi alone have soared stratospherically. In 1988, some 2.3 million vehicles plied on Delhi roads. Now there are 11.2 million. Effective public transportation — with electric or CNG-run buses — must become a top priority in Indian cities.

Pollution and climate change

ignore borders but it's cold comfort to know Lahore may be the one city that's, if anything, worse than Delhi. Maybe we should take a glance across the border to see the conversation there. On Monday, Pakistan Prime Minister Imran Khan launched the Clean Green Pakistan Index in which 19 cities from Lahore to Rawalpindi and Bahawalpur will compete for awards and be measured on scores from clean drinking-water to solid-waste disposal.

Khan's talked airily about a scheme he calls the Billion Tree Tsunami. He possibly pulled the number out of a hat but, for once, he's thinking on the right lines. One immediate solution before us is to plant millions of trees and ensure as many survive as possible to help suck up pollution. India's the third-largest emitter of heat-trapping carbon dioxide (behind China and the US), though still one of the lowest per-capita emitters. So shifting away from coal use to renewable power and other low-carbon infrastructure would be a key step to mitigating local pollution.

We shouldn't expect too much help from other parts of the world. President Donald Trump's yanked the US from the Paris Accord. Even China has cut back on its ambi-

tious renewable energy programme. Climate-change experts now say it will be almost impossible to cap global warming to 2°C as sought by governments worldwide. They forecast temperatures will rise 3°C by 2100. The higher levels of carbon dioxide in the upper atmosphere have risen alarmingly in the last four to five years (<https://climate.nasa.gov/interactives/climate-time-machine>).

The UN has been warning of runaway climate change with disastrous consequences. By 2030, India will lose the equivalent of 34 million full-time jobs due to global warming, particularly in agriculture and construction, an International Labour Organisation forecast, based on the discredited global temperature target of a 1.5-degree C rise. So the outlook could well be worse.

In truth, though, we don't need the experts to tell us what is happening. It's visible before our very eyes. Don't expect the politicians playing their numbers games in State Assemblies to take action. It's time for a people's movement to make combating toxic air and climate change a top priority. And it must start now. Pollution-sucking smog towers being sought by the Supreme Court may be a band-aid but they aren't the answer.

## 5 THINGS to WATCH OUT for TODAY

■ **ISRO will** launch the CARTOSAT-3 satellite from Sriharikota. PSLV-C47, on its 49th mission, will carry CARTOSAT-3 and 13 commercial nano satellites from the US. CARTOSAT-3 is a third-generation advanced satellite with high-resolution imaging capability.

■ **Air India** will start a service to Kenya's capital city, Nairobi, from Mumbai. The four-times-a-week non-stop flight will ply on Tuesdays, Wednesdays, Fridays and Sundays. The aircraft will be a 256-seater Boeing 787. The flight will have two-class configuration — business and economy.

■ **The NIA** court will pronounce punishment to the six men convicted in connection with a 2016 Islamic State terror plot in Kerala's Kannur district. The accused were found guilty on many charges under several sections of the Unlawful Activities (Prevention) Act and the Indian Penal Code. The case is related to a meeting held in October 2016 in a village in Kannur to plan terror attacks.

■ **Wondering what** stocks to invest in? The Bombay Stock Exchange will publish the second-quarter results of, among others, Gammon Infrastructure Projects and Videocon Industries.

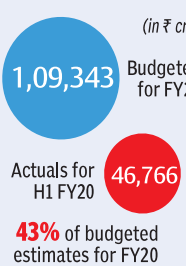
■ **The Rajasthan** High Court will hear the plea filed by the State government challenging the acquittal of actors Saif Ali Khan, Sonali Bendre, Tabu and others in the blackbuck poaching case. The defendants had earlier been acquitted by the Chief Judicial Magistrate Rural Court. In 1998, the accused had allegedly killed two blackbucks in Jodhpur during the shooting of a film.

SATYA SONTANAM

### STATISTALK

*Five opposition-ruled States raised concerns over the Centre delaying the release of GST compensation — which as a practice is paid bi-monthly — for August and September. Lower GST collections on the back of reduced GST tax and weak economic activity could have delayed the compensation transfer to States.*

..leading to breach of budgeted estimates for collection of compensation cess...



