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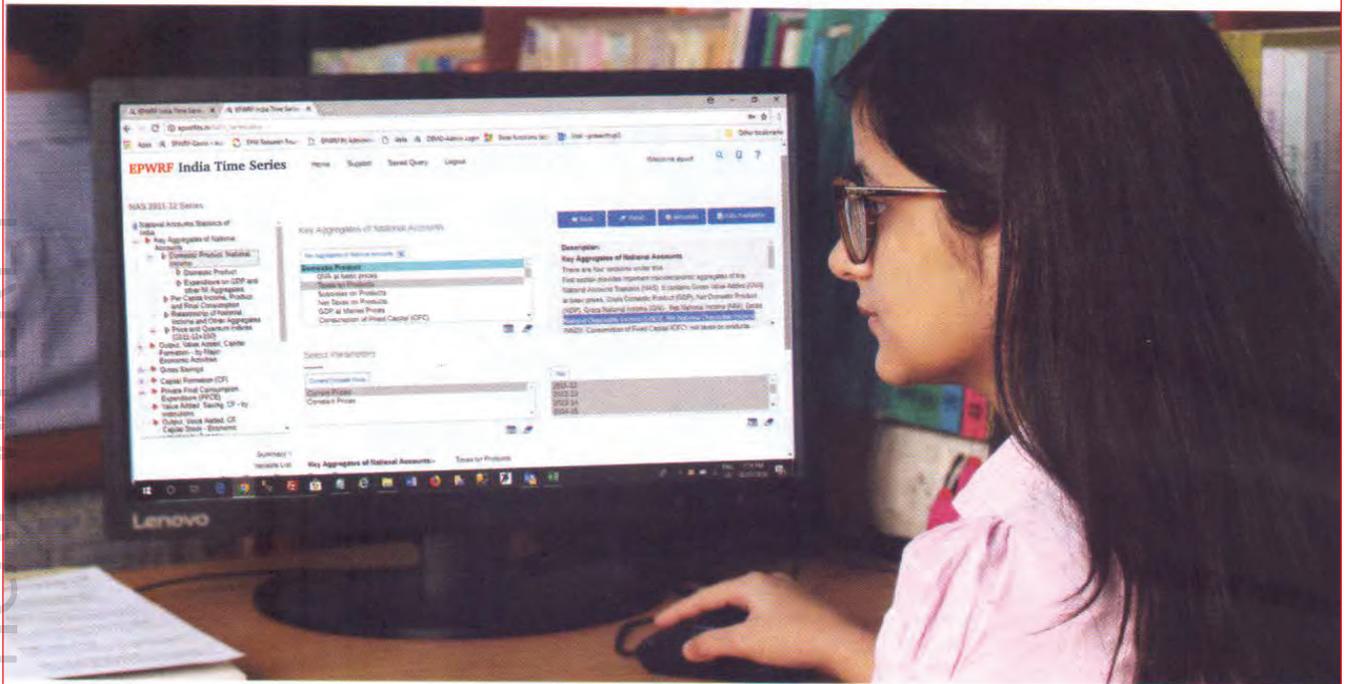
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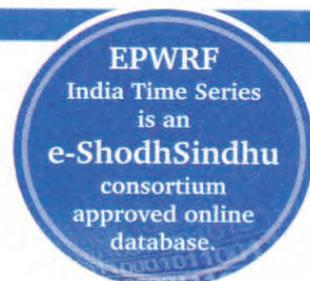
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**An Appeal to the Prime Minister during the Pandemic**

[Excerpts from a letter to the Prime Minister of India, Narendra Modi]

Honourable Shri Narendra Modi,  
Prime Minister of India

Respected Sir,

When the entire world is engaged in fighting the pandemic unleashed by the coronavirus, the people of our country have responded with utmost commitment to the public appeals you have made from time to time.

You did well in addressing the country three times for gearing up towards the fight against the pandemic. We feel distressed that in your appeals you chose to use the expression “social distancing.”

No one with a scientific bend of mind will deny that maintaining a safe distance among people is necessary in order to make the lockdown effective. However, using the expression “social distancing” for describing a scientific requirement is unfortunate. Though this expression is currently in circulation, the cultural and historical reference in the Indian context immediately evokes the age-old practice of untouchability, which is now banned by the Constitution.

In essence, untouchability prevailing under the caste system was nothing but maintaining a certain social distance from particular communities. The heinous practice is a disgrace not just for our country, but also a blot on humanity. M K Gandhi went through a long struggle against this “pandemic” of untouchability. He always maintained that the fight against untouchability was an essential part of the freedom struggle.

Bharatratna awardee B R Ambedkar, the architect of India's Constitution, laid the cornerstone for the annihilation of caste discrimination. Our Constitution ended untouchability and has forever buried the menace of social distancing which was in practice in India for over two millennia.

Given this background, it was necessary that the Prime Minister carefully avoided using the expression “social distancing. On the contrary, at the time of lockdown, social relatedness is a

greater need than social distancing. Perhaps, terms like “healthy distance” or “physical distancing” would have been far more appropriate.

Various social scientists across the world have raised their concern about the use of the expression “social distancing.” The World Health Organization (WHO) has consciously decided to not use it and avoided using it since 20 March 2020. It prefers using the expression “social contentedness with physical distance.”

The expression “social distancing” is being echoed everywhere, in government's publicity material, advertisements, and social, electronic and print media.

It is absolutely necessary to stop the use of this stigmatising term forthwith.

Perhaps using a direct term like “corona distancing” would be more appropriate. The hierarchy of the caste system—traditions of treating certain communities as greater human beings and others as secondary ones—is entirely based on the principle of “social distancing,” and, therefore, we are appealing to the media to stop the use of this term.

We urge you that in your capacity as the leader of the nation, the expression that is painful for millions of people in the country must be put out of official circulation.

We would like to appeal to you to take the necessary lead and assure the citizens of the country who are victimised by hatred and abhorrence.

It is true that for a country like ours, having limited resources, there was hardly any better option than imposing the lockdown. But before resorting to such a drastic measure, we should have thought in advance of the large number of daily wage earners. Had planning been done in advance, the inconvenience and grueling difficulties faced by them could have been averted. The central and the state governments are required to undertake more measures for the people dependent on the government. All industries are closed down. All sources of livelihood are over. The people, in whose houses the daily meal is cooked in the evening out of the day's earnings, do not have any resources left with them. Those working in shifts and sharing 8 × 10 feet

rooms in cities are forced to lock themselves in, when their wives, parents and children are eagerly waiting for them at their native places. Such people are neither able to earn enough to feed themselves, nor are they able to reach their native places. It will be unfair to leave them to fend for themselves. It is necessary that at least food and cash-in-hand is immediately provided to all these hapless persons for their everyday needs.

The legendary Damaji Pant of the 12th century had opened the granaries for the people facing unprecedented drought. Following his footsteps, the government should now open India's food godowns for the hungry. We have adequate stock of foodgrains and it is definitely more desirable to let the grains reach those who are in dire need, instead of letting them rot.

The pandemic is causing more loss to India's agriculture than droughts or excessive rains. The farmers are completely destroyed. They are forced to throw away or burn their standing crops. Ready-to-transport vegetables and flowers are rotting in agriculture fields. Fruits and vegetables are being sold at very low rates. Agriculture related livelihoods too are shattered.

Farmers who have not been able to sell their products due to the lockdown in this pandemic are required to be given generous financial assistance. Mere loan waivers or interest waivers will not do; something more substantial needs to be done, particularly since a large number of workers are leaving cities and going back to their rural locations.

We ardently hope that you will not disappoint the nation and will cover these issues in your next address to the nation.

We feel that since we have continued to neglect the health and education sectors, particularly for the poor, today, we are finding the approach of lockdown more convenient than going for massive testing of the suspected coronavirus patients.

We hope that, in the future, a serious thought will be given to these sectors and a matching budgetary allocation will be made for them rather than handing them over to non-state private actors.

We earnestly hope the government will act now and prevent the situation from getting out of hand.

Thanking you  
Yours sincerely,

**Ganesh Devy**

National President, Rashtra Seva Dal,  
President, People's Linguistic Survey of India,

**Kapil Patil**

Member, Maharashtra Legislative Council,  
Executive Trustee, Rashtra Seva Dal,

**Atul Deshmukh**

National general Secretary, Rashtra Seva Dal.

## Measures to Save the Economy

The COVID-19 pandemic has caused a severe blow to the global economy. Governments of all the countries of the world are working day and night towards its control and solution. India was trying to recover from the economic downturn of the previous year, when COVID-19 struck and put an end to its industrial and commercial momentum. About 125 countries of the world, including the United States (us), India, Singapore, Australia and many others have been caught in the disease's net. The only effective solution is lockdown for the control of the disease. This crisis has derailed the economy of all developed and developing countries, and it is difficult for underdeveloped countries to cope up in the next few years.

The disease, which originated in China, started in December 2019. By February 2020, the disease started being controlled there, and from March, industrial and commercial activities were resumed there. In this way, life in China is returning to its routine. In contrast, the disease appears to be out of control in some countries, including Italy, Spain, us, Brazil, and Iran. The central and state governments in India are vigorously engaged in efforts to control the pandemic.

Unemployment has already been a problem in India, but the crisis that has

emerged out of this pandemic has been unprecedented. Most of the raw material of India's pharmaceutical industry comes from China. Most parts of mobile and electronics are also imported from China. In contrast, India exports gemstone jewellery, petrochemical products, seafood and many other items to China. Import and export have been disrupted due to this disease. The impact of this crisis in India is expected to last for two to three quarters. The economy was already suffering from the effects of recession. Experts believe that it may take up to a quarter to balance the economy. In the meantime, it is a big challenge to end the feeling of insecurity that has settled among the citizens.

The central government will have to declare relief packages along with reduction and concession in the goods and services tax (gst) and many other taxes. Due to the impact of the crisis on small- and medium-scale industries and businesses, it should be the first priority to take measures to protect them. The number of small and retail shopkeepers is huge in India. Owing to the competition from online companies, the condition of these shopkeepers has been pitiable for the last couple of years, and the current crisis has pushed them back further. In such a situation it should be the duty of the government to elevate them.

This calamity has not only taught us to consider humanity as paramount, but has also made us health conscious.

In such a situation, construction of new hospitals and provision of necessary facilities in existing hospitals are the need of the hour. At the same time, our economy will be strengthened again by measures that give relief to industrial and business units.

**Mohit Kabra**

INDORE

## EPW Engage

The following articles have been published in the past week in the EPW Engage section ([www.epw.in/engage](http://www.epw.in/engage)).

- (1) Barriers to Expanding Centralised Sanitation Systems in Emerging Cities: Notes from Doddaballapur in Karnataka—*Kumar D S and Anu Karippal*
- (2) Union Budget 2020–21: A Critical Analysis from the Gender Perspective—*Aasha Kapur Mehta*
- (3) Union Budget 2020–21: Contrasting States and the Centre's Approach to Gender Budgeting—*Aasha Kapur Mehta*

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The EPW editorial team reserves the right to slot an article in a specific section, as deemed fit.

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## Civil Society during Lockdown

*Civil society leverage, though transitory, works as a breather for the governments and the businesses.*

At one month into the nationwide lockdown due to COVID-19, the finance ministry in a press release has come out with an update on the government's relief activities till 22 April 2020 for the lockdown-affected "vulnerable section" of society. Under the Pradhan Mantri Garib Kalyan Package, 33 crore poor people are reported to have received direct financial assistance of ₹31,235 crore, with support amounting to ₹3,497 crore for construction workers, ₹16,146 crore for 8 crore farmers as the first instalment of the Pradhan Mantri Kisan Samman Nidhi Scheme, ₹10,025 crore to 20.05 crore women Jan Dhan account holders, and ₹1,405 crore to 2.82 crore widows, elderly and disabled persons, among others. Simultaneously, under the Pradhan Mantri Garib Kalyan Ann Yojana, free ration of foodgrains has been reportedly distributed to 39.27 crore beneficiaries, and 1,09,277 million tonnes of pulses were dispatched to various states and union territories, while 2.66 crore free cylinders have been delivered under the Pradhan Mantri Ujjwala Yojana. Notwithstanding any debate on the veracity of these claims, the pressing issues at hand are two: (i) adequacy of the volume of relief relative to the number of potential beneficiaries, though in absolute terms, the relief packages may seem voluminous, and (ii) whether these are actually reaching the intended beneficiaries, given our long record of mistargeting safety nets.

The adequacy and advocacy of indirect relief packages, in particular, is difficult to be assessed because it is hard to get real-time estimates of potential beneficiaries such as informal sector workers. While it is not clear from the press release issued by the finance ministry as to whether 40 crore is the estimated number of potential beneficiaries or a work-in-progress estimate. Similarly, incidences of underestimations are also not uncommon at the state levels; for instance, the Government Order No 13 (GO-13) issued by the Telangana government that intends to provide relief to all migrant workers. This order smacks of arbitrariness, to the extent that the government in question has announced relief coverage to 3,35,669 migrant workers without, however, supporting these numbers with any official database. This arbitrariness is common to several other states. Hence, official assurances and assertion of relief fail to translate into actual implementation, with several of the actual beneficiaries being left out of the state's support coverage. More disconcertingly, being enlisted as a beneficiary does not necessarily preclude exclusion.

For instance, construction workers in certain states have been refused government relief on the grounds that the primary responsibility of their food and shelter rests on their builder-employer. Ironically, the construction sector is not only earmarked for receiving the central government's relief support, but in states like Telangana it also comes under the state's coverage through GO-13.

It is true that the government's decision leading to a sudden halt in the economy has put businesses, especially the small ones, in a quandary. On the other hand, the government's resources for providing relief to the lockdown-affected may soon burn out as additional people are likely to fall into extreme poverty. This can explain why both employers and governments are trying to bypass the responsibility of providing support to the workers and the vulnerable sections in general. But, more importantly, in this buck-passing, not only is the dignity of life of the poor being trampled on, but their dignity of labour is also compromised. Why could the urban spaces not contain migrants right at the onset of the lockdown? When mobility restrictions become both an administrative and a medical mandate, why are they forced to move out of their cities of work under the most hazardous conditions? Are they being treated as "collateral," on account of their being at the lower end of the supply chains where little (economic) value addition occurs?

Against this backdrop, the civil society organisations and the non-governmental organisations (NGOs) have stepped in to provide temporary relief to the vulnerable sections. In fact, within a week of the lockdown, the NITI Aayog had appealed to over 92,000 NGOs for assisting the government in identifying COVID-19 hotspots, delivering services to vulnerable groups, providing shelter to the homeless, daily wage workers, and urban poor families, setting up community kitchens for migrants, creating awareness about prevention and, most importantly, combating stigma. Besides, many NGOs have also resorted to crowdfunding for providing basic food and medicines to the vulnerable groups for whom government support, though promised, remains far-fetched. While the support of charities and NGOs could be a breather for both the state and the businesses, one should not lose sight of the fact that this respite is only transitory.

The repercussions of the current situation will be long drawn. And, as this crisis deepens, governments will no longer be able to suppress the issue of the fundamental rights to life and livelihoods

of the millions with the help of charity work, while businesses may need to consider the relevance of utilitarian welfare. Most importantly, one must remember that though the disease may not discriminate between the rich and the poor, its consequences certainly

will, thereby bringing to the fore more tensions and conflicts. Given this, perhaps, civil society too needs to be reconceptualised as such a realm of solidarity that would simultaneously affirm the sanctity of the “individual” and the individual’s obligations to the collective.

## A Robust Media

*The COVID-19 pandemic poses serious questions about newsroom practices and for media companies.*

Journalists became the focus of public discussion when it was reported on 21 April that 53 of them in Mumbai city had contracted COVID-19, in the line of work. It is obvious that there would be other cases among media persons in other parts of the country too. The pandemic has not only struck the world, including India, in ways that are sweepingly disastrous, but also presented Indian media with challenges for the short as well as the long term, as perhaps never before. The portents signal changes that will have to be faced by not just media owners across print, broadcast and online platforms, but also by journalists. More significantly, this presents an occasion to examine the way newsrooms operate and newsgathering takes place.

Wading into dangerous situations and conflict zones is considered “part of the job” by news journalists everywhere, and international media organisations regularly compile the growing number of deaths and even murders of and assaults against news reporters and photographers. While newsgathering is a job, it is also one that carries with it the responsibility of a fundamental duty of the media: to inform its consumers of the ground reality as truthfully and as quickly as possible. However, the coverage of the present pandemic’s horrific and multifarious impacts at the ground level is fraught with serious consequences not just for the individual journalists but also their families, colleagues, and even neighbourhoods. As soon as the news of the 53 journalists being infected with the coronavirus broke, social media was rife with posts about many journalists, especially television journalists being coerced into physically reporting from the hotspots, forced to present “piece to camera” (talking to the audience directly through the camera) from affected sites, and generally having to meet dignitaries and officials for in-person interviews rather than conduct telephonic ones.

An association of journalists has written to the government pointing out that while media houses have shut their offices, they continue to demand reports and visuals from reporters without providing them any protective gear. It has said that media companies must provide safe transport, safety equipment and sanitised workplaces, and where this is not possible, the state government must step in. Since they are providing an essential service, they too should receive the facilities provided to essential service workers.

There are, thus, many layers of issues to focus on in such a scenario. How far is this a “predicament” wherein the primary duty of gathering news from the site clashes with the reporter’s/photographer’s own safety and well being? Where does the line between protecting their lives end and the greed and race for

higher television rating points (TRPs) start? Is this competition one of professional excellence to get the best news story or a manipulative one to grab the reader’s/viewer’s eyeballs? The garb of “investigative journalism” has since long been soiled and dirtied by practices that have nothing to do with the ethics and the tenets of journalism. Given the constraints of advertising revenue in times like the present, coupled with the economic slowdown earlier, is this desperation to send reporters without proper safety measures to affected sites, with threats of job loss, justified?

Already, in 2019, and up to now in the present year, the estimates put the number of media jobs lost at 1,000. As soon as the lockdown began, there were reports of major media houses downsizing staff and cutting down operations. These reports have not been denied. The print news industry banded together across media houses to run public campaigns to show how the print media is the best and the most authentic source of news. These media houses were understandably worried that once the habit of online news consumption takes root, very few would go back to newspapers.

The government and press bodies have issued advisories, asking media houses to ensure safety measures for journalists on the job. The journalists’ unions, both national and international, have protested the sudden retrenchment of staff by media houses. Predictably, there has been no response to their protests.

Beginning from the late 1970s when regional political parties began coming into their own, right-wing movements started, transport infrastructure began improving, liberalisation of the economy in the 1990s started growing, and with access to state-of-the-art technology, Indian media has grown exponentially. No longer is the English media as dominant as it was, and the regional press has flourished over the past two decades. The print media has ceded its premier place to television news channels and social media. There is greater investment by giant corporate interests in the media with cut-throat competitive practices. To add to this, Indian mainstream media now has to contend with the phenomenon of “fake news” and vicious vilification of journalists, especially on social media, by those who are offended by honest reporting and vigorous debates on political, economic and social issues.

The journalistic fraternity in India must grapple with two major aspects. It must come together to deal with sudden closures of editions and operations, which lead to overnight joblessness, as well as introspect on the newsroom and newsgathering practices that have taken over the industry in recent years. These factors will determine not only its future but also that of democratic institutions in the country.

## Antinomies of Medical Ethics

The COVID-19 pandemic has brought into public focus the ambivalent nature of the relationship between the health workers and doctors, and the patients and the general public. The relationship appears ambivalent when understood against the common perception, which holds health workers, especially doctors, in high esteem. Health workers, in general, and doctors, in particular, enjoy a high status because they use their knowledge for curing the ailing person and saving human lives. It is this power of knowledge along with the ethical commitment to their profession that makes the general public and patients respect doctors. In the aftermath of COVID-19, the health workers have been rightly described as “corona warriors.” The doctors, nurses and paramedical staff such as ASHA (accredited social health activist) workers, together with the police and journalists, have been confronting the dangers of the virus as front-line warriors.

However, the growing attacks on health workers during these trying and terrifying times have strained this relationship. Doctors, who otherwise are seen as lifesavers, are now seen as adversaries. Whatever may be the perceived grounds of such attacks, it is certain that such aggressive reaction lacks public ethics. Such ethics demand that common people should show their conscience and realise that it indeed is in the common interest of the public to support rather than suspect these health workers. It is the ethical responsibility of the people to respect the commitment of a large section of doctors who are ensuring the former's security from the virus.

On the other side of the spectrum, an incriminating attitude, which seems to have been adopted by some of the hospital managements (like in Meerut in Uttar Pradesh) towards some individual patients, does suggest further depletion in medical ethics. This incriminating attitude by the hospital management, which for some may seem an aberration of medical ethics, definitely flies in the face of such ethics. Medical ethics, arguably, borders on the propensity of the doctors to offer reliable medical treatment to the ailing body and also to refrain from maltreating such bodies. But, as has been reported in the media, the incidences of patients being maltreated have become quite common to the point of “embarrassing” the government. For example, patients in several instances are reported to have been made to wait for hours together in front of the hospital, while

others were made to walk with newborn babies several kilometres in order to seek medical attention, leave alone actual treatment.

In this regard, we need to take into consideration the point that the ethical grounds on which the claims for maltreatment could be defended, however, differ depending on the nature of the caregiver. Thus, those who, as reported in the media, have complained about the maltreatment meted out, for example, by hospital management in the public sector, find the basis for their complaints in the ethical failure of public hospitals, which have been failing in their duties towards patients from the deprived sections. Thus the ethics of duty provides the ground for the rightness/wrongness of the complaints. Of course, the claim to good treatment of an individual goes beyond the notion of “duty” of the public health system, and such claims encapsulate in them a common people's collective moral right to good health that the government is supposed to provide to its citizens.

Complaints made by individual patients against private hospital management basically emerge from the language of rights rather than duty. The individual patient who approached the private hospital in Meerut thought they had a right to approach the hospital in question. Such individual rights to health are to be correspondingly upheld by the hospital management. Put simply, the private hospitals may not deny admission to the patients who accept the rationale of economic exchange, such as hospital charges. However, a health seeker may have the right to health to the extent that it is permitted by the law of the land. For example, a person has no right to sex selective abortion done outside the legal method. Similarly, a government or hospital authority can deny a patient carrying an infectious virus the choice to leave from the place where they have been quarantined. The government in the public interest of preventing the spread of the coronavirus seems to have demonstrated its power to rehospitalise such a patient. However, these were not the grounds that were used by the hospital in Meerut in Uttar Pradesh, which is alleged to have refused admission to a patient. The grounds, of refusal, as reported in the media, did not fall within the economic rationale of the hospital and hence was arbitrary. Antinomies of medical ethics seek to point at the truth that resides in the attitudes of people and the doctors who are at fault.

*Ujjwal Kumar*

FROM 50 YEARS AGO

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### The Danger Within

The recent antics of so-called Naxalites in Calcutta have attracted a measure of attention which must have been highly satisfying to their perpetrators. While newspapers have prominently reported every revolutionary peccadillo

along with photographs of upturned furniture and slogan-daubed walls, Parliament in New Delhi has been deeply disturbed. One day the Home Minister was exhorting all parties in Lok Sabha to fight the Naxalites politically; the next day the Prime Minister was assuring MPs belonging to her party that Government was considering bringing forward legislation to curb the menace.

By contrast, the communal violence that broke out about the same time in the Chaibasa and Chakradharpur towns of Bihar was, for all

the attention it got from the Press and politicians, a non-event. Some 20 persons had been done to death and twice as many injured — this according to official reports — in the first three days of the riots and the violence had not been contained and the casualties continued to mount. Communal violence, by common consent, cannot be written about or discussed in Parliament for fear of further inflaming passions. On the other hand, the passions that sensationalist reporting of Naxalite activities arouses are deemed to be of the desirable type...

# COVID-19 and US–China Tussle

ATUL BHARDWAJ

In the wake of the COVID-19 outbreak, the Sino–American relations have hit a new low. Both the countries are engaged in a propaganda war against each other, which the United States seems to be winning. The us suffers from Sinophobia and has cultivated hate against Asian Americans, which is reminiscent of the anti-China sentiment that was prevalent in American cities in the late 19th century. The pandemic experience is likely to make the us more insular and reluctant to embrace foreigners

One of the adverse outcomes of the current health crisis is the exacerbation of the ongoing tussle between China and the United States (us). Bickering over the origins of the disease between the us and China has jeopardised their bilateral ties, polarised the world further and pushed the people deeper into the negative realms of anger and animosity. The Asian American community is being indiscriminately targeted in many American cities. According to a *Time* magazine report, Asian American doctors are finding it increasingly difficult to reconcile to the fact that they are being celebrated as well as targeted at the same time (*Time* 2020).

As the economic consequences of the coronavirus-induced lockdowns become more acute, the clamour against the Chinese students and professors in American universities will gain momentum. Demands for visa restrictions on Chinese professionals and businessmen are anticipated.

Some American liberals are educating their fellow countrymen to desist from subjecting the Asian, Asian-American, and Pacific Islander (AAAPI) communities to racial slurs and attacks, but their resistance is unable to prevent movement towards the past when the idea of “Yellow Peril” was a predominant political theme in America and the Chinese were considered to be unclean and filthy.

The current situation has an eerie resemblance to what happened in America in the 1870s and 1880s when Chinese workers were branded as “filthy yellow hordes.” President Chester A Arthur signed the Chinese Exclusion Act of 1882, which suspended Chinese immigration for 10 years and declared Chinese immigrants ineligible for naturalisation.

The Americans are set to repeat history because COVID-19, which has quarantined vast majority of the global population, global economy, and places of

worship, has, however, failed to contain politicisation of the health crisis.

A cottage industry, rooted in geopolitics, continues to operate unabated to conjure up conspiracy theories and propaganda material to dominate the global information flows.

China floated a conspiracy theory that blamed the us military personnel who participated in the Military World Games held in Wuhan in November 2019 for transporting the virus from a military laboratory in the United States (us).

In the initial days, attempts were made by the us to label COVID-19 as “China virus” or “Wuhan virus.” It was imagined that the disease would spread and probably result in eroding the credibility of President Xi Jinping’s leadership and legitimacy of the Communist party to rule China.

The *Foreign Policy* magazine criticised the Chinese system for miserably failing the public trust and for the Chinese government and party officials for abdicating their responsibility to serve the people trapped in homes and hospitals. It blamed the Chinese bureaucracy for its absolute loyalty to the party and its leaders (Mattingly 2020). Melinda Liu reporting from Beijing wrote, in the last week of February, that the public trust in the Xi and the party had eroded (Liu 2020).

Faced with criticism, the Chinese government activated its propaganda machinery to portray its image of a well-organised state capable of taking full control of the situation. The Chinese used all power and resources to impose an effective lockdown and quarantine of the entire city of Wuhan. In late February, Bruce Aylward, of the World Health Organization (WHO), praising the Chinese efforts said, “the most ambitious, and I would say, agile and aggressive disease-containment effort in history” (Peckham 2020).

Much to the chagrin of the American strategic community, not only did China earn praise for its efficient containment of the pandemic but also for its medical diplomacy project, sending much-needed masks and ventilators across the globe.

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On the other hand, the Donald Trump administration has been singled out for its lackadaisical and incoherent response in tackling the spread of the disease, which has already consumed more than 30,000 American lives.

With its reputation taking a nosedive and the American way that promotes individualism and relies on privatisation looking pale in front of the Chinese system based on collective action under the aegis of the state, the Trump administration has been busy finding scapegoats—either China or the WHO—to divert attention from its failures.

As the coronavirus narrative started slipping in favour of China, the *Wall Street Journal* called China the “Sick man of Asia,” a title that was given to the country when it was the epicentre of the plague pandemic towards the end of the 19th century.

Both China and the US are using every possible technique in the propaganda play-book to outsmart each other. However, the US with its elaborate soft-power networks across the globe seems to be winning the propaganda war against China.

### Wasted Knowledge

China reported the discovery of a few cases of pneumonia in Wuhan on 31 December 2019. It took a few days to identify the novel coronavirus and on 12 January, it publicly shared the genetic sequence of COVID-19 and the WHO reported it (WHO 2020).

However, the US was not happy with the speed at which China informed the world about the virus and the attempts by the Communist Party of China to cover up the outbreak in the early weeks, including alleged crackdowns on doctors who tried to forewarn about the emerging health crisis.

Intriguingly, in mid-November, almost a month before the appearance of the first COVID-19 case in Hubei province on 17 December, the panic button related to bubonic plague, a disease different from COVID-19, had already been pressed in China.

On 14 November 2019, the WHO and Chinese authorities put out information about two patients from inner Mongolia who were being treated for bubonic

plague at a hospital in Beijing. By mid-November 2019, the world was aware of the outbreak of the fatal pneumonic plague that had symptoms of respiratory failure. The *New York Times* (NYT) reported the outbreak of bubonic plague-related fear in Beijing due to the detection of two cases of the bubonic plague on 3 November 2020. A Thailand-based medical news website even advised people to refrain from travelling to China.

The NYT report also mentioned a doctor, Li Jifeng, who had treated the bubonic plague patients and shared her experience on a Chinese social media platform (Wee 2019). In order to control the spread of fear psychosis among its people, the Chinese authorities forced the doctor to withdraw her message.

Interestingly, the case of Li Jifeng was similar to that of the 33-years-old doctor Li Wenliang who was the first to raise alarm about a new kind of viral infection in Wuhan in mid-December 2019. Much like Jifeng, Wenliang was also compelled by the Chinese authorities to remove his social message. The doctor continued to work among COVID-19 patients at the Wuhan hospital and eventually died fighting the disease.

From November onwards, American medical experts have kept a hawk-eyed check on the development of an epidemic in China. On 16 November, Laurie Garrett, a former senior fellow at the Council on Foreign Relations and a Pulitzer prize-winning science writer, wrote an article titled “The Real Reason to Panic about China’s Plague Outbreak” in *Foreign Policy*. Garrett criticised the Chinese government for pandering to public opinion rather than being assertive enough to deal with the “plague-inspired panic” among the public (Garrett 2019).

One does not know how much pandemic-related wargaming the Chinese had done prior to the advent of the novel coronavirus in their midst, but one is certainly intrigued by the delayed response of the American establishment in responding to the virus attack and their obduracy to learn from China’s Wuhan experience mainly because from Hollywood to Pentagon almost all US institutions were aware of the dangers posed by the pandemic and the chaos it was likely to cause.

In January 2019, a war-game-like exercise, code-named *Crimson Contagion*, was undertaken by the US Department of Health and Human Services. It involved 12 states and at least a dozen federal agencies, which included the Pentagon, the Department of Veterans Affairs and the National Security Council.

Many of the moments during the tabletop exercise are now chillingly familiar.

In the fictional pandemic, as the virus spread quickly across the United States, the CDC issued guidelines for social distancing, and many employees were told to work from home. (Sanger et al 2020)

The knowledge about the possible pandemic attack was not only limited within the official circles, it percolated down into popular culture. For example, in 2011, the now famous movie *Contagion* was released. It traced the journey of the virus from bat to human via intermediary animal. Its depiction of panic buying, empty stores, and scientists scrambling for a vaccine during the period of pandemic has an eerie resemblance to the current situation.

*The Last Ship* is an action drama series based on a 1988 novel by William Brinkley. The official involvement in the movie is borne by the fact that it has been shot in an operational US Navy missile destroyer provided by the US Navy. The series,

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released in 2014, is about a killer disease that consumes the lives of 80% of the global population. This is a story of a new kind of virus attacking the humans for which no vaccine is available. The vaccine is produced in a makeshift laboratory set-up inside the warship.

A documentary series, *Pandemic: How to Prevent an Outbreak*, which was coincidentally released on Netflix in January 2020, seemingly predicted the coronavirus outbreak and also the search for an elusive vaccine by the international health community. Unlike *The Last Ship*, *Pandemic* is not a fictional work and has deep involvement of virology experts and their ongoing trials on patients of Ebola and H1N1 outbreaks.

With so much virus-related knowledge freely floating both in official circles as well as in popular culture, the American as well as the international response to the pandemic has been tardy. If proper protocols were followed, much of the confusion in the West related to “lockdown” versus “herd immunity” could have been avoided.

### In Conclusion

The virulent smear campaign against China in the us and continuous politicisation of the COVID-19 crisis have resulted in the exponential growth of xenophobia and racism not just in the us but also in many other parts of the world, including India.

India's most popular Bollywood actor Amitabh Bachchan, who normally maintains a distance from controversial domestic and international political debates, shed his inhibitions and tweeted an illustration that showed who chief Tedros Ghebreyesus blindfolded with a Chinese flag (Dhume 2020). Although he later deleted the tweet, the iconic star exposed his mind to his 41 million followers on Twitter.

With conspiracy-mongering reaching epic proportions during the crisis, Manish Tewari, a prominent leader of the Congress party and an erudite commentator on defence and strategic issues, churlishly supported a conspiracy theory that associates the COVID-19 outbreak with an act of bioterrorism (Tewari 2020).

These actions by public figures have only given a fresh boost to the prevailing angst against China. Such is the level of anti-China feelings that, given an opportunity, Indians would completely discard Chinese technology, goods and investments. But the harsh reality of India's poor manufacturing capacities does not offer that luxury. Such misplaced nationalism is certainly affecting our relations with China.

In response to the growing Sinophobia in India, the *Global Times* warned that “the anti-China nationalist sentiment among some individual Indians will do no good to China–India cooperation in the pandemic fight, which is crucial to the Indian side given its fragile medical system” (Jiamei 2020).

Regardless of the us's China policy, India has to understand that the post-COVID-19 world is not going to “the beast” (us) for it to navigate. It would be pragmatic not to antagonise China, one of the few countries that may be in a position to provide relief and support.

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# Gendering the COVID-19 Pandemic

## Women Locked and Down

MADHURI DIXIT, DILIP CHAVAN

The COVID-19 crisis has affected Indian women differently. Due to the lack of autonomy and gender insensitive nature of the state's response to the corona crisis, women are perceived as second class citizens. situation. While the lockdown is not qualitatively a new experience for the women, even in critical times as it does not change boundaries or the nature of the public and the private spheres for them. Rather, it overburdens them, bereaves them of agency, and compromises their safety.

Disasters, natural calamities and pandemics do not necessarily have a uniform impact on various sections of society. We have experienced this repetitively during various crisis situations such as the 1991 cyclone in Bangladesh, the 2003 European heat wave, the 2004 Asian tsunami, the 2005 Hurricane Katrina and the 2005 Mumbai floods, for instance. Usually, the non-uniformity of impact is observed more in societies based on uneven foundations, like the Indian society, where the poorest and the weakest suffer the most for systemic reasons that generate different vulnerabilities and unequal access in the first place.

The ongoing pandemic of COVID-19 provides a significant site to relearn the lesson, particularly so in the case of Indian women—employed or otherwise—who are presently suffering from a derailed and unsecured life basically due to their dependency on men in the patriarchal fold and their perceived status as secondary citizens in the eyes of the state. The International Labour Organization believes that women's economic vulnerability to future disasters increases due to the lack of attention to gender equity in disaster interventions. The COVID-19 virus probably does not differentiate between male and female bodies for the purpose of infection; however, its sociopolitical impact does not remain gender neutral.

The gendered soft meanings that are associated with political decisions taken, declarations made, and slogans shouted during the COVID-19 crisis, and with the social media appeals to show loyalty to the nation, as well as those embedded in familial expectations show how the current pandemic overburdens women. In this context, the analysis of public addresses, administrative decisions and preventive

measures regarding gender sensitivity would imply the gendering of the coronavirus crisis in the case of India. The exercise is warranted not only by the scale of the pandemic, but by the different challenges it poses for ordinary men and women, the unprecedented response it seeks from the state, the public and the family; and also, by the way, it has come to replace all other burning issues across the country, including the unique sit-in protest against the proposed Citizenship (Amendment) Act—National Population Register exercise by women in Shaheen Bagh, Delhi.

Any pandemic is different from other natural disasters in terms of its slow occurrence and gradual development that allows time for decision-making bodies to prepare. Yet, the two most spectacular responses by the Indian state so far to the COVID-19 situation have been announcements of the one-day Janata Curfew organised on 22 March 2020 and the 21-day lockdown period beginning from 24 March. It was feared that the lockdown may extend beyond 14 April and so it did.

Though their utility as preventive measures may not be debated as yet, the visual documentation they have received in the media opens our eyes towards the social distancing that has been perpetuated in more senses than one, between India and Bharat, as a result of a lack of far-sighted policies for all the social sections. It was ironical to see the call for the two national games of clapping hands/beating plates and lighting oil lamps entertain the well-fed and well-stocked among the Indian citizens, while it blinded the tragic spectacle of the walk back home undertaken by millions of unorganised labourers, with empty stomachs and pockets. The two contradictory spectacles not only differentiated between inside and outside migrants, urban and rural settlements, organised and unorganised workforces, Hindus and Muslims, but also brought to the forefront the plight of women in these trying times.

### Patriarchal Policy Imagination

To begin with, the language of the epidemic policy is sadly gendered in India. Words like war and battle, which

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evoked the masculine world of revenge, bravery, victory, violence and decision-making, were used agreeably across a spectrum of political leadership and bureaucracy to describe the current situation.

In one of his recent addresses to the nation, the Prime Minister found himself in the new role of the head of the family. His imagination of the nation as family may generate an illusion of warmth and care expected in familial relationships, but its patriarchal meaning suggested concentration of power of decision-making in male hands. It is as if it restored the new, gradually disintegrating Indian family—slowly finding its course in the collective imagination by way of Bollywood movies such as *Shubh Mangal Jyada Saavdhaan*<sup>1</sup> (2020)—to its patriarchal prototype. No need to mention how such a concentration of power, which appears to be an attempt to ape the presidential political system, is against the parliamentary democracy.

The Prime Minister almost pre-empted the rebroadcast of the epics—Mahabharata and Ramayana—in his third address to the nation when he reminded us of the 18-day Mahabharata war, and the famous Laxman Rekha that Sita violated to disastrous effect. One cannot but remember that both the epics do not present women in the positions of decision-makers; and both render much shame, pain and loss to their women characters. The Laxman Rekha that the Prime Minister referred to, was apparently the threshold of everyone's house, the symbolic borderline of the domestic zone. But, we should not neglect that the mention also helped rekindle the idealised womanhood constructed through selective representation of the ancient myths, epics and patriarchal ethos.

The Ramayana, the Bible and a host of other scriptures have delineated the so-called perpetual suffering in the human past as an aftermath of women's act of transgressing the limits set by men and immortalised by patriarchal culture. The idiomatic use of the Mahabharata, the Ramayana and later of the *Saptapadi* in the context of the COVID-19 crisis shows how the Hindutva leadership does not waste any opportunity to lead people back to a collective imagination of the essentially patriarchal Hindu Rashtra at the cost of

several real issues. This way, the complex relationship between the feminine gender and nationhood resurfaces in the use of gendered icons by nationalist leaders, even in the otherwise secular discourse on COVID-19.

Today, as the Laxman Rekha becomes the border between the public and the private spheres for men as well as women, it may be easily recognised that not violating the domestic zone could be a new experience for men, historically and culturally, but not so for women. Since the 19th century, the emergence of the universal model of housewife/mother has confined millions of women across the globe to their houses, and made it a perpetual experience for them. That is why ordinary Indian women are openly asking in casual conversations how the restrictions constitute any new experience for them.

In fact, an anonymous Hindi poem circulated on social media specifically tells men that men may be observing the Laxman Rekha the first time, but women are not. The lockdown has been a perpetual experience for most women, though many of them were forced to go outside the domestic sphere to produce labour. The poem states that the closed hotels and markets do not make any difference to women because they were always inaccessible as a result of the cultural Laxman Rekha for women drawn even in normal times. Such a representative response of what women feel towards the lockdown and, subsequently, towards the crisis, underlines the need to revisit the domestic–public binary, with reference to women's recent experiences and the unclear demarcation between them.

### Safety at Home?

The collective Indian imagination, nourished on the genres of popular Indian cinema, stage performance, folk performance and literature, etc, usually portrays the domestic sphere as sacrosanct and safe for women, with the logic that the basic function of the feminine gender is that of a homemaker. It is widely believed that entering the public zone by way of work or education equals transgression for women because the act is perceived to generate aspirations in them that are

detrimental to the interest of the patriarchal family. The still existing emphasis on education of women in government advertisements and policies, the still unsafe conditions of travel and work, and the harassing male gaze actually vouch for the existence of such regressive collective wisdom.

Hence the Laxman Rekha that the Prime Minister drew in his speech for all might have made female employees in the organised workforce a little happier to think that they would not have to make various arrangements to leave home for work. But, unlike their male counterparts, it does not mean any bliss or luxury for these women because it is most likely that the entire family may feel entitled to claim their time and labour, besides unwanted sex demanded by the husbands. Such a reflection finds support in social media appeals that ask people not to treat the period of lockdown as vacation or rush out of homes everyday to buy fresh vegetables—deeds that imply more work in the kitchen for women.

Similarly, social media groups have observed the absence of women for longer durations these days, and it does not really require any flight of imagination to understand that there is no escape from work for them. Since the care work done at home remains unmeasured and monetarily unremunerated, there is no mechanism to gauge the additional amount of work women have to do during the lockdown. According to one estimate, Indian women spend 16 billion hours a day doing this unpaid work. Many women seem to have voluntarily busied themselves, perhaps following the example set by the present finance minister last year, with seasonal work like making various pappadams, and achars in order to stock up for the coming year.

This amazing confidence in continuity of life or, to be precise, this vulnerability to narcotising patriarchy—to use the phrase coined by Uma Chakravarti to describe Indian women—comes only at the price of remaining unconnected with the larger world. It appears that crisis situations do not really and quickly help change boundaries between the public and the private spheres.

Developments in feminist theories have helped us perceive a more nuanced understanding of the home and the domestic sphere. Home was idealistically seen as something more than a house or dwelling place, conveying “simple pleasures, familial togetherness, privacy and freedom, a sense of belonging, of security, a place to escape from but also to return to, a secure memory, an ideal” (McDowell 2003: 14). Leaving the conventional associations behind, the home needs to be also seen as an institution which has co-existed with other institutions such as slavery, feudalism, capitalism and, most importantly, with varying forms of patriarchy.

Despite coming out as wage-earners in various forms, women simply could not relinquish their “primary” responsibility as homemakers. For both the housewives and the working women, the domestic sphere has continued to be the site of the production and reproduction of patriarchal ethos and experiences, and is marked by manifestations of power, dominance, violence, unpaid labour, and the reproduction of patriarchy as channelled through practices of child-rearing, marriage, etc.

Such an understanding of home nowhere figured in the understanding of the state, which projected the home as a panacea to the COVID-19 pandemic under the present lockdown. The tagline #StayHomeStaySafe, extensively advertised by state and non-state agencies, and hugged dearly by social media, has created a romanticised picture of home as a sweet, safe and degendered space for everyone; though it may not necessarily be so for women and children. A lot of water has flown under the bridge since Henrik Ibsen wrote the play *Ghosts* (1881) in response to the criticism of *A Doll's House* (1879) to suggest that, if the world outside the home is unsafe for women, home too is equally unsafe.<sup>2</sup> Domestic violence, otherwise a perennial phenomenon in the world, rises when all members of the family are forced to spend more time at home.

As reported by the Indian National Commission for Women, there has been an alarming rise in domestic violence complaints received during the period

of lockdown.<sup>3</sup> In China, the number of domestic violence cases reported to the local police tripled in February 2020 as compared to the corresponding month last year. Global media as well as the government agencies in Italy, Spain and Brazil have started talking about how lockdown policies affect women negatively and should consider the safety of women in the domestic zone.

The 2017 report of United Nations Office on Drugs and Crime shows that almost six out of 10 women intentionally killed are murdered by an intimate partner or a family member, and that the rate periodically increases during Christmas or summer vacations when families are usually together (UN Women 2019). It has been reported from many parts of the world that the enforced lockdown has provided an opportunity for abusers to unleash more violence (Godin 2020).

### Work and Vulnerabilities

Against this backdrop, we need to understand the severity and complexity of the problem faced by Indian women, while taking into consideration their mental unpreparedness and lack of resources or access required to safeguard their interests. The female employees in the unorganised sector may lose their work and become comparatively more susceptible to violence, and not having any physical recourse to the outside world may aggravate their suffering. The women in low-income households, who may have their men folk stranded on the way back home, are made more vulnerable to various kinds of social oppression and some real physical threats simply because of the masculine absence of the husband.

A stranded truck driver was worried about his wife for not being able to procure milk for their one-year-old baby back home (Siddique 2020). Reading such stories in the light of caste, class and religion, one sees the real meanings of lockdown as reflected in the no-entry campaigns that various villages and housing societies are enthusiastically conducting under the name of COVID-19 and which are proving inhuman for residents who moved out for work and want to return to their homes, or for the vegetable vendors who are Muslims.

Similarly, we may see how the low-income class and/or low-caste Accredited Social Health Activist (ASHA) workers and nurses confront more risks without equivalent compensations and adequate health gear in comparison with the doctors, who are relatively better cared for by the state and the society.

Feminist scholars reflect that the severe impacts of disasters on women and their well-being include increase in workload and slow economic recovery as compared with men. These factors need particular consideration in the present discussion of the public–private binary because of the changing nature of labour. Feminisation of labour is a dominant aspect of the restructured labour scenario under the neo-liberal capital and market. Women have to produce various kinds of labour such as care work, domestic work, emotional labour and labour of love, both at home and outside.

While our bodies, desires, homes, families, social relations, ideas of consumption and labour are in a state of flux, the main differences between the work of men and women, which still persist, are that women cannot yet renounce their “primary” responsibility as homemakers and that they obtain grossly inadequate wages as compared with men even for equally gruelling work. Their domestic work still remains unmeasured, unpaid and unaccounted for, and its brunt is felt more in the case of women in the unorganised sector. Upon translating the meta-description in the concrete situation of non-availability of domestic help in the present COVID-19 crisis, the question of labour becomes multipronged with added dimensions of class and the urban–rural divide.

The question of domestic work done by maids has resurfaced today, since it is now being done, under compulsion of the lockdown, by the middle- and upper-middle-class women and probably supported by the male members in the family. Even though they may not have complained about it following the severity of the pandemic, we cannot help reading subtext in their apparent generosity, which hides the anxiety of protecting their homes from the potential “polluters.”<sup>4</sup> The class and caste implications of this

generosity are not hard to imagine, given the entrenched social memory of the polluting touch under the varna-caste order. Otherwise, such generosity would not emerge in great contrast with the common reluctance of granting required leaves to domestic workers. Now, since Indian social realities have started surfacing in social media conversations, we can find a pointer to this reading in the questioning of the observed absence of women members in various WhatsApp groups. The tragedy of the moment is that the handing over of domestic chores has, yet again, happened in a major way, between two groups of women, perpetuating gender disparity in household work.

The domestic-public binary nevertheless works in different and pleasurable ways for women celebrities, whose public relations offices are currently posting videos of their cooking and cleaning tasks. Such videos could be a way to materialise the meagre opportunity of remaining visible publicly, a possible need of their profession, but, in the light of the said public-private binary, it could also be read as a downsizing strategy or a curious and temporary return to the normalised life of an average Indian woman. The glorious acts of cleaning and cooking performed on the screen do not celebrate household work, or generate gender awareness around it in such trying times; rather they mock the labour of ordinary women and, at the same time, simply avoid the danger of being out of sight, out of mind.

### In Conclusion

One wonders wishfully whether the COVID-19 moment would have the potential to open up a discussion with regard to women's crossing the Laxman Rekha of the domestic sphere, or would it only be imagined, socially and politically too, as an invisible demon that the nation dreams of overpowering. Assuming that the citizens/netizens would use this lockdown as an opportunity to rethink and restructure several assumptions, the present coronavirus crisis has different questions to ask from the perspective of women and within the context of the public-private binary: Will it help

restructure women's social experience? Will it boost equality of opportunity and work? Will it help women come out of the stereotyped gender roles? Will they have a more compassionate and considerate dialogue with their spouses/partners? The list may be extended to include questions, such as whether sourcing food from outside provides relief to women, considering the hard work they put into cooking. We may perceive that only a crisis situation is perhaps not enough for some permanent and desirable change, but it certainly provides ample opportunity to render new meanings to our collective imagination.

### NOTES

- 1 *Shubh Mangal Jyada Saavdhaan* (Dir: Hitesh Kewalya 2020) hilariously portrays the story of [how the normative family strives much to deter a gay couple, Kartik and Aman, from following their sexual preferences openly.
- 2 Ibsen's play *A Doll's House*, first performed in 1879 was criticised basically for showing the protagonist leave her children and her husband to explore the world since she thinks that there cannot be love without faith in a conjugal relationship.
- 3 The NCW received 257 complaints between 24 March and 1 April 2020 (*Economic Times* 2020).
- 4 On the contrary, at least male members of the labouring class are reported by the media to have retorted that the pandemic has come from abroad, is connected with the rich

people, and that they have nothing to do with it, so why their work and income are being snatched from them and why they are being treated as criminals? (Rehman 2020).

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EXPANSION

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# Public Health during Pandemics and Beyond

DAKSHA PARMAR

The rapid spread of COVID-19 in India brings into sharp focus home the important role of public health services. It is high time to strengthen public health services so that they can serve India's population well beyond the pandemic. While active state intervention in ensuring universal and comprehensive healthcare is the need of the hour, the government should also invest in the broader determinants of health by improving access to food and income as a collective responsibility to secure the health of the populations

We are living in the times of a public health crisis given the outbreak of the coronavirus pandemic. Now known as COVID-19, it is an extremely infectious disease that has infected more than a million and has crossed 1,00,000 deaths world over. In India, it has infected 5,709 persons and around 199 of them have died as on 10 April 2020. Based on the available findings, it becomes clear that the disease is fatal amongst the elderly, and those above 60 years of age or having underlying conditions of cardiovascular diseases, hypertension, diabetes, chronic respiratory ailments and cancer. This unprecedented health crisis is exerting enormous pressure and having disastrous consequences for the health systems of different countries. The immediate impact on the lives of marginalised sections of the population—migrants, farmers, and labourers working in insecure and informal jobs—is more severe.

One thing that the pandemic has clearly made visible is the role of the government in controlling the transmission and in the financing as well as provisioning of testing and healthcare facilities for those affected. Given the fact that there are no vaccines or an effective drug available, the focus has been on controlling the spread of the disease by adopting various preventive measures.

## Defining Health

As per the ancient belief of the theory of contagion, diseases often spread through contact and, hence, the solution recommended strongly was quarantine and fumigation to prevent the spread of disease. Given the costly nature of quarantine measures, some public health reformers advocated that the disease spread through miasma or bad air in the environment. This understanding made quarantine largely redundant (Porter 1999). Based on the miasmatic spread of disease, the interventions were largely seen in terms of improvement of environment to prevent the disease

at the community level. Further, measures were also undertaken to improve sanitation, housing, water supply, proper disposal of wastes, along with increased wages for workers. The actions taken were much broader and holistic in nature. Further, it was increasingly understood that socio-economic conditions of living were the major determinants of the disease.

However, with the invention of the microscope, the germ theory of disease was developed. Diseases were now linked to particular bacteria and viruses that act as agents causing physiological changes in the human body. The dominant approach of controlling an epidemic changed to eliminate germs through drugs and vaccines, thereby shifting the focus on understanding the disease processes and outcomes in individuals. However, it also led to the neglect of the social context of health and disease as well as the broader interventions in relation to the environmental health of a population.

Turshen (1989) argues that the germ theory was seen as the creation of the times when capitalism was expanding in Europe, and the theory affirmed individualism by focusing on disease processes within each individual. Health was no longer seen as a collective responsibility and largely became the individual's responsibility. Hence, one of the oldest ways of understanding "health" was to look at the absence of disease. Diseases were seen to cause a breakdown of the human body that functioned as a machine, and the role of medicine is to repair and make the body functional again. This approach looked at the individual devoid of their socio-economic context.

In contrast, understanding health from a political-economy perspective attempts to focus on the multifactorial approach to health and disease in populations. It understands health outcomes by locating them within the social-structural factors and power relations in the society (Birn et al 2017). Poverty, malnutrition and inequalities across gender, caste, class, religion and region determines who falls sick and who has access to treatment.

## Inequality Pandemic

It is important to note that, given the social hierarchy and inequalities in India, it is the marginalised sections of the Indian

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society—the Dalits, tribals, women, migrants, and Muslims—that will bear the disproportionate burden of the epidemic, be it in terms of increased mortality, loss of livelihood and incomes, or in terms of accessing health services in case of being infected. The majority of them are landless and suffer acute deprivation both socially and economically. Though we are all together in this, as the World Health Organization Director General Tedros Ghebreyesus keeps emphasising in all his press meetings, the impact of the pandemic will be different based on where we are located in the social hierarchy. Hence, there is an urgent need for the government to provide universal and comprehensive public health services. It should not only mobilise the entire health system to deal with COVID-19 but should also focus on broader determinants of health in terms of food, income, safe drinking water, sanitation facilities, etc.

Ensuring the functioning of other essential services, be it for maternal and child health services or immunisation and chronic health problems, is equally necessary and the government should provide these services as well. One reason why our general health services did not develop is mainly because we adopted a number of vertical disease control programmes, such as malaria control programme, family planning programme, smallpox eradication, polio elimination programme, that negatively affected the way in which health services developed in India. These vertical disease-control programmes were seen as the magic bullet to solve the health problems of the country (Rao 2009).

However, while some of the diseases were eliminated through these programmes and people might not die of those diseases, they suffer from other health problems, and most rampant is the problem of widespread hunger and malnutrition in our country, despite the availability of surplus food stocks. The onslaught of neo-liberal reforms resulted in a substantial reduction in budgetary allocation to health and neglect of public health services. At the same time, there was rapid expansion in curative care provided by the private sector and corporate health industry with tremendous support and patronage from the government. Hence, we had created two parallel health systems,

whereby the rich access and utilise private medical care, and dysfunctional public health services were largely available for the poor. In times such as these, we are paying a much higher price of having the most commercialised health sector in the world. The pandemic has clearly highlighted the fragmented healthcare across the country and how it will inflict adverse consequences on the marginalised sections of Indian society, as they will face enormous difficulties in accessing health services.

### Rural Challenge

While much of the focus of the health systems and the media is on the urban areas and cities, there is limited information available about what is happening in rural areas. Given the reverse migration of labourers to the villages due to an unplanned and abrupt lockdown, there is a high likelihood that the coronavirus will also spread in rural areas. The conditions in which the workers were forced to travel have exposed them to high risks of getting infected with the coronavirus. Further, the lockdown and the loss of livelihood will increase poverty and vulnerabilities of a large section of population who do not have the privilege of stocking food. Hence, it is very important that massive relief measures, in terms of ensuring provisions of rations and food along with cash assistance, are implemented effectively and on time.

While in the hurry to control one disease, there will be massive increase in hunger and starvation across the country. The health needs of the people in rural areas are much higher, given the extreme living conditions and widespread poverty and inequality, but people face a number of difficulties in accessing medical care in villages. In the past, the focus was only on developing the tertiary medical facilities at the cost of neglecting primary healthcare facilities such as the sub-centres and primary health centres. Hence, it is very important that the public health infrastructure and primary health services as well as front-line health care workers such as the Accredited Social Health Activists (ASHAs) and nurses are properly trained and provided with protective equipments, sanitisers and masks to handle this situation. Bihar and Uttar

Pradesh, which witnessed the outbreak of Japanese encephalitis and deaths of children in the last few years, are clear examples of how ill-prepared the health systems are in these states. There are also examples of converting stadiums and railway coaches into isolation facilities. While this will be useful for the short term, we also need to ensure that the government will actually invest in building health infrastructure according to the population norms as this shortage is one of the major factors that will hamper the delivery of medical care.

The treatment for COVID-19 is of a prolonged period of almost two weeks and hospitalisation is necessary in severe cases where patients develop complications. It is important to note that the costs of hospitalisation in public hospitals are much less compared to the private hospitals. While the government had allowed certain private laboratories to do testing by regulating the price of testing at ₹4,500, it is expensive and inaccessible for the majority of the population whose monthly income will be much less than the cost of testing. Further, it is also costly in the case of two or three members of a middle-class family having to undergo tests.

One important reason for making government facilities the nodal zones for testing and treatment is to ensure that there is proper reporting of all cases, which is difficult if patients are treated in private facilities. During epidemics, it is also very important that the government provides correct information and communicates properly with the population as this will enable them to understand the spread of the disease. Many people are of the opinion that public hospitals will not be able to manage the increased burden of the COVID-19 patients. It is true, given the huge shortage of beds, health personnel and ventilators, that the already fragile public health facilities will suffer. However, we also need to remember, that at present, it is the public hospitals that are managing and are also being geared up to provide treatment and isolation for COVID-19 patients.

Most of the health workers are working in extremely difficult situations without personal protective equipments, masks, sanitisers, etc, and are exposing

themselves to increased risk of infection. It is because of the lack of preparedness by the government that our health workers are paying the biggest price and are also dying. Given the rapidly increasing positive cases amongst nurses and doctors, entire hospitals have been sealed in some cases. It is important to note that hierarchy within the health system increases the vulnerability of the front-line health workers and nurses, along with the cleaners and sanitation workers, who are exposed much more to the risk of infection (Nagral 2020).

### Private Health Sector

There are reports that some states, such as Chhattisgarh, Rajasthan, Andhra Pradesh and Madhya Pradesh, are roping in the private sector to provide free treatment to COVID-19 patients (Baru 2020). However, it is still not clear what steps are being taken at the national level to make the private sector work for public health. Two big private hospitals in Mumbai have had to be sealed as most of the doctors and nurses were tested positive for COVID-19 after treating patients who initially did not show any symptoms. The treatment costs of COVID-19 might be within the reach of the rich and those with insurance coverage, but it will be very difficult for a substantial section among lower middle-class families and the poor not covered under Ayushman Bharat to foot expenses. While the central government has announced that the beneficiaries under Ayushman Bharat can avail free testing and treatment for COVID-19 at private laboratories and empanelled hospitals (PTI 2020), there is not much clarity on how this will actually be implemented. During public health emergencies, the need to forge solid institutional partnerships between the public and private sectors in order to save lives and improve the health of the population, is of utmost necessity.

It is also important to note that illness increases vulnerability and uncertainty about life and survival, and people need to access medical care. However, in this situation, they may not be in a position to make a rational decision about seeking medical care. Further, in the case of medical care, there is an asymmetry of information between the patient and the doctor. Once you enter the healthcare system, the

decisions are largely made by the physicians regarding diagnostics tests, surgery, medicines, etc. Given the uncertainty and asymmetry of information between the patients and doctors, Kenneth Arrow had argued for state intervention in medical care (Arrow 1963 cited in Birn et al 2017).

The way in which the disease is rapidly spreading across different states of India shows that the numbers are going to increase exponentially. However, as we have narrowly defined the criteria to test for COVID-19, we tend to exclude a large majority of people who might be asymptomatic but spreading infection. We are, at present, only testing people having a history of foreign travel, or contacts of positive COVID-19 patients, patients in hospitals showing symptoms and health workers with symptoms who are treating COVID-19 patients. It is because of the way in which we have restricted our testing that the numbers of cases is extremely low compared to our total population. This low testing and low numbers are then given as justification to argue that India is at a relative advantage because of heat or temperature, or inherently having some resistance to COVID-19 (JSA and AIPSN 2020).

However, this is a completely wrong way of looking at the pandemic, given the fact there is a direct relationship with more testing and more cases. We are in denial mode in many cases. Accepting that we have problems would mean undertaking actions, which, in our country, is always delayed to a large extent because, till now, the health problems that we kept denying have hardly affected or infected the rich. This is particularly with reference to widespread hunger and starvation deaths as well as high levels of malnutrition amongst children in India. The Government of India, like a student who prepares at the last minute for an examination, woke up quite slowly to the challenge put forward by an epidemic. It did not study till the last moment, and when the examination was hanging over its head, it haphazardly started allocating funds, restricting testing and ordering masks and personal protective equipment. If the impact of a pandemic has to be reduced, we need to prepare and focus on preventive and curative measures well in advance and not wait for its onset or occurrence.