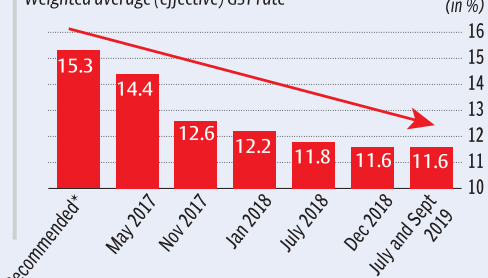
Source: GST Newsletter, CGA, Budget documents, News reports

...which could have delayed transfer of compensation to the States

Reported claims by States of GST compensation due from Centre

	(in ₹ cr)
Delhi	2,355
Punjab	2,100
West Bengal	1,500
Kerala	1,600
Rajasthan	NA

Reduction in GST tax rates, in addition to weak economic activity, could have impacted the collections

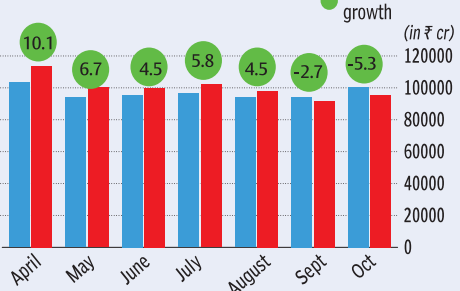


NA: Not Available \*Subramanian Committee recommendation

## Why the delay in GST compensation to States?

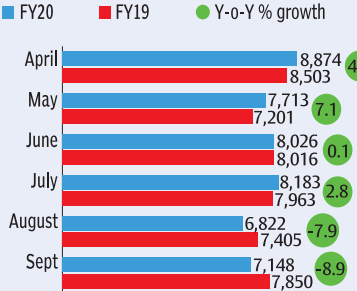
Growth in total GST collections has been tepid so far in FY20

Monthly GST collections mostly slipped below the one lakh crore mark



Centre's collections of compensation cess has also been equally low

Monthly collections of compensation cess (in ₹ cr)



Graphic: Visveswaran V

## BusinessLine TWENTY YEARS AGO TODAY

NOVEMBER 27, 1999

### Dr Reddy's acquires American Remedies

Dr Reddy's Laboratories has acquired control of Chennai-based American Remedies in a deal costing ₹41 crores. The company has signed an agreement to purchase 45 per cent shares of American Remedies from four promoters at a price of ₹175 per share. Dr Reddy's Lab proposes to acquire another 15-20 per cent from the promoters' associates. The company will also make an open offer for another 20 per cent as per SEBI's takeover code. American Remedies had sales of ₹92 crores last fiscal.

### Maruti plans direct route for Baleno

In an attempt at retaining its leadership position in the mid-size passenger car segment, Maruti Udyog Ltd (MUL) has lined up a series of new schemes for its yet-to-be launched luxury car, Baleno. Sources said the schemes are aimed at offering existing Esteem customers, who number about 1.20 lakhs, the option of upgrading to Baleno and are also targeted at owners of other mid-size cars. Baleno, which is to be formally unveiled on November 29, will be the first new product from the company since the introduction of Zen in 1993.

### SBI likely to come out with GDR issue

State Bank of India is likely to opt for the GDR route to raise the proposed capital of ₹3,000-4,000 crores, according to the Chairman, Mr. G.G. Vaidya. He said the bank would attempt to consolidate its accounts and bring it under the US GAAP principles by March-end. "If this is possible, we will go for an ADR issue or else we will come out with a GDR offering, sometime in July-August," he added. Senior SBI officials said consolidating the accounts of all the branches of the bank and its subsidiaries by March-end could prove to be extremely difficult

### EASY

#### ACROSS

01. Mortification (11)
08. Richness (8)
09. Slacken off (4)
10. Violent weather (5)
13. Prolonged pleasure-journey (4)
16. Placid (4)
17. Minus (4)
18. A gin (4)
20. Devotional-song (5)
24. Blood-conveying tube (4)
25. Entire horse (8)
26. Wagering establishment (7,4)