It is also important that the government should not waste time in victim blaming, which is very appealing and popular to conservative governments and is the dominant way of abdicating the responsibility towards healthcare (Turhsen 1989).

### Humane Approach

The pandemic of COVID-19 has raised certain important questions that are extremely crucial if we look at the inter-relationships between individuals and its impact on the health of the "populations." It has also created unique challenges in its prevention, control and treatment. Given the highly infectious nature of the disease, individuals in themselves are not protected even if they adopt all preventive measures to keep the infection away from themselves. Constantly washing hands with soap every 20 minutes for 20 seconds, wearing masks and staying at home are privileges in themselves, which are not available for a large section of India's population who have no access to piped water supply or money to buy masks or the comfort to work from home.

Unless and until we look at each other as human beings who are equally vulnerable and exposed to the same virus, we will not be able to protect ourselves in isolation. The focus should be in ensuring that the state intervenes actively to save every life by creating enabling structures and facilitating public health education in order to enable people to adopt practices that will help them prevent the disease. Given the extreme inequality and discrimination prevalent in our society, the whole question of adopting social distancing in itself is problematic because, historically, we have practised social distancing through the cruel practice of un-touchability and discrimination. In many cases, the disease has just heightened this practice to a large extent and has made it worse as people are increasingly becoming socially indifferent. What is the need of the hour is best summarised in the slogan shown by Kerala that emphasises physical distancing with social solidarity and equity (Prashad and Dennis 2020).

Finally, it is high time to realise, as T Sundararaman (2017) argues, that healthcare must be produced by organisations not as a commodity to be sold for

profits but for consumption, which is in the spirit of solidarity. People who are using health services are not only the consumers of a product but they are participating in the creation and production of good health for all. Their participation at both individual and collective levels is important. Hence, it is important to note that the expenditure incurred on public health services is an investment that the government makes in saving lives of its populations and creating good health and not a waste of resources, as the advocates of neo-liberal policies aggressively wanted everyone to believe.

State intervention is the need of the hour to ensure universal and comprehensive access to healthcare services. The government needs to ensure equity in access and utilisation of public health services and at the same time, should provide food and income to people who have lost livelihoods and migrants stranded in different cities. In the absence

of these measures, poverty, inequality and hunger will kill more people than the coronavirus. We need to create new capacities and evolve institutional mechanisms to coordinate efforts by increasing financial allocations so that India's strengthened healthcare system can serve its people well beyond the pandemic of the coronavirus.

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disruptions in short-term employment, the Ministry of Labour (MoL) has announced an employment provident fund (EPF) for those wage earners whose monthly wage earnings are less than ₹15,000 per month and who are employed in an establishment with up to 100 workers. Under this scheme, the government will credit 24% of wages into the provident fund (PF) account of eligible subscribers.

As per these schemes, millions of registered construction workers have been provided benefits under the government's welfare measure. Under Section 60 of the the Building and Other Construction Workers (BOCW) Act, 1996,<sup>1</sup> all state governments and union territories have been advised by the MoL to transfer funds in the accounts of construction workers through direct benefit transfer (DBT) mode from the cess fund collected by the construction welfare boards (CWBS) under the BOCW Cess Act. As per the MoL, about ₹520 billion is available as cess funds (PIB 2020b). This fund will be provided to 35 million workers registered with CWBS. Those who have not renewed their registration or those who are not registered with CWBS would not get this benefit.

Still, given the nature of the construction labour market and the functioning

## COVID-19 Relief Package Will Central Largesse Help Construction Workers?

AJIT JHA

Informal workers, migrants in cities, farmers and small businesses are worst hit by the COVID-19 crisis. Although the central government has announced a relief package, the effective implementation of the welfare measures pose a big challenge. In this context, the role of construction welfare boards is assessed, and questions are raised over the proper distribution of direct benefit transfers to construction workers through CWBS.

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India has been praised worldwide for quickly imposing a lockdown across the country to contain the spread of the deadly coronavirus. Yet, the lockdown has come at the cost of the country's economic health and its cascading impact on all sections of society. However, it is the daily wage workers, construction workers (especially those who are unregistered), and those working in the unorganised sectors who are going to bear the brunt of the economic crisis the most. On 26 March 2020, the Ministry of Finance announced a ₹1.7 trillion package under the Pradhan Mantri Garib Kalyan Yojana (PMGKY) for the below poverty line (BPL) families and other targeted groups, with an aim to provide cash incentives and free ration to them for the next three months (PIB 2020a). As part of PMGKY and also with a view to prevent

of CWBs, the effective implementation of these welfare measures remains a question. Under the PMGKY, the government has made claims of transferring ₹312 billion through DBT to 330 million beneficiaries. This also includes a transfer of over ₹35 billion cess funds to 21.7 million construction workers (PIB 2020c). Based on this information, more than 13 million workers are yet to get the benefits, and only a fraction of the total of the ₹520 billion cess fund has been utilised so far. Who these construction workers are and how many states have provided DBT to workers is not mentioned in the statement.

Besides, some basic issues of registration of workers, collection and distribution of cess have been unresolved for a long time. The active registration (that is, renewal of registration) of workers is a major issue, which has often been highlighted in the past by the advocacy forum, 44th Parliamentary Standing Committee on Labour, and by the Supreme Court of India. For example, in Maharashtra, there were about 0.56 million registered construction workers in 2016, of which only 50% of the total registrations were found to be valid. Similarly, in Delhi, the process of new registrations and the renewal of old ones is very slow.

A pilot social audit of the BOCW Act conducted on the order of MoI (2018a) by Centre for Policy Research, Delhi Nirman Mazdoor Sangathan and other organisations found anomalies in the registration process. According to this report, instances of selective registration, non-updation of identity cards, enrolment of non-construction workers as beneficiaries, and corruption are rampant in the national capital. After several directions and persuasion (Nirman Organisation 2018), the MoI had prepared a model welfare scheme guideline for the state CWBs, according to which each state was directed to start online registration of workers and allot a unique identification number to these registered workers. This process would help in the portability of welfare benefits.

Available information of the websites of all the CWBs show that until today, only a few states have started the process of online registration and renewal of workers. For example, Andhra Pradesh has started a live registration process and provides daily updates. Similarly, Uttar Pradesh (UP) and Maharashtra are also doing online registration and renewal of workers. But, in states like Delhi and Bihar, no such facilities are available.

As per the Periodic Labour Force Survey (PLFS) of employment and unemployment,

there were nearly 55 million construction workers in 2017–18. Based on the estimation, about 20 million workers would be left out of benefits sourced through the DBT mode. The registration rate is still not very high. The estimation shows that only 52.5% workers were registered in 2017, although there has been an increase of 6.2 million registered workers between 2017 and 2019. But, one could also expect an increase in the total number of workers in this period. The rate of registration in Assam and Bihar is below 20%, whereas in states like Andhra Pradesh, Gujarat, Jharkhand, Maharashtra, and Uttar Pradesh, it is below the national average. The more important issue is related to the faulty processes of registration. It is found in the estimation that in some of the states, such as in Delhi and Chhattisgarh, this rate was more than 100% (Table 1).

Besides, there is a big issue of collection of cess at the stipulated rate of 1% of the total cost of construction and its proper distribution among workers. The 38th standing committee on labour of the Lok Sabha made observations that there is no proper mechanism of collection of cess and its transfer to CWBs and, in many cases, there is an under-assessment of cess. It was also found by the committee that until 2015, only 23% of collected cess during the last 20 years had been utilised. Although the utilisation ratio has increased to 39% in 2019, it is still very low. Some of the states like Tamil Nadu (11.8%), UP (10.5%), West Bengal (9.8%), Kerala (13.9%), Bihar (9.5%), Madhya Pradesh (8.3%), and Andhra Pradesh (8.0%) together contribute more than 70% in total construction gross value added (GVA). But the collection of cess is about 37%. For example, in Kerala, cess collection was only 3.9% in 2019. Similarly, Bihar collected only 3.24%. On the other hand, Karnataka and Maharashtra contribute 6.9% and 5.8% respectively in construction GVA, but they collected 10% and 15% cess, respectively. Maharashtra is the biggest collector of cess but spends very less (5.4%). Kerala (120%), Karnataka (89%), Chhattisgarh (84%), Madhya Pradesh (54%), Rajasthan (55%), Odisha (77%), Punjab (54%) and

**Table 1: State wise Total Number of Workers and Registered Workers**

Major States of India	Number of Construction Workers (million)		Number of Registered Workers (million)		Ratio (%) (3/2)	Diff (4-2)	% Change (6/3)
	2017-18	2017-18	2017				
			2017	2019			
1	2	3	4	5	6	7	
Andhra Pradesh	4.15	1.73	1.82	1.82	41.7	0.1	5.0
Assam	1.08	0.12	0.25	0.25	10.8	0.1	114.5
Bihar	4.47	0.83	1.24	1.24	18.5	0.4	49.6
Chhattisgarh	1.25	1.38	1.94	1.94	110.3	0.6	40.7
Gujarat	1.50	0.60	0.65	0.65	39.9	0.1	9.3
Haryana	1.10	0.73	0.86	0.86	66.1	0.1	17.3
Jharkhand	1.95	0.71	0.80	0.80	36.4	0.1	12.0
Karnataka	2.08	1.16	1.54	1.54	55.6	0.4	33.5
Kerala	2.35	1.46	1.53	1.53	62.3	0.1	4.2
Madhya Pradesh	3.69	2.92	3.10	3.10	79.1	0.2	6.1
Maharashtra	2.84	0.66	1.61	1.61	23.4	0.9	142.5
Odisha	2.66	1.85	2.72	2.72	69.4	0.9	47.1
Punjab	1.35	0.64	0.87	0.87	47.0	0.2	36.5
Rajasthan	3.76	1.81	2.22	2.22	48.3	0.4	22.6
Tamil Nadu	4.43	2.79	2.83	2.83	63.0	0.0	1.3
Uttar Pradesh	8.67	3.61	4.86	4.86	41.6	1.2	34.6
Uttarakhand	0.35	0.16	0.23	0.23	46.9	0.1	42.2
West Bengal	4.27	3.08	3.10	3.10	72.2	0.0	0.7
Delhi	0.44	0.50	0.54	0.54	113.4	0.0	7.7
All-India	54.48	28.62	34.86	34.86	52.5	6.2	21.8

Source: Data in Column 2 are from PLFS, 2017–18 and data in Columns 3 and 4 are from the Parliamentary Standing Committee on Labour, 2017–18, Ministry of Labour, 2017 and Lok Sabha unstarred question No-1284, November, 2019.

**Table 2: Key Ratios of Cess Spent, Collected and Share of Construction Gross Value Added**

Major States	Ratio of Amount of Cess Spent and Amount of Cess Collected (%)			Percentage of Cess Collection			% Share of Construction GVA to Total GVA 2017-18
	2013	2016	2019	2013	2016	2019	
Andhra Pradesh	7.39	17.81	21.86	8.57	4.28	4.78	8.09
Assam	0.89	1.98	21.56	1.77	1.74	1.76	8.87
Bihar	6.53	10.28	14.27	2.19	2.58	3.24	9.48
Chhattisgarh	100.00	61.05	83.73	1.92	2.16	2.28	8.90
Gujarat	0.22	1.69	9.40	1.64	4.65	4.22	5.84
Haryana	2.17	7.49	24.61	6.92	5.74	4.96	7.16
Jharkhand	0.52	39.24	53.23	0.18	0.93	0.90	9.07
Karnataka	1.77	6.05	89.12	15.01	12.57	10.21	6.49
Kerala	90.11	94.51	120.53	6.97	4.69	3.91	13.91
Madhya Pradesh	31.48	35.04	53.76	8.57	5.84	5.45	8.29
Maharashtra	0.29	5.73	5.44	11.24	14.09	14.90	5.84
Odisha	0.11	12.76	77.47	2.69	3.49	3.69	7.57
Punjab	1.72	36.95	53.74	3.42	2.87	2.65	6.42
Rajasthan	1.86	19.88	55.72	2.47	4.52	4.53	8.17
Tamil Nadu	45.99	35.90	26.61	5.21	5.24	5.95	11.84
Uttar Pradesh	0.91	15.62	27.08	6.38	8.23	9.59	10.55
Uttarakhand	0.44	10.90	27.24	0.29	0.48	0.51	7.73
West Bengal	1.58	52.03	44.74	2.51	3.98	4.31	9.82
Delhi	8.83	11.37	9.42	10.63	5.70	4.41	3.88
All-India	14.97	21.08	39.01	100.00	100.00	100.00	7.97

Source: Data related to cess has been compiled from the Parliamentary Standing Committee on Labour 2017-18 and Lok Sabha unstarred question No-278, June 2019, and Information of GVA at 2011-12 price has been collected from National Accounts Statistics.

West Bengal (45%) spend more than the national average (Table 2).

The lack of uniformity in the implementation of welfare schemes is another issue faced by the construction workers. It is clearly stated in the bocw Act that, under the social welfare schemes, areas like health, education, housing as well as skill development would be given priority. Contrary to this, in many states, there are large numbers of schemes for construction workers and many are unrelated to priority areas. In states like Punjab, Gujarat, UP and Andhra Pradesh, more than 15 welfare schemes of various types are meant for construction workers. Many of these schemes are unrelated to priority welfare schemes.

Finally, one could also not expect much benefit from the EPF relief measures as they apply to only formal workers registered as contributing members of the Employees' Provident Fund Organisation. According to the PLFS estimation, there are 83% casual and 11% self-employed workers in the construction industry. Only 5.7% work on a regular basis, of which only 1.6% are regular formal workers and remaining 3.9% are informal workers. Overall, 2.2% of total construction workers are availing some

kind of social security benefits, and only 1.5% regular workers are eligible for PF-related benefits.

Fourteen years ago, the National Campaign Committee for Central Legislation on Construction Labour had filed a petition in the Supreme Court, seeking the apex court's direction to the MoL for implementation of the bocw Act. In pursuance of this, the Court gave a detailed direction to the MoL (2018) on the implementation of this act. Following this, the MoL had circulated a draft model welfare scheme to all state governments and CWBs for proper action and strengthening of the implementation machinery. But, sadly, in some states, CWBs are lying defunct. No action has been taken on the implementation of construction workers' issues. The statistical records also show their dismal performance.

Given this background, how the central largesse will help millions of construction workers overcome challenges at a time when the coronavirus has hit the country's economy hard is to be seen. More importantly, construction in India still has a seasonal character. Therefore, even if the period of lockdown ends, resumption of construction will take time, and by the next month, monsoon will approach,

which will further delay construction activities. These issues have not been addressed with respect to the informal sector workers and as concerns regarding the infectious COVID-19 become serious, workers are faced with a daunting struggle for survival.

**NOTE**

- 1 The BOCW Act, 1996 regulate the employment and conditions of service of building and other construction workers; the BOCW Cess Act, 1996 provides for the levy and collection of a cess on the cost of construction incurred by employers with a view to augment the resources of the Building and Other Construction Workers' Welfare Board constituted under the BOCW Act.

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# Reconstructing Law and Economics

SARTHAK GAURAV

In his latest book, *The Republic of Beliefs: A New Approach to Law and Economics*, Kaushik Basu—an eminent economic theorist, public intellectual, and prolific author—explores the complex relationship between law and economics. The title of the book is a reference to how beliefs, expectations, and actions of individuals play a central role in ensuring compliance and non-compliance with laws, and whether rule of law prevails in a republic. In democratic societies, in general, and post-truth societies in particular, it is not the power of the state but the beliefs of ordinary people going about their daily lives that is at the core of the republic. At a time when there is renewed interest in examining the foundations of a just society and role of the state in enforcing laws, and how laws can be amended to improve compliance as well as impacts, this book is a timely and important contribution.

## Fault Lines in Law and Economics

The central purpose of the book is to draw attention to the flaws of the neoclassical approach of law and economics in resolving the puzzle of why laws—which are mere words on paper—should change human behaviour, and why they are often not effective. Basu argues that this “ink on paper” problem (p 1) has surprisingly been avoided by traditional law and economics. In this book, he attempts to address this fundamental challenge by proposing a new approach that is based on game theory. However, in doing so, he cautions against drawing the conclusion that past achievements of law and economics are flawed. Rather, in his reconstruction, he builds on the stronger elements of traditional law and economics.

Following an intimate preface replete with candid insights on the genesis of his interest in law and economics, the introduction presents a brief historical

## BOOK REVIEWS

**The Republic of Beliefs: A New Approach to Law and Economics** by Kaushik Basu, *Princeton, New Jersey and Oxford, United Kingdom: Princeton University Press, 2018; pp xvii + 238, ₹699 (hardcover).*

account of the origins of law and emergence of law and economics as a discipline. It spells out the weakness of the standard approach to law and economics, namely its inability to explain poor implementation of law despite being impeccably written down on paper, and its failure to understand corruption. It delves into the foundations of legal frameworks and presents a case for the role of economic incentives as well as normative improvements in the functioning of laws.

In the introduction, Basu offers a coherent exposition of laws pertaining to corruption, particularly his controversial pet peeve—bribery—in great detail. For instance, the justification for how introducing asymmetry in the Prevention of Corruption Act, 1988 in India—that holds the bribe giver as well as the receiver of the bribe equally punishable—by way of differences in incentives to report bribery would result in a different outcome for society is fascinating. It is a different matter altogether that his game theoretic insights propounded during his stint as the chief economic advisor to the Government of India became controversial. He develops a strong argument that questions the validity of economic thinking about law, that is, the contributions to law and economics in the flavour of “Becker, Calabresi and Coase” (p 15).

## Game Theory and Law

A novel feature of this book is that it espouses a game theoretic foundation of law and economics. In doing so, it has two major achievements. First, it presents

a credible counter to the neoclassical approach to law and economics that leaves out important players of the “game of life” or “full economy game” (p 38), which includes civilians and state actors. The book consistently highlights the incompleteness of neoclassical law and economics models in the sense that, whilst they treat ordinary individuals as rational agents, they either exclude state law enforcement officials (police officers, magistrates, and judges) or assume the law enforcement officials to be “robots who will automatically do what the law asks them to do” (p 35). Basu offers a convincing argument about how including these actors in the game offers us the lens to view law as a catalyst for changing behaviour by changing beliefs. An exposition of how beliefs and meta-beliefs get entrenched in social norms is a theme that Basu had discussed in a previous monograph (Basu 2011).

Second, it offers a richer description of the mechanics and effectiveness of the law. The compelling arguments against the traditional approach to law and economics are repeatedly demonstrated through concepts of game theory. Those familiar with formalism and the language of game theory may appreciate the application of the notion of equilibrium. Those unfamiliar with game theory will get an interesting introduction to notions of equilibrium, particularly Nash equilibrium and the intuitive correspondence between laws and equilibrium in a game theoretic sense. Take, for instance, the reference to law constituting a “focal point” that is effectively explained through the “Squares Game” (p 45). Basu argues that a law cannot create a new equilibrium, rather direct society to an existing equilibrium wherein the focal point approach functions through the power of law as a coordinating device. With considerable caveats about the focal point perspective, it is asserted that a law creates focal points in the game of life without which a convergence of beliefs and actions of the citizens and the state would not be successful.

As the chapters progress, there is considerable care with which the distinction

between the nature and consequences of simultaneous move games and sequential move games in the context of the game of life are expounded. The subsequent exposition of the distinction between behaviour enforced by law and social norms on the one hand and illustration of the differences through real world examples on the other hand makes for engaging reading. The chapter delving into law, politics, power, and corruption has a comprehensive descriptive and normative appeal. The chapter that follows examines the critical assumption of individual rationality and whether the problems with traditional law and economics can be corrected without sacrificing this core assumption and forays into epistemological concerns about the traditional paradigm. It is in this context that Basu's considerations about the rationality assumption may remind one of the Lakatosian "hard core" even though the premise is of a Kuhn's "paradigm shift." The reference to psychology, sociology, and questions about legitimacy of law allow for a more realistic model of human motivation, thereby giving rigorous shape to ideas that legal scholars have emphasised.

### Writing Style and Joy of Reading

The book exudes first-rate scholarship blended with an engaging intonation that is closer to storytelling than a monograph on law and economics. As in the earlier writings of Basu, his clarity of presentation and free-flowing style helps the reader navigate technical concepts, which in their formalisation would otherwise be densely mathematical. The richness of the eclectic references—from Greek legal history to Indian folklore—is complemented by a rare blend of trivia and humour. There is never a dull moment as the reader gets a healthy dose of humour and trivia. The book is replete with historical, philosophical, and cross-disciplinary references; mostly as digressions that are as educational as they are enjoyable. To the discerning reader, the writing style may appear as an amalgamation of Amartya Sen's (2005) *An Argumentative Indian: Writings on Indian History, Culture and Identity* as well as of the work of another eminent

game theorist, Ariel Rubinstein's (2012) *Economic Fables*. The plethora of real world examples of the underlying concepts as described in the book are also drawn from Basu's vast experience spanning academia and bureaucracy, having served as chief economic advisor of India (2009–12) and Chief Economist of the World Bank (2012–16).

There are ample technical digressions, but the myriad dimensions through which the conceptualisation of the "game of life" is scrutinised—particularly the philosophical line of inquiry—leaves little room for complaints. It is a rarity in serious popular writings on law and economics that Hume and Hobbes are discussed in the same spirit as Kafka and Naipaul. With footnotes resembling those of an academic paper and references running into 18 pages, academic readers will find the book extremely resourceful and a ready reckoner for the conceptual building blocks. The attention to detail is equally staggering and informative. For instance, not many authors of a book on law and economics would care to inform the reader about whether an essayist wrote an essay in "his country cottage in North Bohemia, in 1978, in a surreal setting" (p 125).

### Gaps in the Book

For readers without formal training in economics, the book would seemingly have a disproportionate emphasis on the "economics" aspect of law and economics. Although legal scholarship has been copiously referred to, further explorations of the building blocks of the arguments from the perspectives of law could have offered a balanced perspective on the critique of the traditional approach. Nevertheless, for readers unfamiliar with the nuances of game theory, there is a sincere attempt to convey the essence of the mechanism. For instance, what better way to introduce game theory in the context of law and economics than the prisoners' dilemma as explained in the book?

However, the legal community may feel the exclusion of certain fundamental problems that the game theoretic models discussed in the book lack: imperfect

information and incomplete information. While there is reference to cheap-talk games, a class of incomplete information games where costless communication between players takes place, the idea of a Perfect Bayesian Equilibrium in improving the description of the equilibrium wherein beliefs and strategies of players are consistent could have been highlighted. Moreover, some elaborations on imperfect information games and Bayesian Nash Equilibrium could have provided a comprehensive informational foundation to the new treatment of law and economics. Similarly, illustration of the strengths and weaknesses of mechanism design, particularly the revelation principle in the context of law and economics would have been informative. A challenge in communicating the complexities of some advanced game theoretic concepts to legal scholars has been an old problem in the diffusion of game theory in law and economics (Ayres 1990). However, for a curious reader, it would have been interesting to see how such concepts are presented in a comprehensible manner, with the potential for applications in jurisprudence on the practice of law.

For readers who have already been introduced to game theory, it would be discernible that only non-cooperative games have been discussed. The reason behind this is, perhaps, to use the concept of Nash equilibrium as a starting point to give a flavour of strategic thinking around ordinary citizens abiding with laws. With the scope for coalition formation and binding contracts being relevant, elementary cooperative games could have been explored.

The treatment of power, although fascinating, may have been improved with some insights on bargaining, particularly the process of bargaining between the players in the game of life. Furthermore, the relationship between legitimacy and paternalism could have been developed to throw light on the moral underpinnings of the new approach. The discussion on fairness and justice (Rawls 1971; Sen 2009) is conspicuous by its absence. Similarly, the agenda for behavioural economics could have been discussed in greater detail as

there are potential overlaps in deviating from the neoclassical model as an explanation of human behaviour. Lastly, there is considerable recent literature in law and economics dealing with the refinements of Nash equilibrium, a brief summary of which could have given the readers an idea of whether there are binaries in the debate, or if it is a continuum of arguments around the central thesis of this book. On a related note, in his earlier writings, Basu has dealt with related issues (Basu 2001, 2011), and it would have been useful to juxtapose and reconcile the central arguments of the earlier critiques of mainstream economics and law and economics as attempted in this book.

### Concluding Remarks

At a time when there are national as well as international debates on the effectiveness of laws in changing behaviour—compliance with the model code of conduct before elections, working out the Brexit deal, or legislation for building the wall along the United States–Mexico border, among a plethora of other pertinent issues—this book

provokes as well as makes the reader pause to reflect on the mechanics of the legal architecture to influence behaviour, and the multitude of interactions in complex phenomena such as corruption. Given the multiplicity of issues under the gamut of law and economics, both nationally and internationally, this book is a must-read for anyone keen to understand the relationship between law and economics, theorists and empiricists, legal scholars and practitioners, and law makers and law breakers alike. It is an engaging read for anyone interested in finding answers to questions such as: Why do words written on a piece of paper dictate the behaviour of people? Why are laws obeyed? Why do laws work differently in different societies?

The agenda of the book is undoubtedly ambitious as it takes on the task of rebuilding the discipline of law and economics. Nevertheless, it leaves important open-ended questions that have the potential for future research. The book is a message of hope that institutions and laws governing citizens are not static. It has the potential to reinvigorate the space for multidisciplinary inquiries into

law and economics, and promises to develop a framework for law and economics that departs from orthodoxy. This is a must-read for anyone who is troubled by questions on how beliefs and expectations are intertwined with the salience and effectiveness of laws, or why and how laws work or do not work.

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# The Many Interpretations of Law and Economics

RAM SINGH

The last half a century has witnessed the emergence of an interdisciplinary field known as the “Law and Economics” (L&E). The discipline is considered to be one of the most important intellectual developments by many eminent legal scholars and economists. The L&E has had a huge influence on how the developed countries have dealt with important legal and economic issues like anti-trust, contracts, environment, property, land acquisition, regulation of banking and other financial entities, etc. It has also shaped public policy responses to social issues like child labour, public safety, among others. Nonetheless, a large literature produced by legal and economic scholars has failed to provide satisfactory answers to several riddles such as: Why do people follow some laws but not the others? Why do some societies seem law-abiding and others do not? Why is corruption more widespread in developing countries?

The book, *The Republic of Beliefs: A New Approach to Law and Economics*, provides a new perspective on these and the related issues. It argues that the L&E as it stands today is incapable of answering the above and the other conundrums facing the discipline. This failure is attributed to a fault line that runs through the gamut of the discipline, says the author, Kaushik Basu, former chief economist at the World Bank and the Carl Marks Professor of Economics and International Studies at Cornell University.

The book presents a new framework for studying law and economics, institutions and norms. It resolves several conundrums facing the mainstream L&E, and has the potential to bring a paradigm shift in our thinking about the L&E and subjects like the power, governance and the social norms. The proposed framework can also be used for analysing issues in fields like political science, philosophy, sociology, among others. At

**The Republic of Beliefs: A New Approach to Law and Economics** by Kaushik Basu, *Princeton University Press, 2018; pp 264, £30.*

the same time, the book raises equally serious issues that need to be addressed for a well-rounded understanding of the law and the processes through which it works.

For illustration, let us consider the following hypothetical example. You own and operate a law firm from a residential neighbourhood. The office is opened to your clients Monday through Saturday of every week. You should do extra business by opening it on Sunday as well. The net worth of the additional business would be ₹100 per Sunday. However, the use of the parking and other common facilities by your visitors will cause a nuisance for the residents. It will interfere with the peace and quiet in the neighbourhood inflicting a disutility on residents worth ₹200 per Sunday. That is, your working on a Sunday reduces the net social welfare measured in monetary terms. However, there is no legal restriction in place and you value money, so you have decided to open your firm on Sundays as well.

## Challenging Popular Reasoning

Suppose, the government has introduced a new law that prohibits you from opening your office on Sundays so that the residents can enjoy quiet weekends. There is a fine of ₹250 if you open on a Sunday.

Will this law make you reconsider your decision? The intuition as well as the mainstream law and economics would both answer with a “yes.” The L&E discipline assumes that people are rational actors who make choices to pursue their self-interests. According to the standard argument, in the absence of the law, you gain ₹100 from working on a Sunday. However, under the new law, your payoff will reduce to a net

loss of ₹150 (that is, 100–250), so you will not operate your office anymore. In general, the mainstream L&E argues that the law affects people’s behaviour by altering the gains/costs associated with individual choices.

The book disputes this line of reasoning. It argues that the law cannot change the gains or costs associated with different actions, and hence cannot affect behaviours through this channel. By implication, the book also challenges the views of the legal positivists who argue that the law affects people’s behaviour through liability and punishment schemes. For legal positivists, the law influences individual behaviour by setting the rules of behaviour and punishment/costs associated with violations of the rules. This line of reasoning manifests itself in the works of Jeremy Bentham, John Austin, and writings of Hans Kelsen and H L A Hart more recently. According to the imperative theory of law also, the law works through sanctions.

Returning to our example, for you to change your decision from opening your office on Sundays to keeping it closed, the following must hold: (i) As soon as the law is announced, there emerges a powerful entity (an inspector or a policeman) who has the capacity to extract fine from you; (ii) moreover, such an entity should want to impose the fine, if your office is open on Sundays. Specifically, the L&E assumes that all individuals including the law enforcement agency robotically follow the legal diktat, rather than pursuing their self-interests. These assumptions are at the core of the models of L&E and governance.

These assumptions are contradictory, argues the book, and responsible for several fallacies besting the fields of L&E and governance. These assumptions, on one hand, mean that civilians are rational people who choose their actions to maximise their private gains. On the other hand, people working for the law enforcement agents are assumed to be robotic in the sense that they do what the law asks them to do regardless of whether it is in their private interests or not. Consequently, the L&E framework is faulty and unable to explain many legal and policy failures.

The book argues for an alternative framework of analysis that treats all the players including the law enforcement agents alike—individuals who seek to maximise their exogenously given payoffs. In general, individual payoffs can depend on one's own action as well as that of the others. The interplay of choices among all the individuals taken together gives us a wholesome framework, aptly named as the full "game of life."

Once all the actors along with the choices available to them have been factored in, the law cannot change the individual payoffs people get from their actions. More generally, the same action choices by the concerned actors will lead to the same payoffs, irrespective of what the letter of the law says or does not say. According to Basu, "the law or the ink on paper cannot change this." The law is nothing but "ink on paper."

### Power of Beliefs

Does this not contradict the common belief about "the long arm of the law?" In the real world, we see the law at work, at times with great force. According to Basu, the law can achieve an outcome, only if mutually consistent and self-enforcing beliefs can be formed around it. Simply put, if all actors including the law enforcers choose the actions intended by the law, nobody should want to act differently. In the context of our example, for the law to achieve its goal of inducing you to keep your office closed on Sundays, you must expect the inspector to fine you in case you work on a Sunday. Moreover, the inspector must expect (fear) that if they do not fine you somebody will punish them—this somebody can be their superiors, the judiciary, or someone else.

According to Basu, the force of the law comes from the "power of beliefs," that is, from coordination of beliefs of people involved and not from handcuffs, gun-wielding inspectors and jails. As is shown in the book, if coordination of mutually consistent beliefs is not possible around the intended outcome, the law is bound to fail regardless of what it says. For instance, if you do not expect the inspector to impose fine when your

office is open, the law cannot achieve its objective. This explains why many policies are not implemented and why in many cases, there is almost collective looking away from the laws by the police, the courts, and civilians alike.

In several contexts, mutually consistent beliefs can be formed around the intended as well as some other undesirable outcomes. In such multi "equilibria" contexts the law can work through its suggestive power. The book shows how the law can achieve the desired outcome by making it a "focal point," that is, by drawing attention of people towards the intended outcome. In other words, the effect of the law plays out only through shifting the social beliefs from one outcome to another. As the book demonstrates, the deterrence effect of the law is also a result of this process.

Thus, the author rejects the Hobbesian claim that the law acquires meaning when it is backed by the force of a sovereign. In the words of Basu,

The might of the law, even though it may be backed by handcuffs, jails, and guns, is, in its elemental form, rooted in nothing but a configuration of beliefs carried in the heads of people in society—from ordinary civilians to the police, politicians, and the judges, intertwining with and weaving into one another, reinforcing some and whittling down others, creating enormous edifices of force and power, at times so strong that they seem to transcend all individuals, and create the illusion of some mysterious diktat enforced from above.

The above logic of power of beliefs applies to the very concept of "power"

itself. Therefore, insights provided by the book also apply to disciplines like philosophy, political science, market and non-market organisations, sociology, social norms, among others. The book argues that the law and the social norms work, to the extent they work, for similar reasons. Both work by shaping the beliefs in our heads. The book shows how discrimination and child labour can exist without innate origins.

Several issues still remain unresolved. As the above discussion suggests, actions of the law enforcers are influenced by their incentive structure, which depends on idiosyncratic preferences of the enforcement agents, their perception of the law, the law-making processes, etc. This, in turn, means that the presence or absence of "rule of law" might critically depend on the identity of the law enforcer, as a disconcerting prospect. Moreover, how people feel about the law depends on the processes used for law-making. Therefore the question is: how should a society go about making its laws and choosing the enforcement agents? For a better understanding of the law and its functioning, these and several other questions remain to be resolved. However, the book provides a rich framework for addressing the outstanding issues. It is a must read for researchers and policymakers.

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# Rights through Resistance

## What Lies beyond Legalism for the LGBT Movement?

FRANCIS KURIAKOSE, DEEPA KYLASAM IYER

The legalist approach taken so far with respect to the lesbian, gay, bisexual and transgender movement has marginalised more radical possibilities of resistance by rendering diverse identities and intersectionality invisible. In this context, the historical examination of the LGBT movement in comparison with the civil rights movement and local case studies gives the trajectories of “lost” possibilities a new context and significance. These possibilities are explored here.

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The lesbian, gay, bisexual and transgender (LGBT) movement has gained significant benefits in terms of formal equality and non-discrimination in employment and social policy in many parts of the world. Starting out in the nebulous aftermath of the civil rights and the feminist movements in the 1960s under the leadership of the New Left, the gay liberation movement was distinct from the preceding homophile movement<sup>1</sup> because it began to nurse ambitions of identity politics and queerer possibilities of lifestyle choices. The lesbian (L) and gay (G) parts of “LGBT” were distinct movements fighting for different rights till a combination of historical circumstances such as the outbreak of AIDS and opening of courtrooms to legal battles brought about a significant change in the course of their consolidation. The coming together of these disparate struggles had two consequences.

First, the LGBT communities in addition to other groups with gender identities and sexual preferences came under the single umbrella of “LGBT.” Second, using law as an instrument of claiming equal rights and non-discrimination became predominant over queerer possibilities of questioning heterosexual lifestyles in what some scholars call establishing assimilationism or homonormativity (Duggan 2003).<sup>2</sup> Thus, the movement was variously seen as an issue of equality claims of a minority group (Stulberg 2018), individual liberties (Yoshino 2000) or universalising approaches in which sexuality was seen as a continuum (Sedgwick 1990).

Tilsen and Nylund (2010) argue that the biggest gain of the assimilationist strand has been the integration into mainstream middle-class lifestyle. The negative outcome of the predominance

of assimilationist strategy has been the relegation of the definition of “queer” from challenging that which is perceived as normal (Rudy 2000) to fixed identity positions (Tilsen and Nylund 2010). The taming of the queer reflects the watering down of priorities that the movement set out for itself. Forces of counter-mobilisation such as the religious right and cultural nationalism have been able to narrow the agenda of the movement to questions based on equal rights in marriage and non-discrimination, forgoing other priorities that matter to the various identities and generations within the movement.

In this context, this article examines the future trajectories that the LGBT movement can reclaim from its own lost tracts of history that can revitalise the discourse of various identities and their resistance as well as expand the agenda. In the subsequent sections, the legal approach of the LGBT movement and the forces of counter-mobilisation that originated in its aftermath are examined. This is followed by a discussion of the three possibilities of expanding the priorities of the movement and limiting the forces of counter-mobilisation. The final section concludes the main arguments and reminds us why it is essential to explore queerer possibilities in the contemporary context.

### LGBT Movement and the Law

The historical examination of the LGBT movement in the second half of the 20th century brings out two strands: (i) assimilationism which emphasised mainstreaming LGBT rights through claims of equality and non-discrimination, and (ii) radicalism that imagined various types of non-heterosexual lifestyles, queering and diversifying the normative ideals of sexual orientation and gender identity (Stulberg 2018). Assimilationists focused on gaining rights through identity politics mainly using litigation as their strategy (Faderman 2015). Radicals maintained the strategy of “culture as politics,” practising diverse norms of sexual preferences and gender identities using everyday lived experience as instruments of resistance. The different forms of the LGBT movement met with four types of

forces of counter-mobilisation<sup>3</sup>—religious right groups, nationalist groups, propaganda laws and postcolonial homophobia, all of which resulted in cultural exclusion of non-heterosexual communities to various degrees. This section explores the historical evolution of the LGBT movement through its assimilationist strategy of using law and subsequent backlash emerging out of counter-mobilisation.

The assimilationist strand in the LGBT movement focused on law as the instrument of social change and litigation as its main strategy. As a result, LGBT rights under the equality and non-discrimination principles were claimed through human rights law and comparative jurisprudence. These rights included the fight for marriage equality and non-discrimination at workplace. The use of law meant that political contestation of diverse rights had to be narrowed down to single-issue conflicts involving the state as the main party against which the rights were demanded (Leachman 2014). Furthermore, litigation narrowed the scope of transformation of existing normative frameworks because equal rights with others became its prerogative.

The LGBT movement helped create a political environment that expanded the scope of using law as an instrument of social change. Cross-country comparisons of LGBT movements indicate that wherever there was LGBT activism, there was improved bonding among various factions within the community and relations with the broader public (Holzhacker 2010). Depending on the openness of the local political environment, the objectives of LGBT movements have ranged from (i) social acceptance of queer lifestyles, (ii) negotiation for equality and non-discrimination laws, and (iii) lobbying with other groups. A typology of LGBT politics has evolved based on the political climate (Holzhacker 2010).

In an environment with hostile public opinion of LGBT interest groups, a form of “morality politics” takes roots with confrontational protest and public rallies as its organisational strategy with limited scope for institutional transformation. For example, Arcigay in Italy and Campaign against Homophobia in Poland are organisations that work with “morality politics”

by covert lobbying and organising corporate diversity programmes closer to business interests. In the second scenario, where there is awareness about LGBT rights, “incremental politics” with small-scale events and discrete lobbying has been the predominant strategy. *Stonewall* in the UK and *Hatter Society* in Hungary are organisations that work with the strategy of incremental politics. Finally, in a political environment with overwhelming public support to LGBT interest groups, high-profile politics in collaboration with the public leads the movement. *Culture-en Ontspannings Centrum* (COC) in the Netherlands is such an LGBT organisation.

Within the scope of using law as an instrument for gaining LGBT rights, there have been broadly two strands. The first is using the international human rights discourse and link with transnational actors when the local movement is nascent or scattered. The second is using constitutionalism and judicial interpretation when the local movement is consolidated enough to fight in the courts.

### International Human Rights

In the case of hostile local political environment, transnational links have enabled local actors to access the human rights paradigm and social policy discourse as the main vehicles to introduce the LGBT agenda (Olzak 2006). For example, national-level LGBT organisations have used resolutions and joint statements in the United Nations (UN) to present equality rights for persons based on sexual orientation and gender identity (SOGI) with mixed results. In 1995, in the Beijing Platform for Action at the Fourth Women's Conference, sexual orientation was discussed for the first time as part of women's sexual rights but was dropped from the final draft of the text. In 2003, Brazil proposed a resolution to include prohibition of discrimination based on sexual orientation which was postponed for vote at the United Nations Commission on Human Rights (UNCHR). Following this in 2006, Norway and Argentina presented independent joint statements on human rights violations based on SOGI at the United Nations Human Rights Council (UNHRC; which had replaced the UNCHR in 2006) and the General Assembly, respectively,

with little success because several countries acted as opposing blocs.<sup>4</sup> In 2011, 85 countries signed the Resolution on the Struggle against Discrimination and Violence against LGBT Persons at the UNHRC.<sup>5</sup>

Outside the UN, the use of Yogyakarta Principles<sup>6</sup> in the articulation of equal rights for LGBT made a case for states to respect, protect and fulfil the rights of their LGBT citizens. These principles applied international human rights law to enumerate fundamental rights, such as freedom of expression and association, equality and equal treatment before the law, including the right to a fair trial, non-discrimination in education, health, work and social policy as well as the right to cultural and public life. Furthermore, the Declaration of Montréal (2006) spelt out the need for consensus on “essential rights” proposed as (i) protection against state and private violence, (ii) freedom of expression, assembly and association, and (iii) decriminalisation of private, consensual and adult same-sex sexual activity.

There are other transnational blocs that have used human rights principles to ascertain LGBT rights. For example, the European Union (EU) has actively utilised charters, directives and other legal instruments to enforce LGBT rights in all its member states. In the EU, LGBT rights have evolved from being an internal market issue to social policy and finally human rights through a “deliberate widening of the social policy agenda” (Greenwood 2007). In 1984, the EU required all its member countries to invalidate policies that were discriminatory against homosexuality through its resolution A-008/94. In 2010, Resolution 1728 expanded the provision and emphatically prohibited discrimination on the grounds of SOGI. As a result, prominent LGBT organisations have been building coalitions with trade unions, women's organisations, racial minorities and people with disability.

### Constitutionalism

Another approach that the LGBT movement has used for gaining rights is through constitutionalism and the use of national courts and judicial interpretation. Constitutionalism is possible where the regulation of sexual politics through scientific ideas, religious beliefs, moral

values, legal principles and political positions is imagined as a part of nation-building process (Carrara 2012). The constitution of modern subjects with characteristics such as reflexivity, self-control, social and political engagement as a result of enacting citizenship is at the foundation of claiming LGBT rights as minority rights of citizens. In these contexts, homophobic violence is negotiated as hate-crimes, a form of misogynistic violence or active discrimination of minority groups to extend existing forms of legal purview over LGBT issues.

One example of this approach is how the Brazilian LGBT activists have placed demands around the Brazilian Supreme Court to grant rights previously reserved for heterosexual couples. The LGBT movement's demands include legal recognition for affective relations, right to adopt children, free expression of SOGI in public spaces, access to health policies and identity change in documents (Carrara 2012). Following the judicial pronouncement, the Brazilian Ministry of Education has also called for teachers' training in schools on issues related to SOGI and the Special Secretariat on Human Rights providing resource material on homophobic violence and discrimination. An Inter-Ministerial Technical Commission-authored National Plan for Promotion of LGBT Citizenship and Human Rights (2009) has directed ways in which ministries can coordinate work on ensuring human rights of LGBT persons.

India is an example where the battles of the gay and transgender communities within the broader LGBT group have taken distinct routes. Activists lobbying for gay rights took the judicial route to read down the colonial penal code with its Section 377 that criminalised "unnatural penetrative sex" referring to male same-sex activities (Rao 2017). The law viewed these as unnatural sexual "acts" distinct from the identity of the actors. The introduction of principles of constitutional morality and the interpretation of sexual orientation as a matter concerning "right to privacy," equality, dignity and non-discrimination through the verdict of the Supreme Court reversed this legal interpretation.<sup>7</sup> Whilst the gay movement predominantly used courtroom, gender-variant male

communities<sup>8</sup> who have been part of the Indian cultural milieu, transgender-related identities and experiences have approached their battle of rights through social exclusion, namely, exclusion from family, healthcare system, employment and political participation (UNDP 2010). Although these communities are accorded specific roles in tradition, recent studies bring out the severe stigma faced by transwomen that affect their health and social participation (Chakrapani et al 2017). Furthermore, the assimilationist strategy of the lesbian and gay subcommunities through pride march also disciplines the traditional trans-people with notions of "socially acceptable behaviour" and stigmatising them within the LGBT community (Rao 2017).

Unlike these examples, Indonesia's claim to mainstreaming LGBT rights has been through reimagining a nationalist cultural legacy that foregrounds these communities. Having a diverse ethnic legacy of fluid gender identity and cultural assimilation, the Indonesian LGBT movement began under the leadership of those groups that had socially accepted identity categories such as transgender community. Since 2004, with the involvement of transnational human rights discourse led by the UN, Indonesia recognised LGBT persons as a special group to be protected under its National Action Plan on Human Rights (Khanis 2013). To an extent, such cultural, social and national reimaginings help in better integration with law and other state-based institutions.

### Counter-mobilisation

The LGBT movement has been met with counter-mobilisation that uses distinct narratives to deny their claims (Stulberg 2018). The first narrative is that of nationalist nationalism, which excludes non-heterosexuality from the purview of national culture and, therefore, citizenship. The second narrative is that of postcolonial homophobia that translates to political homophobia and propaganda. Both these strands are explored in this section.

### Cultural Nationalism

Counter-mobilisation led by the religious right and nationalist groups emphasise traditionalism and conservatism in gender

roles and the definition of family. For example, Spanish LGBT politics has faced a professed national ideology of common history, shared culture and rightful homeland of cultural nationalism that strengthened the idea of "machismo" repressing individuality and variant group identities (Martinez and Dodge 2010). Catholicism reified traditional gender roles, segregated school system based on gender, and upheld heterosexual marriage as the unit of society.<sup>9</sup> The Spanish LGBT movement existed in separatist enclaves such as *Chueca* where a "socially constructed ethno-sexual community" prevailed before equal citizenship could be claimed (Martinez and Dodge 2010).

The strict separation of what is secular and religious becomes problematic when remnants of the old system live on in the new. For example, Stanley (2006) explores the anti-homosexual discourses in Polish history to bring out the contestation of power and ideology between the church and the state. Whilst the religious discourse used sodomy to indicate queer lifestyles beyond homosexuality and ascribed punishments using "penitentiary list," the secular discourse used the language of medicine and law in anti-homosexual discourses. Similarly, in Poland, one of the factors that determined employability through the "secular" labour law was a morality clause that described "good character" of the potential employee based on traditional and religious values (Pogodzinska 2006).

In countries with inherited legal systems, there was the "transplant effect"<sup>10</sup> of an alien institution that was at variance with social views (Mršević 2013; Lešnick 2006). This transplant effect of foreign legal principles (both in cultural and temporal terms) has resulted in legal rights on paper with little normative assimilation in the society. For example, Slovenia inherited the legal system of multinational states that preceded its formation that penalised homosexuality (Lešnick 2006). Similarly, Serbia had the history of Balkan wars and fractured nationalities where the LGBT movement began as one of the new social movements in the 1980s following the women's movement and the peace movement (Mršević 2013).

Thus, both active cultural nationalism and historical inheritance of crime and punishment have acted as anti-LGBT forces in practice.

### Political Homophobia

In several countries of the African Union, the framework of postcolonial homophobia has been a useful analytical frame. Postcolonial homophobia is examined as a continuation of colonialist, apartheid and Christian discourses that work with the assumption that homosexuality has been a Western import (Eprecht 2005). The emergence of identity politics of homosexuality instigates further counter-mobilisation in the form of “political homophobia” in postcolonial societies (Stychin 2001). Political homophobia is a strategy of hostility towards both homosexual individuals and political opponents by transferring the characteristic of undesirability interchangeably to both of them as a response to failing masculinist nationalist discourses (Bhana et al 2007; Beyrer 2012). For example, scholars have explained the discourse of political homophobia in Namibia and Zimbabwe as the result of failing efforts at democratisation (Bhana et al 2007; Eprecht 2004).

In states with anti-propaganda laws such as Russia, the LGBT movement has emerged as a “network of interests” that interact both horizontally and vertically within hierarchies. Lapina (2013) argues that regional anti-propaganda laws against homosexuality in Russia have strengthened the moderate/radical binary of the LGBT movement post-Soviet collapse. Similarly, in Bulgaria, the discourse on homosexuality cannot be separated from its socialist state politics because all spheres of life, including sexuality, were politicised and open to state intervention (Taylor 2006). Bulgarian authorities sought to regulate sexual culture through pro-family campaigns, endorsement of marriage and heterosexual lifestyle. The sexual culture agenda was patriarchal because of a host of factors, including social norms, the absence of sex education, and the women’s movement.

Examining the counter-mobilisation of cultural nationalism and political homophobia brings out why envisioning

an LGBT agenda beyond assimilationism is important.

The assimilationist approach claims rights based on unchanging notions of identity. Political entrepreneurship by LGBT activists has also opened up opportunity structures to facilitate institutional change through issue linkage, lobbying friendly elites, and promoting greater resonance of human rights framework creating institutional access to agenda setting (Swiebel 2009). Nevertheless, the assimilationist approach has strenuously avoided its more radical counterpart that has the potential to queer institutions such as family and everyday living. Primarily, public displays of transgressive sexuality can be a creative disorder that queers living spaces, the urban milieu and other manifestations of capitalist economics creating a critique of citizenship and neoliberal politics (Poldervaart 2006). Second, queering also opens up dissident voices within the LGBT community. The possibility that the LGBT movement holds for the future of the community is explored in the next section by paying attention to three approaches that move away from the legalist/assimilationist approach.

### Limiting Counter-mobilisation

One of the outcomes of the legalist strategy has been how different types of counter-mobilisation narrowed the LGBT agenda from prioritising freedom (queering lifestyles) to equality (conforming to normative ideals). Counter-mobilisation constrains the choice of issue and venue of the movement, thereby creating different windows of opportunities from the original agenda (Fetner 2005). So far, counter-mobilisation has presented three stock responses to the LGBT movement (Green 2000). The first is “instrumental” opposition through which morality politics based on disruption of traditional values is played out to gain political power. An example is the Christian Right in the United States<sup>11</sup> and their “Truth in Love” campaigns that proposed to convert homosexual individuals to heterosexuals through aversion therapy (Fetner 2005). The second approach is “reactive” opposition through which legal, cultural or political gains achieved by the LGBT movement are targeted.

The reactive opposition has consistently used ballot measures over judicial or legislative measures (Andersen 2009). The third strategy is “proactive” opposition through which counter-mobilisation attempts to pass laws, reduce funding for pro-LGBT measures and prohibit support from the state for the LGBT community.

The reason why a return to LGBT movement by engaging the grassroots could be effective today is because it provides an opportunity to engage with public opinion using symbols and rhetoric that courtroom battles seldom provide. In order to go beyond counter-mobilisation, it is important to observe what it represents (and consequently does not). First, counter-mobilisation of the LGBT movement overlaps with counter-mobilisation of other causes such as anti-abortion and anti-feminist campaigns. Therefore, it makes great sense for the LGBT movement to reach out to civil rights movements across race, class, feminism and other related causes. This approach would also bring out intersectionality of LGBT subgroups and work towards greater cohesion and diversity within the community.

Second, counter-mobilisation targets not the central cause of LGBT movement, which is SOGI, but the policy actions of the LGBT movement to undermine the foundation of claim-making. In particular, they problematise homosexuality as a “condition and addiction,” truncating elements of desire, emotion and orientation,<sup>12</sup> that is, homosexuality as sexual behaviour choice with a same-sex partner as opposed to being integrated with the identity of the individual. The movement’s engagement with medicine has to be revived to make nuanced and sensitive demarcation of SOGI categories clinically. For example, modifying medical language to avoid stigmatising individuals with different gender identities and sexual preferences could be the first step (Drescher 2010). Second, separating gender identity disorders from sexual dysfunctions could potentially help individuals who require medical care whilst not stigmatising others.

Finally, opposed to the psychological and moralistic framing of the issue, the LGBT movement uses the concept of minority rights and full citizenship. The

issue of marriage as the central concern of the LGBT can be expanded to include other priorities that matter to the LGBT subcommunities.<sup>13</sup> For example, Egan and Sherrill (2005) observe that in the 1990s, although protection of LGBT families, including civil partnerships and adoption rights, were a priority of the movement, it was the significant litigation results that propelled equality in marriage per se as an important objective.<sup>14</sup> In 2003, the Harris Interactive Poll for LGBT adults demonstrated age-specific priorities of the LGBT communities in four groups corresponding to 18–25, 26–44, 45–64 and 65+ years (Egan and Sherrill 2005). They show that workplace discrimination and hate-crimes remain important to all age-cohorts. Marriage and parenting are important to younger cohorts, whereas benefit programmes for partners appeal to older generation. Diversifying priorities is the only way to keep the movement alive and relevant to the various subcommunities within.

### Reframing the Legal Approach

Litigation has overtaken the other strategies of the LGBT movement sidelining the more radical alternatives. The issues taken up by litigation transform into the default movement agenda, inhibiting more expansive strategies for social change. On the other hand, queer movement that espouses sexual liberation by challenging patriarchal family structures has argued support for queer working families through welfare policies and redistribution (Stone 2012). The narrow framing of issues by litigation overshadows such broad-based agenda.

Why has litigation remained the dominant strategy for LGBT issues? One, studies prove that litigation has garnered more media attention than social protests since the 1970s (Leachman 2009). The increasing escalation of protests and the presence of multiple and often disparate issues at stake in a social movement as opposed to the “dramatisation effect” that litigation offers is cited as a reason. A single disruptive event as the centre of attention and adversarial personal drama of the litigants serve the media needs more than violent protests. Two, in the case of claims involving the most disadvantageous

groups, formal law is inclined to take the initiative before other legal institutions do (Klarman 2004; Rosenberg 2008). For those interest groups whose rights are inadequately represented by electoral representation, constitutional litigation remains the most promising route to establish claims (Keck 2009).

How can the movement gain the grounds that litigation has achieved? Reimagining legal strategy to go beyond law reform to social change can be one option (Stone 2016). The first is setting extralegal goals such as client empowerment and community need. Second, lawyers can use courtrooms to publicise the wider movement demands. Third, attorneys can challenge the traditional interpretation of law by bringing out intersectional and structural subordination.

The other strategy is to expand the scope of the human rights discourse to voice intersectionality within law. For instance, Rothschild (2000) argues that whilst men contextualise LGBT issues using mainstream human rights language, women choose to frame the issue using the more radical feminist discourse of sexual choice, autonomy in sexual matters and as part of global recognition of violence against women. Furthermore, as Swiebel (2009) observes, the definition of human rights had to critically reflect its own male-dominated heteronormative vision of the world in accommodating LGBT rights as human rights. Agenda setting to include LGBT issues as discrimination has often taken the form of the “bandwagon effect” where existing anti-discrimination policy is expanded to include sexual orientation (Bell 2002: 194). The use of legal categories might inadvertently reify the existing hierarchy of categories (homo/hetero; female/male) or coalesce them into essentialist identity rather than behavioural patterns setting off “sexual imperialism” (Wieringa 2007). Reframing the human rights discourse to allow for intersectional voices can only take place through politics, which we turn to next.

### Return to Politics and Theory

The institutional mechanism by which essentialist identities and marginalising political strategies came into prominence in the LGBT movement can be explained

through the systematic and structural factors that limit subcultures of the movement to advocate their interests (Leachman 2014). Furthermore, such an analysis points to systems (rather than individuals) at the centre of intersectionality. A historical analogy from the civil rights discourse would be the critical race theories which have explained institutional racism, bringing together a coherent theoretical analysis. Thus, there is a need to embed LGBT issues in a large macro-institutional framework.

For example, the historical context in which the modern gay identity began to be publicly expressed is closely linked with the transition from self-sufficient household production to factory production under capitalism that freed the compulsion for heterosexual reproduction as a method of maintaining decent life (D’Emilio 1983). Additionally, new spaces such as the defence forces during the war and movement to cities and workplaces during peace times provided opportunities for other sexualities to be explored and expressed (Githens 2009). As a substantive portion of identity began to be identified with work, the first set of rights that were claimed for the gay community were equal employment opportunities in alliance with trade unions and the women’s movement. However, in the present-day consumer capitalist framework, the LGBT identity has also been appropriated as a consumer segment through a form of “busno-power” that involves continuous and individualised choices and with constant threat of exploitation (D’Emilio 1983). This “busno-power” can be resisted through everyday acts (Mayo 2005) or through reimagining the framework of neo-liberal capitalism itself (Gibson-Graham 1996).

The second approach to enlivening the grassroots is by paying attention to the micropolitics of everyday life and citizenship. For example, Oliveira (2013) argues that excessive “juridification” of the LGBT movement has incidentally become the containment strategy through which alternatives are allowed to be expressed only through movements in the future. The messy and confrontational political nature of queer radicalism can constantly threaten the civil and sanitised

existence of legalists (Dutta 2012). The disorder of lower class, caste and race can upset the apparent order of the middle and higher class, Brahminical caste and white supremacy to produce new ideals of citizenship. The narrowing down of what is possible through social movement agenda filtering constitutes the “politics of containment” and “consolation citizenship” because of the complicity between monogamous same-sex marriage and neo-liberal, homonormative and homonational perspectives, that ends up reproducing problematic gender, class and even heterosexual privileges (Oliveira 2013). For example, subjects like the *kothis* and hijras may not be merely located as external to trans-national articulations of LGBT equality and rights. Rather, in the very process of contesting their exclusion, they become integral to both the critique and the reconstitution of these discourses and political forms (Dutta 2012).

Lastly, mainstream social movements have to acknowledge that the most neglected voices are that of queer formations not linked to sexual politics and sexual communities in the LGBT historiography because queer desires exceed the bound of LGBT identities. The focus on local case studies have helped bring out these voices and the relationship between politics, communities and culture. However, the limit of the present-day discourse is that it is a narrative that is linear and sequential as critical history often is, building on the story of progress and regress focusing on human agents of change. Important as this has been, queer possibilities remain unexpressed.

### Conclusion

This article examined how the assimilationist approach of demanding equality and non-discrimination has dominated the LGBT movement globally using a historical approach. This approach has used the human rights discourse as the framework and law as the chief instrument of demanding rights from the state. The assimilationist approach has created commendable achievements for the LGBT community worldwide such as decriminalising homosexuality, equality in marriage, non-discrimination in access to employment and social

policy, and, creating a tradition of comparative jurisprudence.

However, radical approaches to claiming rights through everyday acts and collective resistance remain marginalised. This has created a fractured hierarchy within the subcommunities of the LGBT movement along the lines of age and gender groups and their demands. Furthermore, judicial decisions have also provoked backlash in the form of counter-mobilisation through cultural nationalism and political homophobia, both of which attempt to erode the rights and legitimacy gained through assimilationism.

In this context, what are the ways in which the movement can be vitalised to bring out its plurality while maintaining meaningful social transformation? This article argues for three possible approaches. The first is to limit the forces of counter-mobilisation from setting the agenda and narrowing the broad range of claims to single-issue conflicts. Alliance formation with other civil rights organisations such as trade unions and feminist groups would help to widen the priorities at the points of intersectionality.

The second approach is to reframe the issue using institutional frameworks such as law and medicine. For example, medical terminology can make a clear distinction between gender disorders, sexual dysfunction and SOGI related issues which would destigmatise sexualities whilst providing medical care to those who need them. Additionally, the contemporary human rights discourse uses existing rights framework to articulate the inclusion of the LGBT community into its fold. Whilst this approach has its merits, new frameworks might be required if intersectionality is to find expression in the legal discourse.

Lastly, a return to politics and theory is the only sustainable way the movement can move forward. Active politics through organised movements and everyday resistance provides a framework to understand how the movement is embedded in macroeconomic institutions like neo-liberal capitalism. An honest introspection would also allow the LGBT movement to acknowledge that in

claiming equal citizenship within the existing framework, radical possibilities, such as queering social norms, remain unexpressed in the mainstream discourse.