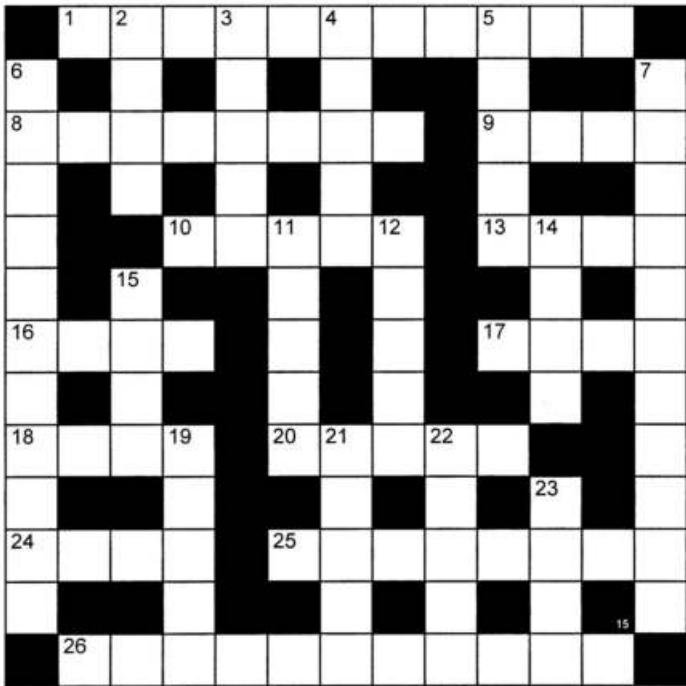
#### DOWN

02. The aurochs (4)
03. Futile (5)
04. Become liable for (5)
05. Chemically inactive (5)
06. Following one after another (11)
07. Renewed strength or spirit (11)
11. Ship's lowest deck (5)
12. A craze (5)
14. Follow instructions (4)
15. Parasitic insect (4)
19. Wine grape (5)
21. Closely woven silk (5)
22. Soothes, composes (5)
23. Metric weight (abbr) (4)

### SOLUTION: BL Two-way Crossword 1494

**ACROSS** 01. Artifice 04. True 08. Tug 09. Route 10. Nap 11. Careful 12. Floss 13. Pronouncing 17. Idiom 18. Triumph 20. Dye 21. Nylon 22. Ink 23. Note 24. Splinter  
**DOWN** 01. Attack 02. Tiger 03. Cruel 05. Rundown 06. Expose 07. Perfection 09. Refinement 14. Raiment 15. Hidden 16. Shaker 18. Tulip 19. Moist

### BL TWO-WAY CROSSWORD 1495



### NOT SO EASY

#### ACROSS

01. The mortifying of human toil one twice had to adjust to (11)
08. Wealth in clue open to negotiation (8)
09. Simplicity of the second vowel repeatedly heard (4)
10. Bad weather most unfortunate around end of September (5)
13. Round journey turns out right at the end (4)
16. Paradoxical measure revealing how unflurried one is (4)
17. Smaller quantity the French take on a steamer (4)
18. A pitfall is a bit of a setback (4)
20. What choir may sing for Sarah in the afternoon (5)
24. Leave intact part of a blood vessel (4)
25. Male horse and its accommodation no one can return to (8)
26. Where to put something on over the counter? (7,4)

#### DOWN

02. An aurochs won't finish run with us around (4)
03. It's not fit to be at home when pet is put out (5)
04. Get debts with police force Northern Ireland put up (5)
05. Not being active, nitre can be used for it (5)
06. Following in order to cut vice one's entangled with (11)
07. Renewed spirit of hers men fret about (11)
11. Poor turnout of about fifty in the lowest deck (5)
12. Unreasonable desire of homo sapiens for first-class turnover (5)
14. Do what one's told by old governor in Turkey (4)
15. Parasite might baffle attempt to hold it (4)
19. Wine grape, not one quietly to be given up (5)
21. Material isn't a woven form of it (5)
22. Soothes one in the periods of 16 (5)
23. Weight can almost do one in, having nothing (4)