### NOTES

- 1 The homophile movement was an organised movement led by gay men between 1951 and 1970 in the United States. This movement claimed equal treatment of homosexuals by stressing the common humanity of both the homosexual and heterosexual community.
- 2 Heteronormativity is defined as values and practices of heterosexuality centred on gender binary. Duggan (2003) expands the definition to homosexuality arguing that homonormativity is anchored similarly in domesticity and consumerism.
- 3 We use the term counter-mobilisation rather than counter-movement because most of the opposition groups were service organisations as opposed to social movements.
- 4 The Arab League and Organisation of Islamic Cooperation presented a joint statement in the UN General Assembly opposing the Norwegian and Brazilian efforts.
- 5 The 2011 document was updated with a follow-up report of good practices from the countries in 2015.
- 6 Yogyakarta Principles were drafted by human rights lawyers and LGBT movement leaders in 2006. Drawing from international human rights discourse, they set out 29 principles for LGBT rights. In 2017, Yogyakarta Principles were expanded with the addition of 10 more principles.
- 7 The case law that read down Article 377 is *Navtej Singh Johar v Union of India* (2017)
- 8 Gender-variant male communities such as hijras, *Aravanis*, *Kothis*, *Jogtas* and *Shiva-Shaktis* may or may not identify as transgender females.
- 9 As a result, the Vagrancy Law 1954 condemned homosexual men to special prisons called deviant galleries where they were engaged in hard labour, electric shock and aversion therapy.
- 10 The transplant effect of supplanted and inherited legal systems and their problematic assimilation has been explored in the case of economic laws by Berkowitz, Pistor and Richard (2003).
- 11 The pro-life movement of the Christian right in the United States began as a response to the decision in *Roe v Wade*, the anti-abortion campaign and the anti-feminist movement to defeat the Equal Rights Amendment which expanded to respond to the LGBT movement. Scholars like Stone (2016) argue that these groups engage in proactive agenda rather than reactive agenda in the recent past.
- 12 To buttress this claim further, they also point out the prohibition of a wide range of sexual behaviour that are social taboos such as incest, rape, adultery and conflate SOGI with such behaviour.
- 13 On the mutually constitutive relationship between LGBT advocacy and marriage, NeJaime (2014) argues that the increased participation of same-sex couples in marriage may continue to direct the meaning of marriage away from one rooted in procreative sex and gender differentiation and towards one rooted in adult romantic affiliation, parenting and mutual emotional and economic support. Further ruminating on the relationship between law and social change, he argues that the impact of and direction taken by the LGBT movement

depends not only on the active choices by the movements' leaders, but also on the entrenched institutional structure that permits such transformation. The institution may also have an impact on the demands and priorities of those outside of the movement.

- 14 A study by Stone (2012) reflects that local campaigners of the LGBT movement find the fixation on marriage a diversion of resources from anti-violence and anti-bullying campaigns that are relevant in many parts of the world.

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# Trade War and Global Economic Architecture

## An Emerging Economy Perspective

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The recent decision of the United States to impose punitive tariffs on imports from China and the European Union, and the retaliation of these trade partners in tandem, is of concern to the global community. In analysing these contemporary events, it is argued that the genesis of the trade war can potentially be traced to the piling up of global imbalances, and the failure of the global financial institutions or fora—like the World Trade Organization and the International Monetary Fund—to address such imbalances. In such a context, whether the emerging economies have the ability to influence the course and outcomes of the current trade war, and whether this trade war can generate the possibility of reform of the international institutions are explored here.

The initiation by the United States (us) of a trade war in March 2018—that has targeted both economic competitors such as China, and close allies such as the European Union (EU), Canada and Mexico—might prove to be a watershed event for the post-war international system. What we are witnessing may not just be an attempt by the us to rebalance its trade, but perhaps also the “end game” for the Bretton Woods system. This system, which has regulated international trade, global finance and developmental assistance, and has been the bedrock on which the post-World War II international economic architecture was built, may be about to experience tectonic changes.

In this paper, we present some aspects of the present “trade war” and suggest that the associated issues go far beyond trade and touch upon other aspects of the global political and economic order centred on the Bretton Woods system. We argue that us actions could trigger countermeasures by other major economies that could destabilise existing international economic agreements and institutions. Finally, we discuss some implications of this for the Bretton Woods system and also provide an emerging economy perspective on the implications of this current trade conflict.

### Genesis and Contours of the Trade War

The current round of us tariff increases, and consequent retaliation by targeted countries, began on 22 March 2018, when the us President, Donald Trump, signed a memorandum directing the us Trade Representative (ustr) to “take all appropriate action under section 301 of the Act (19 USC 2411) to address the acts, policies, and practices of China that are unreasonable or discriminatory and that burden or restrict us commerce.” Actions to be taken included filing a case against China in the World Trade Organization (wto) for its discriminatory licensing practices, publishing a list of products where tariff increases were to be imposed, and restrictions on Chinese investment in the us in high-technology industries that were important for the us economy (White House 2018). On 23 March 2018, the us announced its intention to impose a 20% tariff on steel and 10% tariff on aluminium imports into the us from select countries, including China and India. The us imposition of tariffs was countered by China on 2 April 2018, with a 15% tariff on 120 agricultural and steel products and a 25% tariff on eight products, including recycled aluminium and pork. Affected imports were worth around \$3 billion.

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The trade conflict with China deepened on 3 April 2018, when the USTR threatened to impose 25% tariff on 1,300 products imported from China, worth \$50 billion. China countered the us threats the next day by declaring its own intention to impose a retaliatory tariff of 25% on \$50 billion worth of us exports to China. On 5 April 2018, President Trump asked the USTR to identify products imported from China, worth an additional \$100 billion, for tariff increases. On 16 April 2018, China imposed a fee of 179% on imports of sorghum from the us, citing us subsidies and loss to Chinese farmers.

Faced with the prospect of an imminent trade war, the us and China began negotiations in May 2018 to try to settle the trade dispute. Though a decision to put tariffs on hold was announced, that decision was quickly reversed when the administration was criticised for “going soft on China” (*Financial Times* 2018). On 15 June 2018, President Trump announced the imposition of 25% duties on \$50 billion of Chinese exports to the us. The list of items that were targeted included high technology products covered by the “Make in China 2025” programme of the Chinese government where China wanted to develop cutting-edge expertise. China immediately retaliated, imposing 25% tariffs on imports from the us of 659 products worth \$50 billion. President Trump was extremely critical of the Chinese attempts to target us farmers by raising tariffs on agricultural imports from the us and in late July 2018 he threatened to raise tariffs on all Chinese imports into the us, worth \$500 billion.

Though us imposition of tariffs on other major us trade partners have not mirrored the scale of the tariffs on China, they too have faced higher tariffs on their exports to the us. The EU has been affected primarily by the us steel and aluminium tariffs on European car manufacturers with plants in the us, such as the Bayerische Motoren Werke AG (BMW) and Volkswagen, having to increase prices for exports to China because of more expensive steel and aluminium. Ahead of talks with the EU in July 2018, to avert further tariff increases, President Trump threatened “tremendous retribution” if the talks did not lead to EU concessions on trade. President Trump also put pressure on Canada and Mexico, threatening us withdrawal from the North American Free Trade Agreement (NAFTA) to force Canada and Mexico to renegotiate the NAFTA provisions and reduce imports from the two countries.

On 10 May 2019, President Trump imposed a 25% tariff on almost all imports from China, totalling around \$300 billion. He accused China of going back on its commitments to liberalise trade in talks that had been ongoing since May 2018 for resolving bilateral trade disputes (Morrison et al 2019). It is not just the imposition of tariffs on both allies and perceived adversaries that is remarkable about this us initiated trade conflict. What is noteworthy is that these have been implemented in a manner designed to circumvent international trade rules.

In justifying higher steel and aluminium tariffs, the Trump administration used a us Commerce Department investigation under Section 232 of the Trade Expansion Act of 1962, under which trade restrictions could be imposed on grounds of national security. Any challenge at the wto by affected

countries is likely to be countered by the us justification that Article XXI(b) of the General Agreement on Tariffs and Trade (GATT) allows for trade restrictions to ensure national security. This security exception to trade liberalisation agreements predates not just the wto, but the GATT itself and is a “self-judging” provision, which means that member states are free to determine which restrictions are needed to protect their security interests (Yoo and Ahn 2016: 427). The wto Dispute Settlement Panels have traditionally shied away from reviewing measures that cite national security as a justification for trade restrictions, deeming them to be within the sovereign jurisdiction of member states and not subject to international review.

Another strand of policy that is visible in the current us policy is the desire to rewrite the “rules of the game” in the international economic relations to the us advantage, if necessary, by forcing trade partners to renegotiate existing agreements. In August 2017, the us, Canada and Mexico began negotiations to review the NAFTA at the us insistence. The renegotiated agreement, called the us Canada Mexico Agreement (USMCA), was signed in November 2018. It provides for new rules of origin for automobiles, improved market access for us agricultural products in Mexico and Canada, and also a “sunset clause” under which the agreement would lapse every 16 years unless all parties agreed to a renewal (*Economist* 2018).

### Context of the Trade War

How have global trade imbalances reached a stage where the us feels forced to threaten its major trade partners with trade sanctions unless they reduce their exports to the us and open up their market for imports? Why have current international institutions not been able to address these imbalances in a manner that addresses concerns of all major countries in the international trading system? To answer these questions, one needs to appreciate that in the aggregate the sum of all current account balances needs to be zero (after adjusting for errors and omissions). Thus, a large current account deficit with a group of countries needs to be balanced out by equally large surpluses elsewhere. It was also argued that as the current account balance can be seen as a savings-investment balance, global imbalance can be seen as a “savings glut” in some nations (Bernanke 2005).

Globally, the imbalances have been heavily concentrated among a small group of countries, namely, (i) the us with its large current account deficits, and (ii) developing Asia (dominated by China) and the oil producing nations (in West Asia and Russia) with corresponding surpluses (Adams and Park 2009). As far as Europe is concerned, the surpluses of countries like Germany and Netherlands are balanced by the deficits of peripheral Europe like Italy, Ireland, Greece or Portugal. However, recently released data from the IMF shows that over the years, there has been a reduction in the extent of global imbalances (Table 1, p 44).

But from the us perspective, which are the countries that are primarily the contributors to the global imbalance? It is in this context that the us Trade Facilitation and Trade Enforcement

**Table 1: Global Current Account Balance** (% of Global Gross Domestic Product)

	Current Account Surplus Economies						Current Account Deficit Economies								Discrepancy
	European Creditors	China	Japan	Advanced Asia	Oil Exporters	Total Surplus	United States	European Debtors	Other Advanced Economies	Latin America	Emerging Asia	Central and Eastern Europe	Africa and Middle East	Total Deficit	
2002	0.422	0.102	0.314	0.155	0.196	1.190	-1.298	-0.146	-0.041	-0.045	0.060	-0.049	-0.008	-1.528	-0.349
2003	0.488	0.110	0.358	0.203	0.279	1.438	-1.331	-0.177	-0.084	0.011	0.075	-0.078	-0.009	-1.592	-0.144
2004	0.745	0.157	0.415	0.192	0.428	1.938	-1.439	-0.221	-0.126	0.025	0.017	-0.106	-0.024	-1.876	0.076
2005	0.712	0.278	0.358	0.162	0.710	2.220	-1.567	-0.316	-0.157	0.026	-0.034	-0.114	-0.036	-2.199	0.122
2006	0.815	0.450	0.339	0.169	0.784	2.557	-1.565	-0.407	-0.218	0.045	0.008	-0.166	-0.054	-2.357	0.350
2007	0.793	0.608	0.365	0.201	0.595	2.561	-1.223	-0.453	-0.299	-0.001	0.001	-0.230	-0.054	-2.259	0.398
2008	0.643	0.660	0.224	0.137	0.766	2.429	-1.069	-0.514	-0.325	-0.095	-0.081	-0.247	-0.068	-2.400	0.126
2009	0.626	0.403	0.241	0.211	0.237	1.716	-0.617	-0.299	-0.316	-0.048	-0.022	-0.102	-0.069	-1.472	0.256
2010	0.701	0.360	0.335	0.206	0.423	2.026	-0.653	-0.286	-0.315	-0.144	-0.049	-0.156	-0.057	-1.660	0.421
2011	0.658	0.186	0.177	0.175	0.767	1.963	-0.608	-0.224	-0.243	-0.152	-0.083	-0.184	-0.071	-1.565	0.459
2012	0.707	0.289	0.080	0.196	0.711	1.983	-0.572	-0.038	-0.358	-0.179	-0.137	-0.123	-0.112	-1.519	0.498
2013	0.694	0.193	0.060	0.236	0.578	1.760	-0.454	0.057	-0.354	-0.208	-0.065	-0.116	-0.107	-1.248	0.503
2014	0.688	0.299	0.047	0.259	0.406	1.699	-0.463	0.070	-0.343	-0.216	-0.028	-0.078	-0.091	-1.149	0.523
2015	0.677	0.407	0.183	0.324	-0.037	1.554	-0.546	0.071	-0.359	-0.183	-0.004	-0.043	-0.094	-1.159	0.308
2016	0.648	0.267	0.257	0.316	-0.044	1.444	-0.572	0.080	-0.331	-0.111	0.022	-0.041	-0.096	-1.048	0.332
2017	0.629	0.206	0.245	0.284	0.102	1.466	-0.560	0.130	-0.237	-0.096	-0.028	-0.058	-0.086	-0.934	0.517
2018	0.631	0.058	0.205	0.261	0.311	1.467	-0.553	0.112	-0.253	-0.106	-0.097	-0.053	-0.077	-1.027	0.409
2019 (P)	0.581	0.068	0.207	0.255	0.157	1.268	-0.592	0.114	-0.248	-0.103	-0.093	-0.022	-0.077	-1.022	0.177
2020 (P)	0.558	0.044	0.213	0.246	0.139	1.200	-0.632	0.101	-0.232	-0.105	-0.095	-0.032	-0.075	-1.070	0.067

(1) Advanced Asia: Hong Kong SAR, Korea, Singapore, Taiwan Province of China; (2) Africa and Middle East: Democratic Republic of the Congo, Egypt, Ethiopia, Ghana, Jordan, Kenya, Lebanon, Morocco, South Africa, Sudan, Tanzania, Tunisia; (3) Central and eastern Europe: Belarus, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovak Republic, Turkey, Ukraine; (4) Emerging Asia: India, Indonesia, Pakistan, Philippines, Thailand, Vietnam; (5) European creditors: Austria, Belgium, Denmark, Finland, Germany, Luxembourg, Netherlands, Norway, Sweden, Switzerland; (6) European debtors: Cyprus, Greece, Ireland, Italy, Portugal, Spain, Slovenia; (7) Latin America: Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay; (8) Oil exporters: Algeria, Azerbaijan, Iran, Kazakhstan, Kuwait, Nigeria, Oman, Qatar, Russia, Saudi Arabia, United Arab Emirates, Venezuela; (9) Other advanced economies: Australia, Canada, France, Iceland, New Zealand, United Kingdom.

Source: Calculated from the *World Economic Outlook*, IMF, April 2019. P: Provisional.

**Table 2: Evaluation Criteria for Major Foreign Trading Partners of the US, 2018**

	Bilateral Trade		Current Account		Forex Intervention			
	Good Surplus with the US (\$ Billion; Trailing 4 Quarters)	Balance (% of GDP; Trailing 4 Quarters)	Three Year Change in Balance (% of GDP)	Balance (\$ Billion; Trailing 4 Quarters)	Net Purchase % of GDP; Trailing 4 Quarters)	Net Purchase (\$ Billion; Trailing 4 Quarters)	Net Purchase (\$ Billion; Trailing 2 Quarters)	Net Purchase (6 of 12 Months)
China	419	0.4	-2.4	49	-0.2	-32	-38	Yes
Mexico	82	-1.8	0.8	-22	0.0	0	0	No
Germany	68	7.4	-1.1	298	..	..	..	..
Japan	68	3.5	0.4	176	0.0	0	0	No
Ireland	47	9.2	4.8	35	..	..	..	..
Vietnam	40	5.4	3.0	12	1.7	4	-7	No
Italy	32	2.5	1.2	52	..	..	..	..
Malaysia	27	2.1	-0.9	8	-3.1	-11	-8	No
India	21	-2.4	-1.3	-65	-1.7	-47	-25	No
Canada	20	-2.7	0.9	-45	0.0	0	..	No
Thailand	19	7.0	-1.0	35	0.0	0	-1	No
Switzerland	19	10.2	-1.0	72	0.3	2	1	No
Korea	18	4.7	-2.9	76	-0.2	-3	-2	No
France	16	-0.3	0.1	-9	..	..	..	..
Taiwan	16	12.2	-1.7	72	0.4	2	0	Yes
United Kingdom	-5	-3.8	1.1	-109	0.0	0	..	No
Singapore	-6	17.9	0.7	65	4.6	17	6	Yes
Brazil	-8	-0.8	2.2	-15	-2.6	-49	-11	No
Belgium	-14	-1.3	-0.3	-7	..	..	..	..
Netherlands	-25	10.8	4.3	99	..	..	..	..
Hong Kong	-31	4.3	1.0	16	-1.4	-5	-14	No
Memo : Euro Area	152	2.9	0.2	398	0.0	0	0	No

In assessing the persistence of intervention, the US Treasury will consider an economy that is judged to have purchased foreign exchange on net for six of the 12 months to have met the threshold.

Source: US Treasury (2019).

Act of 2015 (TFTEA), passed on 24 February 2016 becomes important. It is the first comprehensive authorisation of the us Customs and Border Protection (CBP) with the overall objective

“to ensure a fair and competitive trade environment.”

Under this act a report has been prepared by the us Treasury and has been submitted to the us Congress in April 2018 (us Treasury 2018). As per the act, the us Treasury needs to determine whether enhanced analysis is necessary with respect to three criteria: (i) a significant bilateral trade surplus with the us, of at least \$20 billion, exists; (ii) a material current account surplus that is at least 3% of the gross domestic product (GDP) exists; and (iii) persistent, one-sided intervention has occurred when net purchases of foreign currency are conducted repeatedly and of a total of at least 2% of an economy's GDP over a 12-month period.

Why is the us Treasury so critical in the foreign trade policies of these countries? The key to this lies in the first criterion, which is the trade surplus of these countries with respect to the us. Table 2 provides data on the bilateral trade balance of the us's 12 largest trading partners and Switzerland for the four quarters ending December 2017. The us Treasury takes quite a mercantilist view of foreign trade and defines economies with a bilateral goods surplus of at least \$20 billion (roughly 0.1% of the us GDP) as those having a “significant” surplus. These include countries like China, Mexico, Japan, Germany, Italy, India, and Korea. The intertemporal trajectory of bilateral trade surplus of China with the us also reveals an increasing trend. In its recently released report in May 2019, India, however, has been removed from the monitoring list, “having met only one out of three criteria—a significant bilateral surplus with the us—for two consecutive report.”

Interestingly, any economy meeting two of the three criteria is placed on the monitoring list. In its April 2018 report, the us Treasury had included China, Japan, Korea, Germany, Switzerland, and India in its monitoring list. Of the four Asian countries, Japan, being a reserve currency issuing country, is clearly different. Interestingly, in the May 2019 report, India has been removed from the monitoring list on the technical ground that out of the three criteria (namely, a significant bilateral surplus with the us, a current account surplus, and a country engaged in persistent one-sided intervention in the forex market), India fulfilled only the first one, that is, a significant bilateral trade surplus with the us (us Treasury 2019).

### Failures of Global Economic Architecture

The outbreak of this trade conflict can be seen as a failure of the existing international institutions, particularly the wto and the IMF, in dealing with the problem of trade and financial imbalances that have been building up over a period of time. The economic stance adopted by the current us administration seems to indicate that it does not see much role of the international institutions in resolving the crisis. On the contrary, it may not be far-fetched to infer that the us sees them as part of the problem rather than a part of the solution. This suggests that the world economy and the Bretton Woods institutions might be entering uncharted waters, with all its attendant uncertainties and pitfalls (Abraham and Ray 2018).

In the years since the global financial crisis of 2008, there have been attempts by these institutions to address global financial and trade imbalances. But these have not been successful in addressing the concerns of either the developing or the developed economies, especially of the us. What explains these institutional failures?

**The IMF:** To begin with, it is pertinent to remind ourselves about three key features of the IMF. First, that one of the key purposes of the IMF is: “To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation” (IMF Articles of Agreement, “Article 1: Purposes”). Second, that a core responsibility of the IMF is to oversee the international monetary system and monitor the economic and financial policies of its 189 member countries, an activity known as “surveillance” that occurs at both the multilateral and bilateral levels. Multilateral surveillance is primarily disseminated through the IMF’s two key biannual reports, namely the *World Economic Outlook* and the *Global Financial Stability Report*, which coincide with the annual and the spring meetings of the International Monetary and Financial Committee (IMFC). Bilateral surveillance, on the other hand, is through the Article IV consultation country reports.

Third, as the Article IV of the Articles of Agreement of the IMF deals with “obligations regarding exchange arrangement,” one of the key responsibilities of the IMF is to probe into the exchange rate arrangements and distortions of its 189 member countries. In fact, the new system of IMF’s Article IV surveillance, which came into effect in 1978, mentioned that

countries should avoid manipulation of exchange rates or the international monetary system to prevent effective balance of payments adjustment or to gain unfair competitive advantage over other members (Sanford 2011).

Given these purposes, and against the backdrop of the global financial crisis, the failure of the IMF can be traced in two distinct fronts. First, the IMF failed to identify the roots of the subprime crisis in the us. Second, that it failed to tame China’s exchange rate distortions.

Why did the subprime crisis in the us happen? Two reasons may be mentioned here. First, the political economy of the IMF is hugely tilted in favour of advanced countries in general and the us in particular. In a quota-based organisation like the IMF, the us with a quota of 17.5% enjoys a vote share of 16.4%. As many of IMF’s decisions require a super majority of 85%, the us alone can effectively veto any decisions of the IMF. No wonder that the IMF failed to point out any weakness of the us economy in the prelude to the crisis. Second, in tune with this political tilt of the IMF, there are evidence of group-think within IMF whereby the country assessment reports (done by the Article IV missions) of the IMF lacked candour. In fact, a report of the IMF’s Independent Evaluation Office categorically pointed out that during 2004 through mid-2007 the IMF had failed to warn the countries at the centre of financial vulnerabilities and risks of the looming global crisis that eventually brought about the crisis (IMF-IEO 2011). In tracing the reasons for its inability this report commented:

Several *cognitive biases* seem to have played an important role. *Group-think* refers to the tendency among homogeneous, cohesive groups to consider issues only within a certain paradigm and not challenge its basic premises. The prevailing view among IMF staff—a cohesive group of macroeconomists—was that market discipline and self-regulation would be sufficient to stave off serious problems in financial institutions. They also believed that crises were unlikely to happen in advanced economies, where “sophisticated” financial markets could thrive safely with minimal regulation of a large and growing portion of the financial system. IMF staff was essentially in agreement with the views of the us, UK, and other advanced country authorities that their financial systems were essentially sound and resilient. (IMF-IEO 2011: 17)<sup>1</sup>

With respect to China’s exchange rate distortion, an obvious question could be whether the IMF has the required mandate and the capability to monitor the exchange rate movements of its member states. While the IMF’s Article of Agreement (under Article IV, Section 1) mentions categorically that each of its member shall “avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members,” the IMF’s effectiveness as an exchange rate regulator has been questioned. In fact, a 2007 evaluation of the Independent Evaluation Office of the IMF found that the IMF was “not as effective as it needed to be in fulfilling its responsibilities for exchange rate surveillance in the period reviewed (1999–2005)” (IMF-IEO 2017).

At this juncture it may be useful to identify the major phases of Chinese currency movements. Having accepted the obligations of Article VIII of the IMF’s Articles of Agreement on

1 December 1996, China achieved current account convertibility. The period from 1994 to June 2005 witnessed the renminbi (RMB) exchange rate fluctuating within a narrow range between RMB 8.7 and RMB 8.28 per US dollar. In July 2005, China moved to a new RMB exchange rate regime, switching to a managed floating exchange rate regime linked to market demand and supply with reference to a basket of currencies. There was a mild appreciation of exchange rate of the US dollar against the RMB by a little over 2% (Si 2014). Subsequently during the global financial crisis, 2007–09, there was effective pegging of the RMB. More recently, notwithstanding substantial surplus in the current account of the balance of payments, the RMB exhibited a two-way movement, reflecting perhaps huge intervention in the currency market by the Chinese authorities. This is also reflected in China's forex reserves coming down from nearly \$4 trillion in June 2014 to \$3.1 trillion in July 2018

Interestingly, China has long been accused of being a currency manipulator (Killion 2004; McKinnon 2005). In fact, many members of the US Congress had urged the Obama administration to designate China as a currency manipulator “in order to pressure it to let the RMB appreciate, and several bills have been introduced .... which seek to address China's currency policy” (Morrison and Labonte 2010). Notwithstanding such views, the IMF failed to nail down China's exchange rate regime. In fact, there were no annual Article IV reports for China during the period 2007–09. After a gap of four years, when the IMF published the 2010 Article IV report for China, in some sense it turned out to be too little too late. It merely recommended the policy prescription of “using the flexibility in the current exchange rate regime to allow for an appreciation of the renminbi in real effective terms.”

**The WTO:** The organisation that could be expected to be at the forefront of any attempts to reduce trade tensions would be the WTO. Created in 1995 as a forum to negotiate international trade rules and promote “free and fair” trade, the WTO provides for a rules-based multilateral trading system where developed, developing and least-developed countries could trade across borders, based on rules agreed to by consensus. The WTO's “thick institutionalism” has ensured that there is a forum for regular interaction among its member states, which is “essential for transparency and dialogue and the rule of law character of the trade regime” (Trommer 2017). The WTO's Dispute Resolution Understanding (DSU) provides for a process by which violations of trade rules can be addressed and remedied. It is also within the WTO's mandate to serve as a forum where countries can raise concerns relating to trade liberalisation and address them through changes in the international trade regulation. However, the WTO suffers from a number of deficiencies that prevent it from being the forum to address current trade tensions in any meaningful way.

One of the fundamental weaknesses of the WTO has been its inability to develop effective mechanisms whereby countries can raise concerns relating to persisting imbalances in trade with other WTO member states and take steps to reduce them.

It has been argued that the WTO “has been predicated on the idea that economic practices in different nations would eventually converge” (Rodrick 2018). The expectation that all countries would realise the benefits of free and open trade, and frame trade policy accordingly, has blinded the organisation to the fact that in certain contexts, countries, both developing and developed, might want to constrain free trade and protect domestic markets and workers.

It would be unrealistic to expect the WTO to renegotiate its agreements to allow for increased trade protection. The failure of the WTO to address the problems of persistent trade deficits built up by countries has been an issue of long-standing concern within the organisation and has proven difficult to address. Since the formation of the WTO in 1995 this concern was primarily expressed by developing countries, which felt that the primary emphasis of the WTO's trade liberalisation was on getting these countries to open up their domestic markets to the firms from developed countries rather than providing the weaker economies with effective remedies for protecting their domestic interests (Pfumrodze 2011). The expectation was that the Doha Development Agenda would lead to the reform of WTO agreements, strengthen the provisions for special and differential treatment, and allow the developing countries to better protect their domestic economic interests. However, the round that was supposed to conclude in 2005 is still continuing. This “permanent deadlock” is a reflection of its inability to function effectively (Narlikar 2010: 721).

The US trade policy under President Trump essentially calls for the special and differential treatment for the US in order to protect its domestic jobs. The “big promise” of bringing back American jobs to the US and eliminating its trade deficit by renegotiating the existing trade agreements with trade partners were important factors behind Trump's election victory (Huenemann 2017: 150). In the context of the WTO, fulfilling this promise would mean renegotiating the WTO agreements to allow the US to maintain tariffs that are high enough to reduce its large trade deficit. However, any such change would require a major review of the WTO agreements that would need consensus among its member countries and this is unlikely to be reached in the near future.

### India and the Emerging Economies

As far as India is concerned, President Trump's announcement in May 2019 of the withdrawal by the US of the Generalized System of Preferences (GSP) given to India affected Indian exports of worth \$5.6 billion to the US. Though India was one of the countries against which the US imposed higher steel and aluminium tariffs in March 2018, citing reasons of “national security,” India was initially reluctant to retaliate. However, after the GSP decision, India responded by imposing retaliatory tariffs on 28 US products. President Trump in a tweet on 27 June called the tariffs “unacceptable” and asked that they be withdrawn. It is unlikely that India and the US will be able to resolve their differences easily.

President Trump seems determined to get other countries, whether allies or adversaries, to open up their domestic

markets for the us firms. The existence of strategic partnerships with these countries, or his personal relationships with their leaders, does not seem to count much when it comes to trade issues. His re-election depends on demonstrating to a domestic audience that he has improved access for the us products and services abroad. Going forward, it seems fairly evident that India may have to make significant concessions in trade to reach an agreement with the us, similar to what Mexico and Canada have done in the NAFTA renegotiation. The trade war unleashed by the us has placed emerging economies in a difficult economic and political situation.

In terms of economic costs, it is pertinent to note that the IMF in its October 2019 *World Economic Outlook* had revised its forecast for growth in emerging market and developing economies (EMDEs) to 3.9% for 2019 (compared to 4.5% in 2018). This downward revision has been attributed inter alia to uncertainties in trade policies. More recently, the IMF's estimate for growth in EMDEs has been further revised downward to 3.7% (IMF 2020).<sup>2</sup>

Politically, since the creation of the WTO in 1995, the emerging economies have integrated themselves more closely with the global economy. This integration is based on the greater certainty of global trade rules ensured by the WTO agreements. Unilateral us trade action since 2018 has severely eroded trust in the WTO and weakened the multilateral trading system. The us, in addressing its trade concerns, did not cite violation of the WTO agreements or seek recourse to the WTO dispute settlement system to get its trading partners to change their trade policy. Rather, it has unilaterally imposed higher tariffs, citing provisions that cannot be challenged in a WTO dispute settlement process, forcing trading partners to provide market access to the us products and services. The us has also moved to undermine the WTO system itself, by refusing to approve appointment of new members to the WTO's Appellate Body to replace the retiring ones. In December 2019, the strength of the WTO's Appellate Body came down to two, which is below the threshold of three required for it to hear appeals on the WTO panel rulings. This undermining of a rule-based international trading system has been a significant blow to the emerging economies.

However, as they have integrated more with the global economy and increased their share of global economic output, the emerging economies have also become more vocal in expressing their desire to see effective reform of the international economic and political institutions to ensure that they have greater influence over decision-making.

It is noteworthy that the efforts of the developing countries to reform the global institutions have picked up pace after the 2008 financial crisis and the formation of the G-20. With the international political and economic institutions still structured to reflect immediate post-World War II economic realities, the emerging economies, particularly the BRICS (Brazil, Russia, India, China and South Africa) countries had for long felt that the reforms of these international institutions were long overdue. Their demand for the reform of these international institutions has been based on their belief that their

economic strength vis-à-vis the G-7 had increased since the 2008 financial crisis and therefore, necessitates their recognition as major powers in the international system through the structural reforms of the existing international institutions like the United Nations (UN), the IMF and the World Bank (Stuenkel 2014; Hou 2014).

The ability of the BRICS economies to influence the G-7 for initiating these reforms has been constrained both by differences between them and also by their domestic economic and political vulnerabilities. Individual BRICS countries do not have the same objectives in seeking a greater role for themselves in international governance. While China seeks to influence global rules so that they can facilitate Chinese global economic interests, Brazil and India see themselves as emerging global powers that deserve a greater role in international institutions. Russia seeks to be treated as a global power, with a commensurate role in the international security and economic institutions. Brazil, Russia and India seek to use BRICS to gain global influence disproportionate to their economic power (Hopewell 2015). BRICS countries have not been very successful in moulding the direction of international debate on the reform of international political institutions in a manner that is favourable to them.

The reform of the UN continues to remain stalled; the reform of the IMFs quota system still does not adequately reflect current realities in terms of economic strength, and the Doha Round of Trade negotiations at the WTO remain deadlocked with differences between the members over the future direction of trade reform. Domestic problems such as inequality, corruption, high unemployment, and environmental issues mean that the BRICS countries seem destined to focus more on internal problems rather than on cohesive action abroad. In the words of one analyst, BRICS seems more of a "marriage of convenience" than a lasting relationship (Kralikova 2014).

It is in the context of this inability of emerging economies to force reforms of international institutions and the decline of "hegemonic stability" provided by the us, that the current trade conflict becomes significant (Yong and Pauly 2013). Will the unilateralism of the us force the emerging economies to create alternate international institutions in which they play a more effective role? Will the breakdown of a developed country consensus on the structure of the international institutions and their objectives, presage the demise of the Bretton Woods institutions or their radical reform? Could it be that the fundamental reform of these institutions happens because the legitimacy of these institutions collapses from within, rather than collapse because of pressure from outside? It is possible that the world is about to enter into a phase in international political and economic relations that sees the collapse of existing institutions and the birth of new ones.

### Which Way Now?

What will be the consequences of failure of the existing international institutions in resolving the current trade conflicts? One distinct possibility is that the trade conflict will escalate

and spill over into other fronts. The possibility of a currency war, too, cannot be ruled out. It is possible that the destabilisation brought about by the multiple economic conflicts could lead to significant reform of the international institutions. While the future course of events is difficult to predict, three possible directions are, however, discernible.

The first possibility is that when faced with the economic consequences of trade conflicts, the US allies and trade partners, too, will bypass the international institutions and agreements and retaliate in a manner that hurts the very workers whose interests President Trump seems to be championing. A consequent slowdown in global trade could bring about lower global growth rates.

The second possibility is one of “business as usual” with the current trade conflicts dying down and the countries negotiating to end disputes because of domestic pressures. Illustratively,

there could be a situation where internal pressure could make President Trump behave more conventionally and a fall in growth rates could force China to make concessions at the negotiating table.

The third possibility is that these actions and counteractions could lead to a global economic and financial crisis, which would mark the beginning of the end of the Bretton Woods era. In such a crisis the existing international agreements and institutions might not seem “fit for purpose.” Institutions such as the WTO, the IMF and the World Bank might either be reformed significantly to reflect changes in the relative economic power of the states in the international system or be replaced by new institutions and agreements.<sup>3</sup> Of course, there is no sense of finality in our analysis/diagnosis of the trade war. But that is an inherent trouble with all such exercises that try to predict future courses of events.

## NOTES

- 1 In the context of the above report, Weisbrot (2015: 158) observed, “While the report was hardly loved in IMF circles, in reality it was probably too generous. The IMF produces the *World Economic Outlook* every six months, as well as the Global Financial Stability Report and the Fiscal Monitor, as part of its duty of surveillance of the world economy. It missed the two biggest asset bubbles in the history of the world: the US stock market bubble (which burst in 2000–02), and the US housing bubble (which began to collapse in late 2006). Both of these bubbles caused recessions when they exploded, with the bursting of the US housing bubble directly causing the Great Recession.”
- 2 A cross-country econometric exercise revealed that tariff increases tended to have a statistically significant negative effect on output and productivity both for advanced as well as EMDEs (Furceri et al 2019).
- 3 For example, the UN (2009) argued, “globally representative forum, which we call the Global Economic Coordination Council, that addresses areas of concern in the functioning of the global economic system in a comprehensive and sustainable way must be created.”

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# Present Crises of Capitalism and Its Reforms

PULIN B NAYAK

In exploring whether capitalism is an appropriate economic system for a country like India, this paper finds that its future prospects and long-run viability, in general, are delimited by the accentuating threats of ecological imbalance and growing inequality that it brings with itself.

As India celebrated M K Gandhi's sesquicentennial birth anniversary in 2019, I believe that we would be well advised to recall some of his core thoughts on India's economic development. Gandhi had a very unique understanding of the political economy of India's development. At the time he penned his *Hind Swaraj* on board a ship from London to South Africa in 1909, he was 40 years of age, and was unfamiliar with the writings of Smith, Ricardo, Mill and Marshall. However, he had been much inspired by John Ruskin's (1860) "*Unto this Last: Four Essays on the First Principles of Political Economy*", which he had read in 1904. According to his own admission, that book had changed his life forever. It presented a sharp critique of the classical school of political economy. Ruskin rejected Adam Smith's "division of labour" as dehumanising and believed that it is social affection and not the unalloyed pursuit of self-interest, that binds communities together. Gandhi was captivated by this view and was determined to apply it in the Indian context.

With this as the context, the current paper attempts to critically assess capitalism today, and especially examine if it may be expected to deliver the most desirable outcome for all concerned stakeholders: individuals, communities, nations and, ultimately, the humankind in its relation to the global eco-system. I shall be focusing also on how the capitalist system relates to a developing country like India. I would be interested to check if one could think of viable alternative systems that may be better suited to our specific situation. Finally, I would be interested to assess if there are some obvious linkages between capitalism and the ecology. In particular, one would like to know if capitalism is destined to destroy the ecological balance, and if socialism, or yet some other system, has any better prospects in this regard. I will, in particular, consider the thoughts of John Stuart Mill as well as Gandhi in this context.

The world today is at a very important crossroads. During the 30 years since the fall of the Berlin Wall in 1989, the old-style communist regimes of the erstwhile Union of Soviet Socialist Republics, and countries of the East European block, have undergone radical changes in their economic and social systems. Most of these countries have moved towards market-oriented reforms. Among the remaining communist countries—China, North Korea, Vietnam, Laos and Cuba—the biggest and economically the most successful, that is, China, has also substantially moved towards the market system for almost four decades now.

## Capitalism and the Market Mechanism

It will perhaps not be an exaggeration to say that, at its core, the study of economics as it has been practised, say, over the past 100 years, if not more, is the study of capitalist market

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systems. The greatest critic of capitalism, Karl Marx, spent most of his life trying to understand and explicate the contradictions of the capitalist system. Marx's key message was that the capitalist system would eventually break down due to its own contradictions. Yet, more than 150 years after the publication of his magnum opus, *Das Kapital: A Critique of Political Economy* (1867), the capitalist market system continues to be the dominant system in the world, and indeed seems to be flourishing. The closest that the Marxian predictions came to be proven right was when the October Revolution of 1917 brought in a communist regime in Russia. But, ironically, the Soviet system showed contradictions of its own, and some 70 years later, it was found necessary to bring about a major restructuring or perestroika.

Capitalism may be defined as an economic system based on private ownership of the means of production where the producers work to maximise their profits. In its ideal version, the markets are perfectly competitive with the possibility of free entry and exit. All agents are atomistic price-takers, and no one has the power to single-handedly alter prices. Adam Smith believed that if all economic agents are allowed to pursue their self-interest without any let or hindrance, the end result, via the "invisible hand," would be harmonious for all concerned. It is the validation of this idea that subsequently consumed some of the most gifted theorists of the subject beginning with Leon Walras (1874). Thus, the central question of general competitive equilibrium may be stated as follows: If all consumers are maximising their utilities subject to their budget constraints and all producers are maximising their profits subject to their initial endowments, technology, etc, does an equilibrating price vector exist that will clear all markets? This was, by no means, a trivial problem. The issue of the existence of general competitive equilibrium was finally settled in its full generality only in the early 1950s in the work of McKenzie (1954) and Arrow and Debreu (1954).

However, a deeper question remained to be answered. It pertained to whether the competitive equilibrium, once attained, had any welfare properties.

**Welfare and competition:** It turned out that all competitive equilibrium allocations are Pareto optimal, in the sense that no one can be made better off without making someone else worse off. This assured that all competitive equilibrium allocations are efficient, confirming Adam Smith's invisible-hand hypothesis. This is also known as the first fundamental theorem of welfare economics. But, there is also a serious problem here as the competitive equilibrium is totally silent about distributive justice or equity. One may have a perfectly efficient allocation that is horribly unjust. It is this feature that is at the heart of the deep difficulty with the capitalist market system.

There is a corollary result, called the second fundamental theorem of welfare economics, which seeks to separate the issues of efficiency and equity. It states that if the production set and preferences are convex, then any arbitrarily chosen Pareto efficient allocation can be achieved as a competitive equilibrium, with suitable initial transfers. The crucial assumption

pertains to the last three words: "suitable initial transfers." This means that there must exist an omnipotent authority to forcibly alter the initial endowments. But, this calls for nothing less than a revolution, an anathema for the usual market economy where property ownership is regarded as sacrosanct. So, clearly, the second theorem is only meant to be understood as a theoretical curiosity with no possibility of any real-world application whatsoever.

In the usual textbook treatments, the second fundamental theorem is said to have the desirable property of effectively separating the problems of distribution and efficiency. Any Pareto efficient allocation that one might wish for may be supported by the market mechanism. This is often interpreted to mean that the market mechanism is distributionally neutral. But of what use is this neutrality once we realise that even the most iniquitous of distributions may be sustained by the market mechanism? Far from trying to get rid of an undesirable distribution, the second theorem provides the wherewithal for sustaining it.

The real world, however, is one where the setting of perfectly competitive markets usually does not hold. There are externalities, monopoly elements, increasing returns to scale, asymmetric information, and a whole host of pathologies that keep the real-life setting far away from the ideal world. If that indeed is the case, then of what value are the two fundamental theorems? One might then say that the two theorems are purely abstract theoretical constructs without any possible real-life significance or salience.

But, capitalism is not only about the market system, though the latter is indeed an intrinsic and crucial part of it. While the above two theorems pertain to the notion of efficiency in a static context, the real merit of the capitalist system presumably lies in its "magnificent dynamics" (see, for example, Schumpeter [1912, 1942] and Baumol [1951]). The key elements in the dynamism of capitalism reside in the notions of entrepreneurship and innovation that Schumpeter spent his lifetime trying to understand and elaborate upon.

**Dynamism of capitalism:** The entrepreneur is the key actor in the capitalist process who is driven by the profit motive. They arrange for finance, and combines factors of production in an efficient manner to produce a finished good, which they then sell in the market. The entrepreneur is responsible for the process of sustained change as they develops new products and experiments with new ways of combining inputs in search of monopoly profits. Periods of macroeconomic growth of the gross domestic product (GDP) result from the clustering of innovations that are typically copied by swarms of imitators, who set off a wave-like expansion of business activity. As elaborated by Schumpeter, there is a process of "creative destruction" where new processes and methods of production are constantly discarding the old. There can hardly be a more apt description of the information technology (IT) sector, worldwide, in the present times. All of this will ensure a high rate of growth and a fast rate of improvement in the material conditions of living.

But, there are two important caveats here. First, the beneficiaries of the fast pace of development are typically a minority, sometimes very small. This means that there would be a significant section of the population, often the bottom third or the bottom half, depending on the exact historical and political background of a country in question, whom the development process would totally bypass.

In Marxian terms, the surplus value would be appropriated by the privileged upper crust, and there would be a widening gulf between the haves and the have-nots, the latter being numerically much larger than the former. There would be economic, social as well as political unrest, and beyond a point, the system would become unsustainable. Marx and Engels predicted that there would be a violent revolution and the exploiters would be annihilated. Decision-making would now be in the hands of the peasants and workers. Capitalism would give place to socialism, where all the means of production would be socially owned.

The second caveat pertains to a possible paradox, pointed out by Schumpeter (1942) in his *Capitalism, Socialism and Democracy* (hereafter *csd*). He suggested that the very success of capitalism would be the reason for its demise. Schumpeter believed that capitalism would bring about a culture of rationality that would lead to people questioning the system itself. This would happen because while material progress may be taken for granted, it would inevitably entail disruptions, often substantial, in the lives of the common folk, and this would be resented. The result would be a desire to move voluntarily to a more socialised order of living.

In his *csd*, Schumpeter (1976: 61) had very famously posed the question, “Can capitalism survive?” and then proceeded to answer it himself: “No, I do not think it can.” And to the question “What will take its place?” “Socialism” was the answer. Coming from possibly the greatest votary of the capitalist system—because of its raw energy that was imparted by the “robber barons” of the late 19th-century United States (us)—the inevitability of socialism signified a degree of deep pessimism on the part of Schumpeter. Robert Loring Allen (1994), in a fascinating two-volume study of the life of Schumpeter, paints the picture of a man who had uprooted himself from his beloved Austro-German upbringing to move to the us in 1932, and was undergoing a series of deep personal crises through the rest of his life till he died in 1950.

**Capitalism and the ecology:** More than three quarters of a century after *csd*, Schumpeter’s forebodings would seem to have gained traction from two independent and separate considerations. The first has to do with ecological factors and concerns relating to climate change. Even though Pigou (1920) had already raised this problem in his *Economics of Welfare* as early as about a hundred years ago, environmental degradation became a serious intellectual concern only in the 1960s, and it has gained unprecedented momentum since then. There is little doubt that the very animal spirits that have been the defining feature of the capitalist process have devastated nature, depleted fossil fuels, and extinguished numberless species.

And, the process seems to be continuing unabated. The gradual loss of habitat and unscrupulous poaching by well-funded national and international networks is threatening the very survival of the precious remaining wild life.

Of all the great personages in the economists’ pantheon, the one who stands out for his prescient concern for the ecology is John Stuart Mill. In his *Principles of Political Economy*, published in 1848, Mill saw no point in going continuously for economic growth, and dared to explicitly welcome a stationary state. He foresaw the devastation that industrialisation was causing to mother nature and was making a case for preserving what is left of it. Mill saw the stationary state as the first stage of a benign world where man and womankind—Mill was one of the earliest champions of women’s rights—would turn their attention to the serious and meaningful matters of liberty and justice, so that all individuals are able to realise their full potential. Mill looks upon the stationary state as a blissful equilibrium in which the competitive struggle has disappeared, and in which wealth is more evenly divided as a result of both individual prudence as well as social legislation (Nayak 2017).

**Rising Inequality:** The second consideration has to do with the rise in inequality, which goes concomitantly with capitalism and the market system (Nayak 2019). It is undeniably true that the very system that enables rapid economic growth to happen also gives rise to forces that widen the gulf between the rich and the poor. The prodigious work of Piketty (2014) shows that there has been an unmistakable trend towards growing inequality in all the free market economies of the world, without exception, in the past century. The central thesis of Piketty is that inequality is not an accident, but a necessary feature of capitalism, and that it is only state intervention that could possibly allay or reverse it.

Piketty’s key idea is simple enough: when the rate of return on capital ( $r$ ) exceeds the rate of growth of income or output ( $g$ ) over the long term, there are tendencies towards concentration of wealth and income. Here  $r$  refers to profits, dividends, interest and rents, and  $g$  refers to the growth rate of the GDP. It is invariably the case that at any point in time, profit and rent earners are in the top income brackets, whereas the wage earners, basically selling their labour power, are typically at the lower end of the income scale. So, then, if  $r > g$ , there are clear tendencies to expand the income and wealth base of the rich in a disproportionate manner, thereby accentuating the inequality.

It is a no-brainer to assert that the sharpening of income and wealth inequality is possibly the single most worrisome aspect of the development process in the past three to four decades. There are complex interrelationships between social and economic inequality, and they, in turn, are related to the political reality in any country. It should come as no comfort that India today has one of the most unequal distributions of income and wealth in the world. In 2014, the share of the top 1% in India’s national-income pie was as high as 22% (Chancel and Piketty 2017). This share had declined from 21%

in the late 1930s to less than 6% in the early 1980s. It is seen that the share of the super-rich had witnessed a gradual decline during the 30-year period of 1950–80—the years of Nehruvian planning—when the economy was on the track of the so-called Hindu rate of growth of 3.5 to 4 percentage points (Nayak 2015).

Inequality of income seems to have decisively widened after the onset of the liberalisation process in 1991, which took us to a growth rate of about 6% in the last decade of the millennium. By the year 2000, the share in national income of the top 1% had moved up to 15% from the 6% recorded in the early 1980s, and continued its upward trend subsequently. As is necessarily the case, the figures on wealth display an even greater inequality. The data for 2016 reveal that the richest 1% of Indians own 58% of the wealth, while the richest 10% of Indians own as much as 81% of wealth (Nayak 2019).

The recent *World Inequality Report* (Piketty et al. 2018) has a number of rather significant findings. We learn that income inequalities were the lowest in Europe and the highest in West Asia, and quite high in India, Brazil and sub-Saharan Africa. In 2016, the share of the top 10% of the income earners in Europe was 37% as compared to 61% in West Asia and 55% in India, Brazil and sub-Saharan Africa. The report argues that the Reaganomics and Thatcherism of the early 1980s introduced an expansion of neo-liberal market-oriented policies, which had set the trend of a gradual increase of inequalities across the globe.

### Capitalism in India

At the time of independence in 1947, the Indian economy was largely agricultural, with pockets of industrial activity that had emerged during the latter half of the 19th century. Contrary to common perception, it is not the British who had conquered India. Following the Battle of Plassey in 1757, increasingly larger parts of India were governed by the East India Company (EIC), a mere trading company headquartered in a modest building in London, which, by 1803, had subdued the entire subcontinent (see Dalrymple 2019).

The EIC had a private security force of over 2,00,000 men, twice the size of the British army (Dalrymple 2019). It was a business enterprise that drew on the support of the Jagat Seths and other major Indian financiers. And, undoubtedly, it had been the most powerful multinational ever. The company was a profit-making venture answerable only to its shareholders. It was ruthless, rapacious and dangerously unregulated. From time to time, its activities had come under the scrutiny of the British Parliament, and indeed, in 1773, the Regulating Act was introduced to oversee the EIC's activities in India. It was only after the first war of Indian independence in 1857 that India came under the direct rule of the British government and the company's rule ended. The company was finally dissolved in 1874.

**From company to crown:** For all the veneer of the pursuit of moral utilitarian principles, the rule by the British Crown was no less exploitative for India than the company's rule. The

objective of the British government was never to bring about an all-round economic and social development of India, but to use the country and its resources for the maximum benefit of Britain. A substantial degree of deindustrialisation occurred during the late 19th and early 20th centuries in India, owing to the explicit trade and commercial policies followed by the British government. This facilitated Indian raw materials and inputs to be shipped to England in return of the finished goods from the factories in Sheffield and Manchester to flood Indian markets (Gadgil 1933). There was a substantial drain of wealth from India to London that has been well-documented in the writings of Dadabhai Naoroji (1901), among others.

The contradiction in the colonial British government's stated utilitarian goals, and the actual on-ground implementation of policies was nowhere starker than in the unprecedented succession of famines during the 90 years of Crown rule from 1857 to 1947. In the very year 1876, when Queen Victoria assumed the title of Empress, five million people in South India starved to death. In the district of Bellary, one-fourth of the population perished in the famine (Sutherland 1908). The last major famine of India was the Bengal famine of 1943 in which approximately three million people died. As Amartya Sen has emphasised, there was no particular shortfall of food output. The problem was the lack of purchasing power, or what Sen calls exchange entitlements, in the hands of the poor (see Sen 1981).

An important question that concerned the Congress party in pre-independence India was what kind of economic system would be appropriate for the country with a vast population that resided mostly in the villages, and was generally extremely poor, with very low levels of education and very poor health facilities. The younger members in the Congress party, led by Jawaharlal Nehru, were attracted to socialist ideas, and believed that modernisation and industrialisation were an urgent necessity for a country that had been mired in agrarian backwardness leading to a vicious cycle of poverty. M K Gandhi, however, had a different point of view from his younger colleagues regarding the possible strategies that needed to be pursued to deal with India's poverty. As early as 1909, while still based in South Africa, Gandhi had outlined his blueprint for addressing India's economic problems in his small booklet called *Hind Swaraj*.

**Development and ecology:** The book was thought to be seditious enough to be proscribed in British India. Among the many salient points raised in the book, the following five were crucial: (i) Indian countryside should be allowed to develop as decentralised village republics; (ii) there must be employment for all; (iii) capitalists must regard themselves as "trustees" of all the wealth created by them, which should be utilised for society's wellbeing; (iv) all human beings must practise the idea of limitation of wants; and (v) economic policies should be always directed towards the welfare of the poorest, the *daridranarayan*. It is possible to argue that the fourth precept mentioned above, that is, limitation of wants, is ultimately going to be crucial for ecological balance in the very long run.

More than the above economic precepts, *Hind Swaraj* was a tirade against Western civilisation and the Western way of life. Gandhi genuinely believed that it was wrong to equate modernisation with Westernisation. For Gandhi, development was a holistic notion, which went beyond the purely economic into social and cultural realms. He believed that untouchability was a blot on the Hindu way of life and directed his interaction with the masses towards uplifting the living conditions of the Harijans. Gandhi was a devout Hindu but he believed, fundamentally, in the secular foundations of this ancient land, and genuinely believed that Muslims and Christians are as much true Indians as Hindus were. Peaceful religious coexistence was a core aspect of Gandhiji's belief system.

**Idea of planned development:** In 1938, the Congress party, with Subhas Chandra Bose as its president, set up the National Planning Committee under the chairmanship of Nehru. World War II had just begun and the possibility of India's independence seemed like a realistic possibility after years of frustrating effort. The question was, after the country were to gain independence, what would be the most appropriate set of social and economic policies that it ought to adopt? The committee met several times, even though there were frequent interruptions due to the war and the incarcerations of several of its members, including, principally, its chairperson, in the British India gaols. There were several committees formed to address issues pertaining to agriculture, industry, poverty, nutrition, education, health, infrastructure, etc.

Nehru had been much taken up with the idea of planning, having been impressed with the rapid economic progress in the Soviet Union after planning was formally introduced there in 1928, well after the disruptions caused by the October Revolution of 1917 had settled down. In addition to channelising investible resources to socially desirable activities, Nehru believed that planning was required to rid the country and its masses of superstition and outmoded ways of thought and regressive practices, such as child marriage and the system of sati.

Nehru had been attracted to Fabian socialism from his student days in London and remained committed to the socialist vision all through his life. Gandhi too believed in the ideals of socialism, though he fundamentally believed in the salience of individual action rather than actions pursued by groups or collectives of individuals, on the ground that the former could be put through the test of morality, while the latter cannot. Gandhi's problem with capitalism was its inevitable tendency towards concentration of income and wealth, which went hand in hand with large-scale mass production. It is in order to prevent this that he argued for khadi, small-scale and cottage industries that could be more readily monitored to disallow wide disparities of income generation. Gandhi had written in *Young India* in 1927: "My ideal is equal distribution, but as far as I can see, it is not to be realised. I therefore work for equitable distribution."

India's independence came along with partition, an unprecedented disruption and loss of lives. Even before the country could seriously grapple with the issue of economic and social

development, Gandhi was assassinated within less than six months of independence, and the task of policy formulation necessarily had to have the imprimatur of Prime Minister Nehru. Following his own core belief, Nehru pushed for planning as a necessary component of economic and social policymaking, and accordingly, the Planning Commission was established on 15 March 1950, with Nehru as the chairperson. The First Five-Year Plan was launched in 1951, focusing mainly on the development of the agriculture sector.

**Development in a mixed economy:** The founding fathers of our country, and Gandhi and Nehru in particular, were comfortable with the mixed economy framework, where the market is allowed to remain the key institution for organising the activities of exchange and production. For all his romantic attachment to a strong left-oriented social and economic world, Nehru, as a true acolyte of Gandhi, was against any physical violence that was regarded as routinely necessary for the Bolsheviks. The Fabian socialism of Sidney and Beatrice Webb and H G Wells was more attractive to Nehru's inner mode of thinking. The maximum that he would push for was for the state to assume, via democratic consent, the commanding heights of the economy to take charge of basic and heavy industries like steel, coal and cement, social and economic infrastructure and, more importantly, education and health.

And, all this has served us well. From the late 1950s, the state actively financed higher education as well as basic and primary health in a major way. Educational institutions like the Indian Institutes of Technology (IITs), the central universities and the Indian Institutes of Management (IIMs), institutes of health like the All India Institute of Medical Sciences (AIIMS) and scientific research bodies like the Council of Scientific and Industrial Research (CSIR) and the Tata Institute of Fundamental Research (TIFR) were all given a strong push where students, irrespective of their financial background, had the opportunity to receive instruction, virtually free of cost. The present dispensation in India, in power since 2014, routinely berates Nehru for all the economic ills prevalent in the country today. But, if India today is regarded as among the fastest growing major economies of the world, one must realise that for the plentiful supply of scientific and technical personnel in India today, we have to thank Nehru's initiatives in this direction in the late 1950s and early 1960s.

**Economic liberalisation:** It is not our intention to provide any detailed account of the development process of the Indian economy since independence, but it needs to be noted that in early 1991, the country found itself in dire economic straits. Then Prime Minister P V Narasimha Rao and his finance minister Manmohan Singh chose to introduce significant reforms, which essentially consisted of opening up the economy to a greater play of market forces. It was recognised that the first three decades of planning through the 1950s into the late 1970s had constricted the latent entrepreneurial talents of the Indian business and trading community, which now needed to be given more space to organise their respective activities. This liberalising

reform yielded results almost immediately, with favourable impact on the GDP growth rate.

During three consecutive years, 2005–08, in the first decade of the new millennium, the Indian economy recorded a GDP growth rate of more than 9 percentage points annually (Nayak 2015). This was not a one-off event, and the consistency over three years proved to India and the world, for the first time, that India can do it, that is, address the challenging task of poverty eradication, and better living conditions for one sixth of the world's population. It was also clear that India was, for the first time, equalling the record of China, the only other billion plus economy in the world. Since these were the two giant low wage economies of the world, comprising more than a third of the world's population, consistent high growth in both these economies would bring about significant changes to the pattern of world trade and payments.

The international financial crisis of 2008 dented the growth momentum of the Indian economy, but fortunately, the effects were not too adverse, and the growth rate soon picked up. By 2015–16, the Indian economy was definitely in the select group of the fastest growing major economies of the world. But the ill-considered and avoidable demonetisation measure, followed by an ill-implemented goods and service tax (GST), have together dealt a severe blow to a system that was performing reasonably well. We have nobody but ourselves to blame for this. Issues pertaining to the GST continue to bedevil our small and medium industries, and with the contentious issue of the sharing of GST between the centre and the states being always on the boil, the economy seems to be losing out on the growth momentum. The growth rate of GDP in the past quarter has been a measly 4.5%. What is more, industry as well as manufacturing have been performing well below par, and the unemployment rate has reached a 45-year high.

### Conclusions

We now proceed to conclude with a few propositions regarding the status of capitalism today. The entire project of capitalism from the writings of the classical masters, Smith, Malthus and Ricardo was concerned with the expansion of the goods space by making use of the available resources. In Smith (1776) we see the description of the "Society of Perfect Liberty," where there is a general increase in well-being for everyone. But Smith also anticipated that, after a time, it would accumulate "the full complement of riches" to which it was entitled by virtue of its resources and geographic placement. At this point, accumulation would stop, and so would growth along with it. The long, upward gradient would then turn downward, as a growing population would divide up an output that had ceased to grow.

Thus, Smith is ultimately pessimistic about the long-term future of capitalism. He believed that the labouring class would passively accept the decline in its material fortunes without offering any resistance. Heilbroner (1993) suggests that it is the division of labour that inexorably leads up to bring about a moral deterioration. In Smith's scenario, the working class is destined to suffer from both the immediate as well as

long-run economic decline. Smith described it thus: "all the nobler parts of the human character may be in great measure obliterated and extinguished in the great body of the people." In contrast, Marx was certain that the capitalist system would implode, to be replaced by the dictatorship of the proletariat. He was ultimately optimistic about the positive progression of the historical process. In Marx, the working class is the agent of its own future liberation.

In assessing the prospects of capitalism, two major issues, alluded to earlier, appear before us. The first is about the real looming danger of ecological degradation, which ultimately questions the very viability of the eco system. It is in the very nature of capitalism that the pursuit of private profit invariably disturbs nature irredeemably, and the process is cumulative. The only remedy for this is the adoption of a social compact that has to be adhered to by all stakeholders. So, ultimately, a social consciousness has to emerge to protect and preserve whatever is left of our historical and geological legacy. Gandhi's prescription of voluntary limitation of wants is very relevant in this context. Production activity ought to be undertaken to take care of basic human need and not greed. This calls for the birth of a socialist individual in all of us.

The second has to do with inequality. It is in the very nature of capitalism to generate forces that would increase inequalities in income and wealth. Over a long period, the persistence and accentuation of inequality ultimately corrodes the system. It undermines social harmony and gives rise to tensions between the rich and the successful and those who get left out of the development process. The state has to intervene through appropriate tax and expenditure policies to curb the processes and tendencies that give rise to diverging incomes. A strong case can be made for an estate duty and a wealth tax, as has been suggested by Piketty.

A very important question pertains to what might be the appropriate economic system for a country like India, at this particular juncture, 72 years after our independence. In the past two years, the Indian economy certainly seems to be going through a particularly bad patch. In the second quarter of the 2019–20 fiscal year, the growth rate of GDP has gone down precipitously and the unemployment rate is dangerously high. The performance of the industry and manufacturing sectors are markedly tepid. The investment climate is weak. Exports have slowed down. The fiscal position of the central government is precarious, with the revenues from GST not showing adequate buoyancy. All in all, the economic scenario is a matter of serious concern.

One possible reason for this state of affairs has to do with the nature of political and social climate prevalent in the country today. The preamble to the Constitution declares India to be, among others, a socialist and secular country. Both these features are under serious assault. Having embraced neo-liberal policies in 1991, our commitment to being socialist is at best tentative today. With the passing of the Citizenship (Amendment) Act (CAA), our commitment to secularism is seriously under question. The ruling party seems to have embarked upon a majoritarian agenda, of which the Kashmir issue (Article 370) and the CAA

are the clearest manifestations. But, if it is concerned about peace and prosperity in the long haul, then surely it should be careful about taking all stakeholders along, in particular all religious minorities, rather than allow a climate of fear and confrontation to fester. It should be clearly understood that social stability and communal harmony are necessary prerequisites for economic progress.

What are the prospects of capitalism in the years to come? One would have to say that we in India, as well as most of the world, would presumably operate within the market mechanism framework in the foreseeable future. There are obvious efficiency advantages of the market mechanism, but it is also the case that it has serious shortcomings as regards the equity or distributive justice. Anything like a full-fledged socialist set-up, with full public ownership of all means of production, is possibly to be regarded as a chimera. The Soviet experiment with Bolshevism more than 100 years ago, had to be more or less wound up after a period of about 70 years or so. The present Russian economy is much reformed and has had much perestroika, or restructuring. The market plays a much stronger role in Russia today, though it is fair to say that the state still controls the key levers of economic power. Similarly, while present-day China, with its powerhouse of economic activity, is unrecognisable from the China of the great leap forward or the cultural revolution, the party still wields enormous power despite the market having a fairly significant and important role in this transition.

So, we in India are unlikely to move away from the capitalist market system for the foreseeable future, but what we do need is a strong state to address the challenges of education and health on an urgent basis. The solution is not the entry of private players into these sectors, which are merit goods. There are strong theoretical reasons why these activities need to be addressed through the budgetary provisions of the state.

Finally, I wish now to return to the question as to whether capitalism, even after all possible reforms, is ultimately viable

or not. John Maynard Keynes, a key epochal figure of economics of the 20th century, fundamentally believed that capitalism is the system with the least blemishes, and was determined to fix the problem of inadequate demand that led to the Great Depression. His lifelong mission was to make capitalism work. But Keynes was almost totally unconcerned with the impending ecological crisis, and as a thorough Etonian, secure in his life as a Cambridge don, was seemingly unconcerned about the problem of social and economic inequality.

If the latter two problems, along with the Schumpeterian recognition of the growth of rational thought, are to be taken on board, then it is difficult to see how capitalism of the old “animal spirits” type can be viable in the long run. One would have to conclude that a substantial degree of socialisation and, ultimately, socialism, has to be the answer, as Schumpeter had concluded, albeit reluctantly. This is bolstered by the idea that despite the dazzling rise of capitalism in western Europe and North America in the post-war years, there are vast multitudes of the unemployed, struggling, dehumanised and alienated underclass that still exist today in those very apparently rich and advanced countries. This says loud and clear that after more than 150 years, Marx’s monumental contributions still have striking relevance in today’s world.

Here, in India, I would stress that we would do well to pay heed to the valuable ideas that have come up from our own epochal thinkers like Gandhi, Nehru, Ambedkar, Lohia and Jayaprakash Narain, among others, all of whom were socialists in varying degrees. All of them, without exception, addressed the age-old issues of poverty, hunger, inequality and discrimination (Nayak 2015). A key consideration is that the imperative of socialism needs to be considered in its historical, social and cultural context, and the thoughts of our home-grown thinkers therefore assume salience for our own requirements. Our problems are deep and they affect a sixth of humanity. They need to be addressed with all the seriousness of purpose we have at our command.

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# Health Insurance in Private Hospitals

## Implications for Implementation of Ayushman Bharat

MITA CHOUDHURY, PRITAM DATTA

Private hospitals are expected to play a key role in the implementation of government-sponsored health insurance schemes in India. Examining the availability and spread of private hospitals in the country and an analysis of their empanelment in government-sponsored health insurance schemes reveal that in low-income states of the country, empanelment of private hospitals by insurance companies is low and concentrated in a few pockets. This may indicate differences in entry conditions or low willingness of private hospitals to participate in these schemes, which has implications for the access to healthcare and insurance for the poor.

The expansion of government-sponsored health insurance (GSHI) schemes in India over the last decade has brought private healthcare providers to the forefront. Over the years, several GSHI schemes which rely mostly on private healthcare providers for service delivery have been initiated and expanded throughout the country. The most recent and largest of these initiatives is the Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (AB-PMJAY) announced by the Government of India, which intends to provide insurance coverage for secondary and tertiary hospitalisation to about 10 crore underprivileged households across the country.

The key role of private providers in AB-PMJAY is reflected in the fact that the National Health Agency—the apex body of the government for the implementation of the scheme—has held discussions with representatives of private hospitals to ensure smooth implementation of the scheme (Press Information Bureau 2018; Pilla 2018). However, little is known about the nature and spread of private hospitals in India. This article examines the availability and spread of private hospitals in the country to provide insights on the potential access to insured health services in GSHI schemes.

Existing evidence on private health facilities across the country is confined to relatively small unincorporated establishments (Mackintosh et al 2016; Hooda 2015).<sup>1</sup> The processes and agencies of registration of private providers vary significantly across states and this makes it difficult to get a comprehensive list of private providers across the country. Most studies therefore, are based on primary surveys in selected urban pockets (Muraleedharan 1999; Bhat 1993; George 2014; Baru 1993). These surveys indicate that the majority of private hospitals have less than 50 beds. In terms of ownership, they include large hospitals funded by business houses (often termed as “corporate” hospitals), small establishments in the form of nursing homes (Patel et al 2015; Baru 1993), and not-for-profit hospitals owned by trusts and missionaries (Muraleedharan 1999).

Of late, lists of empanelled hospitals in GSHI schemes also provide some indication of the availability of private providers in a few Indian states. However, these are confined to the hospitals participating in the schemes in the respective states, and may not represent the scenario of the entire country. Countrywide figures on private establishments engaged in “hospital” activities are available from the Sixth Economic Census (SEC) conducted in 2013–14 by the Ministry of Statistics and Programme Implementation (Government of India 2016).

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However, the database is partial in coverage, and biased towards relatively small private establishments.

A recent circular<sup>2</sup> issued by the Insurance Regulatory Development Authority (IRDA) in India has made it possible to analyse the countrywide spread of private hospitals which are in the network of insurance companies and third-party administrators (TPAs). The circular, which was issued in 2016, mandated all private hospitals associated with insurance companies or TPAs to register with the Registry of Hospitals in Network of Insurance (ROHINI), maintained by the Insurance Information Bureau (IIB)—a subsidiary of IRDA—by March 2017. This has made ROHINI a potential source of information on all hospitals which are in the network of insurance companies and TPAs.

This article examines the availability and distribution of private hospitals across India using information on the empanelment of private hospitals by insurance companies reported in ROHINI. Although the involvement of private hospitals in AB-PMJAY may not be confined to this set of hospitals alone, an analysis of this data set gives an idea about the availability of private hospitals that may be willing to participate in health insurance schemes across the country. As the database is partial in nature, we also use the SEC 2013–14 to add insights. Further, to examine whether the distribution of private hospitals empanelled by insurance companies resembles the distribution of private hospitals in GSHI schemes, we compare the two in Andhra Pradesh, Telangana, Tamil Nadu and Karnataka—the four states which have some of the largest GSHI schemes in the country. In addition, to highlight the potential differences in the availability of private providers by type of services, we analyse the number of providers registered for different health services in state-sponsored insurance schemes in the four states. The analysis highlights the potential access to private health services under GSHI schemes in India.

### Data Sources and Methodology

The analysis is carried out using three data sets: (i) the ROHINI database compiled by IIB of India, which gives information on private hospitals empanelled by insurance companies (or TPAs), (ii) the SEC 2013–14 conducted by the Ministry of Statistics and Programme Implementation (Government of India 2016) and (iii) data on private hospitals empanelled in state-sponsored insurance schemes of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. ROHINI provides information on hospitals enlisted by insurance companies or TPAs (or jointly) for providing medical services to people covered by health insurance in India. These hospitals provide medical services to individuals who are insured under private insurance schemes or state-sponsored insurance schemes which are operated by insurance companies. The medical services are provided to the insured either through cashless facility or reimbursement.<sup>3</sup>

As of May 2018, the database had a list of about 38,935 hospitals, the bulk of which was compiled by IIB from its past records, and uploaded on the ROHINI portal in 2015. The hospitals whose names were uploaded in 2015 were requested to verify their details and re-register in the ROHINI portal, to ensure that they were active. Registration in ROHINI required uploading

the registration certificate, proof of address, disclosing identity and contact details, providing empanelment details (that is, the list of insurance companies which have empanelled them), and paying a registration fee online.

Of the 38,935 hospitals however, only about 15,439 hospitals were registered as active hospitals in the database as of May 2018. Thus, although the database had a record of about 38,935 hospitals, most of them did not renew their registration on the portal (Table 1). The current status of the remaining hospitals is not clear: whether they continue to exist or whether they continue to provide services under insurance schemes. This analysis focuses on the 15,439 registered hospitals to analyse the spread of private hospitals in the network of insurance companies.<sup>4</sup> The set of 15,439 hospitals are all private, although the larger set of 38,935 had a few public hospitals as well. Also, out of 15,439, only 10,012 hospitals had provided information on bed capacity and could be considered in the analysis of the size distribution of the enlisted hospitals (Table 1).<sup>5</sup> No information other than the location and hospitals by size classes of bed capacity was available about the hospitals in the database.

### Sources Supplementing Data from ROHINI

Keeping in view that the ROHINI database does not cover all private hospitals, we also examine data from the SEC, which provides information on private establishments engaged in “hospital activities.”<sup>6</sup> Notably, although a total of 2,10,576 private establishments were reported to be engaged in “hospital activities,” 97% of these had an employment of less than 20 workers (the average being six workers). For AB-PMJAY, hospitals should have a minimum bed strength of 10 to be eligible for empanelment under the scheme. If one assumes a minimum worker to bed ratio of two, then at least 20 workers would be required to be eligible for AB-PMJAY. By this criterion, only 3% of private establishments engaged in hospital activities and reported in the economic census (5,557 establishments) will be eligible for any state-sponsored scheme.

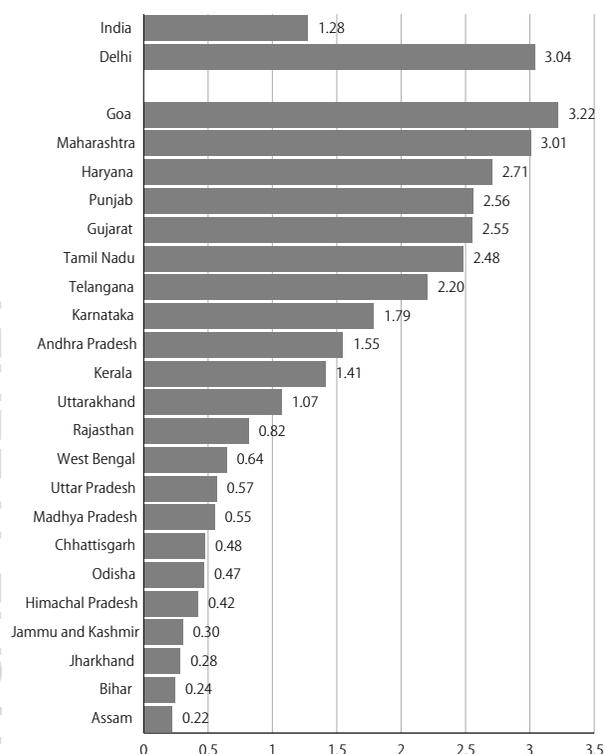
The fact that the ROHINI database covers around 15,439 hospitals (of which at least 8,600 hospitals have a bed strength of more than 10) suggests that there are many private hospitals that are empanelled by insurance companies (and are currently active), but are missed out in the SEC. This points towards a partial coverage of relatively large-sized private establishments engaged in hospital activities in the census.

**Table 1: Composition of ROHINI Database**

Serial Number	Types of Hospitals	Number of Hospitals
A	Total registered hospitals as on May 2018	15,439
	Of which:	
A.1	Hospitals extending cashless facility (network providers)	7,622
A.2	Hospitals extending reimbursement facility only (non-network providers)	7,817
B (part of A)	Hospitals with information on number of beds	10,012
C	Hospitals in the ROHINI database which did not renew registration	23,496
(D) =	Total number of hospitals listed in	
(A) + (C)	ROHINI as on May 2018	38,935

Source: IIB of India database.

**Figure 1: Private Hospitals Empanelled by Insurance Companies across Indian States** (per lakh Population)



Source: Authors' estimations based on information provided by IIB and population figures of Census 2011.

However, the census has a higher coverage of relatively small private establishments than the ROHINI database. The partial coverage is unexpected, as by definition, the SEC is a census of all establishments engaged in hospital activities in the country.<sup>7</sup> Although the small establishments are not currently eligible under AB-PMJAY, if the eligibility criteria under AB-PMJAY are relaxed in future, many of these small private establishments may be able to participate in the scheme.

We therefore analyse two sets of data from the SEC: (i) all private establishments engaged in “hospital activities” and (ii) out of the set of (i), all establishments which had 20 or more workers. Thereby, (ii) is a subset of (i). While the latter corresponds to the hospitals that are likely to be eligible for AB-PMJAY as per the prescribed criteria, the former includes small private hospitals as well, which may be eligible to

participate in AB-PMJAY if the eligibility criterion on the size of hospitals is relaxed under the scheme in future.<sup>8</sup> In addition to the two databases above, we obtained information on private hospitals empanelled under state-sponsored health insurance schemes in four states: Chief Minister's Comprehensive Health Insurance Scheme in Tamil Nadu, Nandamuri Taraka Rama Rao Vaidya Seva Scheme in Andhra Pradesh, Aarogyasri in Telangana and Arogya Karnataka.

Information for Karnataka and Telangana was procured from the Suvarna Arogya Suraksha Trust and Aarogyasri Healthcare Trust respectively. For Tamil Nadu, information was provided by the Tamil Nadu Health Systems Project which coordinates the scheme. For Andhra Pradesh, information was culled out from the scheme website. Data included information on the location of empanelled hospitals, bed strength and the health services for which they were registered in 2018. A comparison of the number of private hospitals in the four states from different databases is shown in Table 2. Notably, in some of the state-sponsored schemes, the list of empanelled hospitals includes facilities in neighbouring states. As our focus is on the distribution of private hospitals within each state, we included only those empanelled facilities in our analysis which are located within the boundaries of the state.

#### Private Hospitals Empanelled by Insurance Companies

Analysis suggests that the empanelment of private hospitals by insurance companies increases sharply with the per capita income of the states. The correlation coefficient between the per capita empanelment of private hospitals by insurance companies and per capita income of the major states is about 0.83.<sup>9</sup> If one includes union territories and small states as well, the correlation coefficient is about 0.7.<sup>10</sup> The four major states which are among the richest in the country—Maharashtra, Haryana, Punjab and Gujarat—have some of the highest per capita empanelment of private hospitals by insurance companies, while the relatively poor performing low-income states rank at the bottom end of the ladder (Figure 1).

The differences in the levels of empanelment across high- and low-income states is stark. The average per capita empanelment in the five better-off states of Maharashtra, Haryana, Punjab, Gujarat and Tamil Nadu was about seven times the average in the five relatively poor states of Bihar, Jharkhand,

**Table 2: Comparison of Number of Private Hospitals Empanelled in Andhra Pradesh, Telangana, Tamil Nadu and Karnataka by Insurance Companies, State-sponsored Insurance Schemes, and Private Hospitals in SEC**

States	Private Hospitals Empanelled by Insurance Companies*			SEC <sup>†</sup>		Private Hospitals Empanelled in State-sponsored Insurance Schemes <sup>‡</sup>		
	Number of Hospitals (With or Without Bed Information)	Hospitals with Information on Bed Strength	Hospitals with Bed Strength More than 10	Number of Establishments Engaged in Hospital Activities All	With Employment More than 20	Number of Hospitals Empanelled	Number of Hospitals Empanelled within the Boundaries of the State	Number of Empanelled Hospitals (Within the State) with Bed Strength More than 10 <sup>@@</sup>
Andhra Pradesh	762	512	495	8,797	229	678	423**	421
Telangana	777	484	463	9,144	345	237	237	237
Tamil Nadu	1,790	890	823	20,259	563	632	628	601
Karnataka	1,091	709	649	18,294	536	495	462	392

Sources:

\* Provided by IIB of India based on information in ROHINI

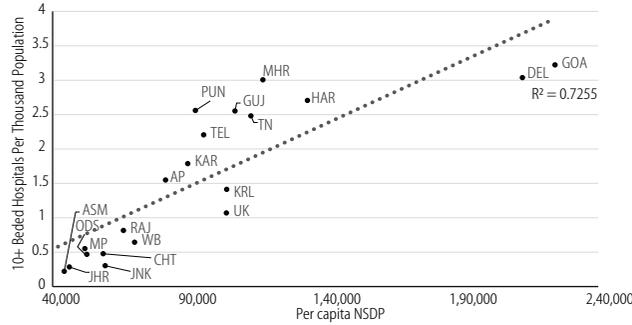
<sup>†</sup> Provided by the Ministry of Statistics and Program Implementation via SEC

<sup>‡</sup> For Telangana and Karnataka, information was provided by the Aarogyasri Health Care Trust and the Suvarna Arogya Suraksha Trust respectively. For Tamil Nadu, data was provided by the Tamil Nadu Health Systems Development Project, which coordinates the scheme. For Andhra Pradesh, data was extracted from the scheme website (Government of Andhra Pradesh 2019).

\*\* 255 of the 678 hospitals are empanelled in Telangana

@@ Hospitals need to have a minimum of 10 beds to be eligible for empanelment under AB-PMJAY.

**Figure 2: Scatter Plot of Per Capita Net State Domestic Product (NSDP) across States and Empanelment of Private Hospitals (per lakh Population)**

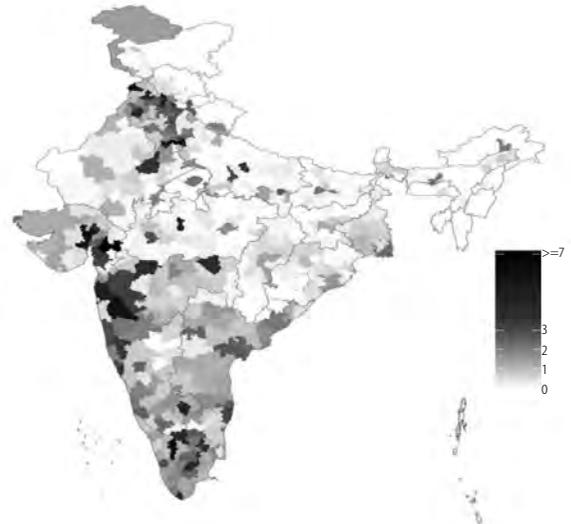


Abbreviations: AP: Andhra Pradesh, ASM: Assam, BHR: Bihar, CHT: Chhattisgarh, DEL: Delhi, GOA: Goa, GUJ: Gujarat, HAR: Haryana, JNK: Jammu and Kashmir, JHR: Jharkhand, KAR: Karnataka, KRL: Kerala, MP: Madhya Pradesh, MHR: Maharashtra, ODS: Odisha, PUN: Punjab, RAJ: Rajasthan, TN: Tamil Nadu, TEL: Telangana, UP: Uttar Pradesh, UK: Uttarakhand, WB: West Bengal.  
Source: IIB India database.

Odisha, Chhattisgarh and Madhya Pradesh (Figure 1). The difference in per capita availability in Maharashtra and Bihar was more than 10 times (Figure 1). The broad relationship between per capita empanelment of private hospitals and per capita income in major states is shown in Figure 2.<sup>11</sup>

In low-income states, private hospitals empanelled by insurance companies are also concentrated in a few pockets. This is

**Figure 3: District-wise Private Hospitals Empanelled by Insurance Companies (per lakh population)**



Key to shading of the map  
0–1 indicates less than or equal to one empanelled hospital, per lakh population  
1–2 indicates 1<=2 empanelled hospitals, per lakh population  
2–3 indicates 2<=3 empanelled hospitals, per lakh population  
3–7 indicates 3<=7 empanelled hospitals, per lakh population  
>=7 indicates no of empanelled hospitals more than or equal to seven, per lakh population.  
Source: Authors' estimations based on information provided by IIB and population figures based on Census 2011.

**Table 3: State-wise Inter-district Disparity in Private Hospitals Empanelled by Insurance Companies, Proportion of Eligible Households under AB-PMJAY and Size Distribution of Registered Hospitals (with Information on Number of Beds) in ROHINI**

	No of Districts	No of Private Hospitals	Inter-district Disparity (Coefficient of Variation)	Share in Total Number of Eligible Households under AB-PMJAY (%)	No of Private Hospitals with Bed Information	Distribution of Hospitals (%)			
						Upto 10 Beds	11–50 Beds	50–100 Beds	More than 100 Beds
Andhra Pradesh	13	762	0.6	5.3	512	3	65	24	8
Assam	27	69	2.6	2.6	49	8	47	27	18
Bihar	38	253	3.1	10.4	192	11	69	15	5
Chhattisgarh	18	121	1.9	3.5	81	11	57	19	14
New Delhi	9	510	0.6	0.6	309	22	61	9	8
Goa	2	47	0.03	0.04	36	8	72	8	11
Gujarat	26	1,541	1.9	4.3	1,146	21	69	5	4
Haryana	21	683	1.2	1.5	423	10	75	9	6
Himachal Pradesh	12	29	1.4	0.3	21	14	71	14	0
Jammu and Kashmir	22	38	2.5	0.6	29	21	69	7	3
Jharkhand	24	94	2.0	2.7	69	13	51	20	16
Karnataka	30	1,091	2.4	3.9	709	8	63	17	12
Kerala	14	472	0.7	1.8	310	9	36	19	35
Madhya Pradesh	50	401	2.8	8.0	284	10	63	16	11
Maharashtra	35	3,376	1.6	8.0	2,326	22	67	7	5
Puducherry	4	26	1.9	0.1	10	10	50	10	30
Odisha	30	197	1.6	5.8	133	11	77	8	5
Punjab	20	706	1.03	1.4	364	18	68	7	7
Rajasthan	33	559	2.5	5.7	358	4	76	11	10
Tamil Nadu	32	1,790	1.3	7.4	890	8	69	14	10
Telangana	10	777	1.6	2.5	484	4	59	27	9
Uttar Pradesh	71	1,135	2.1	11.2	764	7	58	24	11
Uttarakhand	13	107	1.7	0.5	69	17	57	16	10
West Bengal	19	588	1.0	10.6	417	25	53	14	8
Union Territories and Small States*	67	49	-	1.6	37				
India	640	15,421	2.6	100	10,012	14	65	13	9

\*Small states include Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The coefficient of variation for all India is calculated across all districts of India.

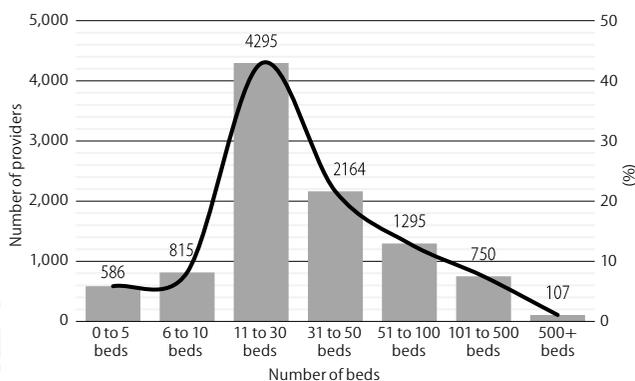
Source: IIB of India database for number of private hospitals across states and districts and National Health Authority (nd) for information on total number of households and eligible households under AB-PMJAY in each state.

reflected in the fact that the coefficient of variation in empanelment of private providers across districts within each state is significantly higher in poorer states than richer states (Table 3). If the empanelment of private providers by insurance companies is a proxy for the empanelment of private providers in GSHI schemes, the skewed distribution of empanelled private hospitals within the states is a matter of concern as a significant proportion of the eligible population under AB-PMJAY is concentrated in these states (Table 3). In Bihar, about 73% of empanelled private providers in the state are concentrated in five districts, which account for only 19% of the state's population.

More than 50% of empanelled private providers in the state are located in the capital city Patna alone, while 14 out of the 38 districts have no private providers empanelled. In contrast, in Tamil Nadu, only 45% of empanelled private providers are concentrated in five districts, which account for about 29% of the state's population. Only two of the 32 districts do not have an empanelled private provider. The district-wise distribution of private hospitals empanelled by insurance companies is shown in Figure 3.

Bulk of the hospitals empanelled by insurance companies had a bed strength

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**Figure 4: Size Distribution of Private Hospitals Empanelled by Insurance Companies** (number of beds)

Source: Insurance Information Bureau (IIB) of India database

**Figure 5A: State-wise Private Establishments Engaged in 'Hospital Activities'** (as per SEC per lakh population)

Key to shading in Figure 5A

- 0–10 indicates less than or equal to 10 hospitals, per lakh population
- 10–20 indicates  $10 < \leq 20$  hospitals, per lakh population
- 20–30 indicates  $20 < \leq 30$  hospitals, per lakh population
- 30–40 indicates  $30 < \leq 40$  hospitals, per lakh population
- $\geq 40$  indicates number of hospitals more than or equal to 40, per lakh population

Key to shading in Figure 5B

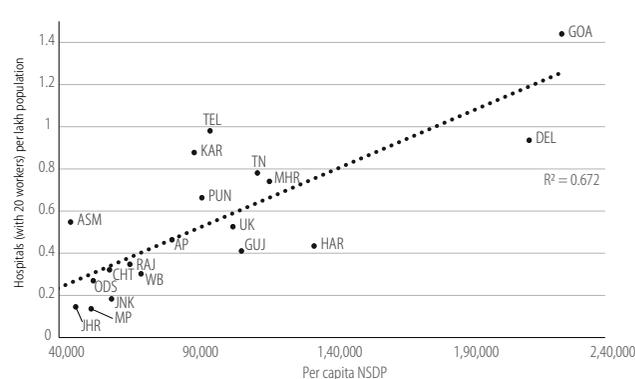
- 0–1 indicates less than or equal to one hospital, per lakh population
- 1–3 indicates  $1 < \leq 3$  hospitals, per lakh population
- $\geq 3$  indicates number of hospitals more than or equal to three, per lakh population

Source: Estimates using data from Government of India (2016)

of less than 50. Of these, about two-thirds had less than 30 beds. At the all-India level, about 65% of hospitals in the data set had bed strength between 11–50 beds, 13% between 50–100 beds and the remaining 8% above 100 beds (Figure 4). This corresponds to the findings of a number of primary surveys which have pointed out that most private hospitals in the country are small establishments with less than 50 beds (Bhat 1993; Muraleedharan 1999). There are however, significant differences in the size of hospitals across states. While in Delhi, Gujarat and Maharashtra more than 20% of hospitals have less than 10 beds, states like Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana have less than 10% of hospitals in that category (Table 3).

### Distribution of Private Hospitals

The spread of private establishments as seen in the SEC also broadly corresponds to the pattern of private hospitals empanelled by insurance companies (Figures 5A and 5B). On an average, the low-income states show a lower availability of private establishments (per lakh population) than the high-income states. This is true irrespective of whether one includes private

**Figure 6: Relationship between Per Capita NSDP and Availability of Private Hospitals** (per lakh population across states as per SEC)

Kerala has been excluded from the above as it is an outlier. The availability in Kerala is multiple times more than all other states.

AP: Andhra Pradesh, ASM: Assam, BHR: Bihar, CHT: Chhattisgarh, DEL: Delhi, GOA: Goa, GUJ: Gujarat, HAR: Haryana, JNK: Jammu and Kashmir, JHR: Jharkhand, KAR: Karnataka, KRL: Kerala, MP: Madhya Pradesh, MHR: Maharashtra, ODS: Odisha, PUN: Punjab, RAJ: Rajasthan, TN: Tamil Nadu, TEL: Telangana, UP: Uttar Pradesh, UK: Uttarakhand, WB: West Bengal.

Source: Author's calculations based on data from SEC (Government of India 2016).

hospitals with more than 20 workers (the set which broadly corresponds to the current eligibility criteria under AB-PMJAY), or all establishments (which includes smaller establishments as well), many of which may be eligible in future if the size criterion for hospitals is relaxed. If one uses the set of private hospitals with more than 20 workers, the correlation coefficient between per capita Net State Domestic Product (NSDP) and distribution of private providers in major states is about 0.7. If one includes union territories and small states, the correlation coefficient is about 0.6.<sup>12</sup>

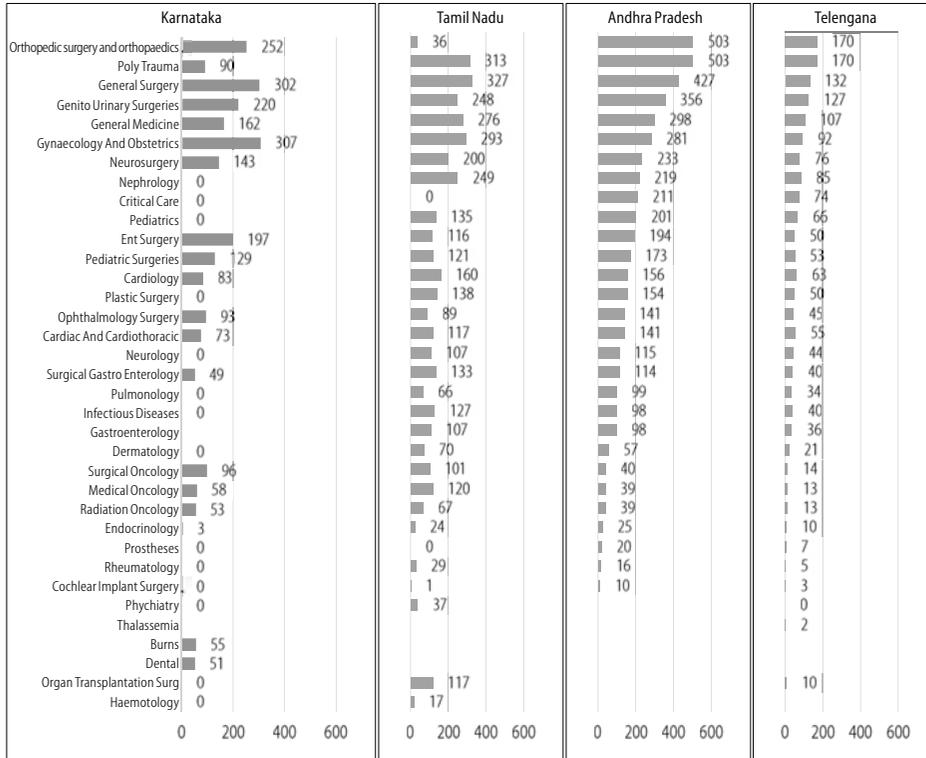
The relationship between per capita availability of private hospitals as per the SEC and per capita income in major states is shown in Figure 6. The fact that the SEC has a lower representation of relatively large hospitals, yet exhibits a similar spread of private hospitals as that of empanelment by insurance companies, indicates that the distribution of private hospitals is likely to be reasonably robust. It also suggests that even if the criterion for size under AB-PMJAY is relaxed in future, the relative access to private hospitals across Indian states under AB-PMJAY will be similar.

### Examining Correspondences

To examine if the pattern of empanelment of private hospitals by insurance companies broadly corresponds to the empanelment of private facilities in GSHI schemes, we examine the correspondence in the four states: Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. If the empanelment by insurance companies and empanelment by state GSHI schemes exhibit a strong association, the spread of private hospitals empanelled by insurance companies can be used as a rough indicator of the potential for the empanelment of private hospitals under GSHI schemes.

It may be noted that the state schemes in the four states use different criteria for empanelment of private hospitals. In Andhra Pradesh and Telangana, one of the core requirements for the empanelment of hospitals for state insurance schemes is that the facility should be registered under Andhra Pradesh or

**Figure 7: Number of Private Hospitals Registered for Different Health Services in State-sponsored Health Insurance Schemes in Karnataka, Tamil Nadu, Andhra Pradesh and Telangana**



Private hospitals empanelled both within and outside the state have been considered in the above figure. The categories for Andhra Pradesh were taken as the benchmark. In both Tamil Nadu and Karnataka, some of the services were reclassified for consistency (details in the appendix in Table A1). Telangana had the same coding as Andhra Pradesh and did not require any reclassification. Ent refers to ears, nose and throat doctor.

Source: For Karnataka, data was provided by Suvarna Arogya Suraksha Trust; for Telangana, the Aarogyasri Health Care Trust; for Tamil Nadu, the Tamil Nadu Health Systems Project; and for Andhra Pradesh from the scheme website (Government of Andhra Pradesh 2019).

Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002. Similarly, in Karnataka, the facilities need to be registered under the Karnataka Private Medical Establishments Act, 2007. On the other hand, in Tamil Nadu, the empanelment is primarily on the basis of availability of infrastructure, specialities and other facilities in hospitals and requires only a registered Permanent Account Number (PAN). These differences may result in different degrees of barriers to participation of private providers in the four state schemes.

Data suggest that the extent of participation of private providers in four state schemes is much lower than the number of private hospitals empanelled by insurance companies (Table 2). In Andhra Pradesh, the number of empanelled private hospitals by the government is about 56% of the number empanelled by insurance companies (Table 2). The corresponding figure for Telangana, Tamil Nadu and Karnataka is 31%, 35% and 42% respectively (Table 2). A possible reason for relatively low participation of private providers is that state schemes primarily focus on tertiary-level hospitalisations, which call for more specialised infrastructure. A comparison of hospitals empanelled in state schemes vis-à-vis those empanelled by insurance companies in the four states suggests that hospitals empanelled in state schemes were larger than those empanelled by insurance companies. On average, the share of hospitals with more than 50 beds was about 50% in state schemes, as opposed to less than 30% in empanelment by insurance companies.

Irrespective of the extent of participation, figures indicate that in each of the four states, there is a strong positive correspondence between the inter-district distribution of private hospitals empanelled by insurance companies and those empanelled in state-sponsored health insurance schemes. In other words, districts which have relatively high share of empanelment in state-sponsored schemes are also the ones with a high share of empanelment by insurance companies. The correlation coefficients between the share of private hospitals empanelled across districts in the two sets is between 0.8 to about 0.9 in Andhra Pradesh, Telangana and Tamil Nadu and about 0.6 in Karnataka (Table 4). The association is also strong in terms of per capita empanelment in districts. The correlation coefficients between per capita empanelment of private hospitals across districts in state GSHI schemes and by insurance companies are

positive and significant: (between 0.7 to 0.8) in Andhra Pradesh, Telangana and Tamil Nadu, but insignificant in Karnataka (Table 4).

**Table 4: Correlation Coefficients between the Empanelment of Private Hospitals by Insurance Companies and Empanelment of Private Hospitals in State-sponsored Insurance schemes**

	Private Hospitals Empanelled by Insurance Companies			
	All Active Hospitals (Set of 15,439)		Active Hospitals (with more than 10 Beds)	
	Per capita Empanelment	Share of Districts	Per capita Empanelment	Share of Districts
Private hospitals empanelled in state-sponsored health insurance schemes				
Andhra Pradesh				
Per capita empanelment	0.75*		0.84*	
Share of districts		0.87*		0.9*
Telangana				
Per capita empanelment	0.8*		0.82*	
Share of districts		0.77**		0.8
Tamil Nadu				
Per capita empanelment	0.69*		0.75*	
Share of districts		0.81*		0.88*
Karnataka				
Per capita empanelment	0.22 (0.5*)		0.19 (0.45*)	
Share of districts		0.6* (0.67*)		0.55* (0.5**)

Figures in parenthesis indicate correlation coefficient excluding the district of Bangalore (including Bangalore rural)

\*Significant at 1% \*\*Significant at 5%.

Source: Authors' estimations based on information from IIB India database and state-sponsored insurance schemes provided by the respective agencies of the state governments.

The relatively low association in Karnataka is partly due to the fact that the share of empanelment in Bengaluru (including Bengaluru rural) by insurance companies is multiple times more than the share in the state-sponsored scheme (nearly 50% versus 10%). This is reflected in the fact that the correlation coefficients improve if one excludes Bengaluru (including Bengaluru rural) from the calculations (Table 4).<sup>13</sup> Notably, if one uses the set of private hospitals which have more than 10 beds and are likely to be eligible under AB-PMJAY in each district, the correlation coefficients are similar (Table 4).

### Distribution of Private Providers by Services

The per capita availability of private providers across states and districts masks the differential access to various kinds of insured health services. Most private providers extend only selected medical treatment and surgical procedures. Tertiary-level healthcare requires specialised infrastructure and human resources and therefore, these are less widely offered than lower-level healthcare services. Figure 7 (p 54) shows the number of private hospitals registered for different kinds of health services in state-sponsored health insurance schemes in the four states.<sup>14</sup>

In all four states, the number of private hospitals registered for specialised health services like cardiothoracic surgery and surgical oncology are significantly lower than the number of hospitals which are registered for relatively low level of care like orthopaedics, obstetrics and general surgery (Figure 7). More importantly, most of the hospitals registered for tertiary-level health services are concentrated in a few districts. In Telangana, bulk of the providers registered for cardiothoracic surgery and surgical oncology are confined to the two districts of Hyderabad and Ranga Reddy. These districts accounted for 70%–80% of all providers registered for these services. Similarly, in Andhra Pradesh, although providers for cardiothoracic surgery and surgical oncology were spread across 24 districts (within and outside the state boundaries), five districts accounted for 50%–60% of the registered providers.<sup>15</sup> In contrast, providers were more widely spread out for general medicine, orthopaedics and gynaecology. In Tamil Nadu too, although the district-wise distribution of private hospitals for specialised care is relatively less concentrated, the increase in concentration of the spread is visible as one moves from lower-level to more specialised care.

### Conclusions

The implementation of AB-PMJAY in India is largely dependent on the supply of insured health services through private hospitals. However, little evidence exists on the availability

of private hospitals across the country due to lack of any comprehensive database. The issuance of a recent circular by IRDA to mandate registration of all private hospitals associated with insurance companies in a database have opened up the possibility of deriving some idea of the spread of private hospitals that may be willing to participate in GSHI schemes. In addition, the availability of the SEC and information on private hospitals empanelled in health insurance schemes sponsored by state governments, provide some idea about the potential for access to health services through private hospitals in India.

Our analysis suggests that the empanelment of private hospitals by insurance companies in India is relatively low in states with low per capita incomes, where a substantial proportion of eligible beneficiaries under AB-PMJAY is concentrated. Although the empanelment of private hospitals under AB-PMJAY may not be confined to this set of private hospitals alone, the strong correspondence between private hospitals empanelled by insurance companies and private hospitals empanelled in GSHI schemes in the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka suggests that the potential for empanelment of private hospitals in AB-PMJAY may be low in relatively poor states of the country.

Notably, the number of private hospitals empanelled in GSHI schemes is significantly smaller than the set of private hospitals empanelled by insurance companies in each of the four states. This could be partially due to the focus on tertiary-level hospitalisation in state schemes, which call for more specialised infrastructure, or differences in entry conditions or low willingness of private providers to participate in GSHI schemes. Moreover, in states where the empanelment of private hospitals by insurance companies is low, the distribution of private hospitals is also concentrated in a few pockets. Also, the concentration of private hospitals increases as one moves more and more towards specialised health services, even in the relatively better-off states.

The low empanelment, combined with high inter-district disparity in availability of private providers in states with high share of eligible beneficiaries of AB-PMJAY, has potential implications for access to insured health services under the scheme. The evidence that hospitals empanelled for tertiary-care services in existing schemes are concentrated in a few districts, has implications for the design of compensation packages for tertiary care in AB-PMJAY. Keeping these in view, strengthening secondary and tertiary-level public facilities may significantly improve access to insured services under AB-PMJAY in poor regions of the country, where bulk of the eligible beneficiaries are concentrated.

### NOTES

- 1 Unincorporated enterprises are those which are not registered under the Companies Act, 1956.
- 2 IRDA Circular Ref No: IRDA/HLT/REG/CIR/146/07/2016 dated 29 July 2016 available at [https://www.irdai.gov.in/ADMINCMS/cms/firmGeneral\\_Layout.aspx?page=PageNo2909&flag=1](https://www.irdai.gov.in/ADMINCMS/cms/firmGeneral_Layout.aspx?page=PageNo2909&flag=1).
- 3 As per IRDA guidelines, a hospital is an institution that is established for inpatient care and day-care treatment of illness and/or injuries,

and which has been registered as a hospital with the local authorities under the Clinical Establishments (Registration and Regulation) Act, 2010, or under the enactments specified under the schedule of section 56(i) of the said act, or complies with a set of minimum criteria. The minimum criteria include: (i) having qualified nursing staff under its employment round the clock, (ii) having at least 10 inpatient beds in towns having a population of less than 10 lakh or 15 in-patient beds in all

other places, (iii) having qualified medical practitioner(s) in charge round the clock, (iv) having a fully-equipped operation theatre of its own, and (v) maintaining daily records of patients and making these accessible to the authorised personnel of insurance companies.

- 4 Of the set of 15,439, nearly half (7,622) of them extend cashless facility for health insurance and are often referred to as network providers. The remaining providers extend reimbursement facility only (non-network providers).

- 5 The set of hospitals with bed information (10,012) is smaller than the set of 15,439, because in the initial months of the ROHINI portal (after the database was uploaded in 2015), submitting bed information was not mandatory for hospitals. Subsequently, the field for bed information was made mandatory, and all hospitals which registered on the ROHINI portal after three–four months of its initiation had to provide information on bed capacity. Thus, hospitals which do not have bed information are the ones which registered early in the ROHINI database and opted not to disclose bed information.
- 6 These include private establishments included under the National Industrial Classification (NIC), 8,610 of which are engaged in hospital activities. The NIC-class 8,610 include the “activities of general and specialized hospitals, sanatoria, asylums, rehabilitation centers, dental centers and other health institutions that have accommodation facilities, including military base and prison hospitals” (Government of India 2008: 121).
- 7 One possible reason for relative under-representation of large size establishments in SEC could be the fact that it is carried out by the Ministry of Statistics and Programme Implementation primarily to set the background for drawing the sample for the follow-up National Sample Survey of unincorporated/unregistered enterprises. Since the focus of the follow-up survey is on relatively small establishments, the enumeration of relatively large establishments may be less exhaustive.
- 8 The 73rd round of survey by the National Sample Survey Organization also provides information about unincorporated enterprises involved in “hospital activities.” However, the sample in this survey is drawn from the SEC. We therefore, choose to analyse the census data and not the survey.
- 9 This excludes the relatively small states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and the union territories. In the small states, the number of private hospitals empanelled by insurance companies is less than 10.
- 10 The correlation coefficients are significant at 1% level.
- 11 Interestingly, even if one examines the set of 38,935 hospitals in the ROHINI database, the pattern is very similar.
- 12 The correlation coefficients (both including and excluding union territories and small states) are significant at 1%.
- 13 Interestingly, even if we examine the distribution of private hospitals empanelled by state-sponsored insurance schemes with the distribution of all hospitals in the ROHINI database (that is, the set of 38,935 which includes a few public hospitals as well) the correlation is positive, significant and reasonably high in most cases. The relatively weak association of this set (38,935) than the association with the set of active private hospitals (15,439) is possibly due to the inclusion of a few public hospitals in the larger set.
- 14 Some of the insured services in Tamil Nadu and Karnataka do not strictly correspond to the insured services in Andhra Pradesh and Telangana. We used the service categories of Andhra Pradesh and Telangana as the reference class and mapped insured services of Tamil Nadu and Karnataka into the reference classes. Some of the reclassified categories are shown in the appendix in Table A1.
- 15 These included two districts of Telangana (Hyderabad and Ranga Reddy), in addition to three of the relatively well-off districts of Andhra Pradesh, namely Vishakhapatnam, Krishna and East Godavari.

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**Appendix Table A1: Classification of Insured Services in Tamil Nadu and Karnataka into Different Categories (with reference to Andhra Pradesh and Telangana)**

Categories in Tamil Nadu	Classified Category (with reference to Andhra Pradesh and Telangana)
Chest surgery	Cardiac and cardiothoracic Surgery
Thoracic surgery	
Interventional cardiology	Cardiology
Thoracic medicine	
Dialysis	Nephrology
ENT	ENT surgery
Endocrine surgery	General surgery
Hepatology	Gastroenterology
Interventional radiology	Radiation oncology
Liver transplantation	Organ transplantation surgery
Replacement	
Neonatology	Paediatrics
Neonatal intensive care unit	
Paediatric intensive care	Paediatric surgeries
Paediatric intensive care unit	
Urology	Genitourinary surgeries
Vascular surgeries	Neurosurgery
Orthopaedic trauma	Poly trauma
Ophthalmology	Ophthalmology surgery
<b>Categories in Karnataka</b>	
ENT	ENT Surgery
Orthopaedics	Orthopaedic surgery
Endoscope	Genitourinary
Hysteroscopy	Gynaecology and obstetrics
Ophthalmology	Ophthalmology surgery

The categories of Andhra Pradesh and Telangana have been used as reference categories for classifying insured services in Tamil Nadu and Karnataka. The above table shows the mapping of some of the registered services in Tamil Nadu and Karnataka into the categories of Andhra Pradesh and Telangana. The remaining services had a one to one correspondence. ENT refers to ears, nose and throat.

ECONOMIC & POLITICAL WEEKLY

# Land Acquisition in Punjab

## Jeopardising Livelihoods through Inefficient Implementation

SANDEEP KAUR, GURVINDER SINGH, JASHANPREET KAUR, HARPREET SINGH

Analysing a case of development-induced displacement through a survey of land dispossession in Punjab reveals how displacement for development projects adversely affects farmers economically, socially and culturally. Fertile land acquired for a thermal power plant remains unused, depriving villagers of their livelihoods as well as the benefits that could have accrued had the project materialised. Large-scale land acquisition for the establishment of thermal power plants causes irreversible changes in the lives of local communities that are deprived of their source of livelihood by land acquisition and also gives rise to other social, economic, political and ecological changes. To avert the crisis resulting from the acquisition of agricultural land for developmental purposes, "long-term livelihood opportunities" for dispossessed farmers should be rebuilt, as compensation acts as wealth, and not income, for agrarian societies.

To boost development, the Indian government has taken up several development projects for which it has to acquire agricultural land. Punjab has not been immune to this trend. In 2008, the Punjab government acquired 2,100 acres of land from four villages—Banawala, Peron, Talwandi Aklia and Raipur—of Mansa district in the Malwa region, for setting up the Talwandi Sabo Power Limited (TSPIL).<sup>1</sup> Banawala has a total land area of 2,900 acres, of which 1,450.4 acres of land were acquired, 512.6 acres were acquired from Peron, 110.5 acres from Raipur, and 26.5 acres from Talwandi Aklia. Finally, in September 2008, the Punjab government inaugurated the TSPIL of 1,980 MW with three units having a capacity of 660 MW each in Banawala. Not far away from these villages, the Punjab government acquired 806 acres in Gobindpura village out of its total land area of 1,458 acres for the establishment of a proposed 1,320 MW thermal power plant of the Poena Power Company, a subsidiary of Indiabulls Infrastructure. Some portion of the land was acquired from other adjoining villages such as Phulleuwala Dod, Sirsiwala, Jalbahera and Bareta. However, this land remains unutilised so far as no thermal power plant has been constructed.

Farmers in these villages have lost more than half of their land. In this area, no other sector has been developed except agriculture. Agriculture is the mainstay of the people of this area because of their low educational status. It needs to be noted that land was acquired in these villages despite opposition from over 80% of the villagers, who were not in favour of a thermal power plant. The large-scale land acquisition for the thermal plant has adversely affected villagers since many of those whose land was acquired have no alternative means of livelihood. Additionally, it has given rise to severe social, economic, political and ecological consequences.

The Constitution places responsibility on the government to promote the educational and economic status of the weaker sections of society, a responsibility that can be fulfilled only through rapid development, for which land is a primary requirement. Although the Constitution provides for the right to hold land for individual purposes, the acquisition policy confers on the government the right to acquire land for public use (Wahi 2013). The process of land acquisition covers many aspects and has the power to change the developmental approach. It affects three categories of people, that is, land losers, livelihood losers, and common property resource users. There is an issue of political competition within it, that is, the "wedge issue" (Chakravorty 2016). Land acquisition raises the

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question of whether the development paradigm being followed by the government addresses the basic issues facing the poor, such as that of food security, livelihoods and the right to a life with dignity (Fernandes 2007). One of the problems associated with land acquisition has been that affected farmers were not given adequate compensation, although compensation rates have had to be increased substantially over a period of time with the political imperative of protecting the interests of farmers (Sathe 2015). This paper attempts to examine these aspects of land acquisition. The remainder of the paper is organised as follows. The following section reviews India's land acquisition policy, and the next section presents the key findings of a survey of two locations, that is, Gobindpura and Banawala of Punjab, where land had been acquired to construct thermal power plants. In the concluding section, the authors make suggestions for modifications in the existing land acquisition and compensation policy.

### Land Acquisition Policy

Before independence, land acquisition was done under the Bengal Act (1824), which was enacted to promote British commercial interests in India. With certain changes, the Land Acquisition Act, 1894 (LAA 1894), was framed and land began to be acquired for public purposes under this act after independence. Various judgments under this act were found to be against landowners. The acquisition of land through this act not only meant loss of land for landowners but also the loss of communities and culture (Bagchi 2012). The provisions of LAA, 1894 covering almost all major aspects of land acquisition—acquisition procedure, compensation and rehabilitation of displaced persons—suffered from several shortcomings. Unlike in Peru, Singapore, and Japan where the acquisition of land and determination of compensation is done through discussions with landowners (Mahalingam and Vyas 2011 qtd in Singh [2016]), land acquisition in India was not based on consultation. It protected the interests of the state but not the citizens. There were no provisions for rehabilitation, protection of community rights and consent, and the rates of compensation were nominal (Kannabiran 2004 qtd in Nielsen and Nilsen [2015]). The collector had unlimited powers under Section 9 of this act; settling compensation claims, deciding on the value of land and the mode of compensation were solely under their preview (Desai 2011). The compensation amount was not adequate, partly because the local market price of land, which was used to decide the compensation amount, was typically lower than the value at which land transfers actually took place, and also because no attempt was made to compensate for the loss of assets on the acquired land (Ghatak and Ghosh 2011).

In view of the criticism of the LAA 1894, the Land Acquisition (Amendment) Bill, 2007 redefined public purpose to include the provision of land acquisition for strategic purposes such as defence, for infrastructure projects that benefit the general public, and for any other purpose if 70% of the land had been already purchased by private companies. It also changed the methodology for calculating the compensation

for acquired land by mandating that the value of assets on the acquired land, apart from the market price of land, should be considered when deciding on the compensation payout. The bill also mandated that compensation had to be paid within six months of the acquisition. According to Section 3A of the amended act, a social impact assessment (SIA) had to be carried out if land acquisition resulted in the physical displacement of 400 families in the plains and 200 families in hilly areas to ensure that the land acquisition process was transparent, objective and fair (GoI 2007). This bill was followed in India until 2013 with a few changes made from time to time.<sup>2</sup>

The bill was renamed the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR 2013), which came into force from January 2014. There were important features of this new act. First, land acquisition could only be for public purposes,<sup>3</sup> which was redefined under the act (GoI 2013). Second, the consent of 80% of landowners was required for land acquisition by private companies, and 70% of landowners had to give their consent in the case of projects undertaken on a public-private partnership (PPP) basis. An SIA exercise also had to be carried out; the SIA report had to be published in the local language and made available in the gram sabha, municipalities and district headquarters, besides being uploaded on a government website. The government was required to ensure that the SIA report was evaluated by an expert group (GoI 2013). Third, if the acquired land was not utilised for five years, landowners could ask for the return of their land. It was also made possible for the state government to deposit unused land in a land bank for the future. According to Section 40 of this act, if the land was acquired for defence or national security purposes, the government could exempt the need for an SIA. In this case, those whose lands are acquired are entitled to receive an additional 75% of the market value of the land (GoI 2013).

The implementation of the 2013 act has been problematic for many states. Land acquisition in Punjab and Haryana, where most of the land is irrigated, is virtually impossible in normal circumstances (Sathe 2015 qtd in Singh 2016). Moreover, compensation becomes a contentious issue since it is calculated based on the market price of land and the value of assets attached to the land. This is because of the difference in the rates at which actual transfer of land takes place and the amount that is registered to determine stamp duty on the transfer (Bose 2013). Singh (2012) points out that the market value is determined based on the "circle rates," which are known as registry rates and/or the sale deed of a similar property. Circle rates are usually outdated and much lower than the market rates. Ghatak and Ghosh (2011) argue that using the market price to determine compensation cannot ensure social justice and efficient use of resources.

Regarding rehabilitation, the act also mandates that at least one person from an affected family should be provided with a job or the household should be given a one-time payment of ₹5 lakh for rehabilitation (Bose 2013). Following the difficulties faced in acquiring land for important national projects, certain amendments in the LARR Act, 2013 were made and the Right to

Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2014 was passed on 31 December, 2014. Acquisition under 13 other laws<sup>4</sup> was exempted from the provisions of this act. The ordinance exempted five categories of land use from the need to take the consent of 70%–80% of landowners and the carrying out of an SIA for land acquisition. These five categories of land uses were defence, rural infrastructure, affordable housing, industrial corridors, and public–private infrastructure projects. The ordinance also removed the restrictions on the acquisition of irrigated multi-cropped land, and eliminated the provision for the return of unutilised land (GoI 2015). The LARR Act, 2013 had excluded the acquisition of land for private hospitals and private educational institutions, but the ordinance removed this restriction. While the LARR Act, 2013 was applicable to the acquisition of land for private companies, the ordinance changed this to acquisition for all private entities.<sup>5</sup> This ordinance also has certain limitations. The five exempted categories are very broad, particularly the categories infrastructure and social infrastructure, for which land can be acquired without an SIA and the consent of the landowners. On 10 March 2015, an amendment bill was passed by the Lok Sabha to replace the ordinance. However, the Rajya Sabha has not yet passed the bill.

In view of this, various state governments have been permitted to implement their own laws for land acquisition. Madhya Pradesh, Andhra Pradesh, and Tamil Nadu have made their own laws. The Punjab government has also introduced its own land acquisition policy in 2006. The Punjab Land Acquisition Policy, 2006 is notified under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. It is based on the deed of conveyance, that is, the determination of the market value of land based on the rates under the Stamp Act. In rural areas, the government will pay two times the government-notified price, and an additional amount of 100% of the government-notified price will be added to it. Moreover, an interest of 12% on the amount will be paid from the time of acquisition until the payment is made while in urban areas, the land acquisition will be done as per the market price notified by the government. The act also provides for valuation of the assets on the land and mandates the provision of a constructed house (GoP 2006).

### Impact on Landholdings

Since the impact of land acquisition cannot be assessed instantly, various surveys through snowball sampling were conducted by the authors over a period to understand the effects. The main reason for using snowball sampling is that many dispossessors—farmers as well as labourers—got displaced from their original residences and were dispersed after the acquisition. Most of the labourers had to leave the acquired areas to find livelihood elsewhere in the region. One survey was conducted for Gobindpura<sup>6</sup> immediately after the land acquisition; another one was conducted for Banawala<sup>7</sup> after five years of the establishment of the thermal power plant. To assess the current situation, another survey was conducted for both

locations in 2018. To evaluate the impact of dispossession of land on various stakeholders including labourers and landowners, a sample of 200 respondents (100 from each location, including 30 labourers from Banawala and 17 labourers from Gobindpura) was included in the survey.

The survey sought to assess the direct impact of land acquisition on the average size of landholdings and the economic position of affected families. It also sought to understand if dispossessed farmers purchased other agricultural land with the compensation amount received to restore the size of their holdings (Table 1). The tables reveal that land acquisition has increased the number of marginal farmers in Gobindpura (from 18% to 47%) and in Banawala (from 2% to 10%); the number of medium farmers has decreased sharply in both locations. The average size of landholdings has declined after land acquisition— from 4 hectares (ha) to 1.7 ha in Banawala, and from 2.6 ha to 1.4 ha in Gobindpura. The total owned land has decreased from 283.5 ha to 120.4 ha in Banawala, and from 218.9 ha to 92.2 ha in Gobindpura. The process of land acquisition rendered 36 farmers landless in Gobindpura. Due to a hike in land prices in the areas adjoining the acquired lands, many farmers were unable to purchase land.

Land acquisition also adversely affected leasing activities in the surveyed areas. Table 2 (p 60) shows that before the acquisition, 19 farmers “leased in” 41.7 ha of land in Banawala. This fell to 19.8 ha after the acquisition. A reverse trend was observed in the case of leased out land, 11 farmers leased out 26.7 ha of land (2.4 ha on an average) before the acquisition. After the acquisition, 33 farmers were involved in leasing out land but the average size of the leased out land fell to 2 ha.

**Table 1: Impact on Landholdings** (ha)

Category of Farmers	Marginal (less than 1 ha)	Small (1–2 ha)	Semi-medium (2–4 ha)	Medium (4–10 ha)	Large (10 ha and above)	Total
Banawala						
Pre-acquisition						
Number of farmers	2 (2.85)	10 (14.28)	25 (35.71)	31 (44.28)	2 (2.85)	70 (100)
Total land with farmers	1.32	15.32	72.44	166.12	28.33	283.53
Average landholdings	0.658	1.53	2.89	5.36	14.16	4.05
Post-acquisition						
Number of farmers	7 (10.14)	19 (27.54)	32 (46.37)	9 (13.04)	2 (2.89)	69 (100)
Total land with farmers	4.86	27.65	94.41	51.50	28.73	120.39
Average landholding	0.69	1.46	2.95	5.72	14.37	1.74
Gobindpura						
Pre-acquisition						
Number of farmers	15 (18.07)	26 (31.33)	13 (15.66)	27 (32.53)	2 (2.40)	83 (100)
Total land with farmers	11.33	36.42	36.01	112.97	22.20	218.94
Average landholding	0.76	1.4	2.77	4.18	11.10	2.64
Post-acquisition						
Number of farmers	32 (47.75)	18 (26.86)	8 (11.93)	5 (7.46)	0 (0.0)	67 (100)
Total Land with farmers	20.45	18.62	17.00	36.12	0	92.19
Average landholding	0.63	1.03	2.13	4.01	0	1.37

Holdings are classified as per the Agriculture Census 2010–11. Figures in parenthesis indicate percentages. Landholding after acquisition also includes land purchased with the compensation amount.

Source: Surveys conducted by authors.

In Gobindpura, the situation was similar but leased out land has decreased sharply as the size of holdings is very small (1.9 ha on an average) after the acquisition (Table 2). Lack of interest in self-cultivation on small landholdings is one of the reasons for the increase in the area leased out after acquisition.

### Impact on Income from Crops

Tables 3 show that there has been a decline in acreage under several crops as well as a change in the cropping pattern in the surveyed locations. The land under wheat has fallen from 224.9 ha to 113.6 ha in Banawala, and from 193.8 ha to 100.4 ha in Gobindpura. In the case of cotton, acreage has fallen from 251 ha to 109.4 ha in Banawala and from 91.1 ha to 55 ha in Gobindpura. The survey also showed that farmers of

Banawala have shifted to cultivating paddy after the acquisition of their land due to fluctuations in cotton production.

In Banawala, in the case of wheat and mustard, the returns per hectare have increased primarily because of an increase in prices while in the case of cotton, an increase in both price and yield has resulted in a sharp rise in per hectare returns. There is a change in cropping pattern with wheat and cotton being replaced by rice and mustard, despite a 40% increase in gross returns per hectare in the case of wheat and a 58% increase in the return on cotton. This is partly explained by the sharp increase in the returns per hectare on mustard by 80% while rice yields much higher gross returns per hectare compared to the other three crops. In Gobindpura, while the proportion of land under wheat has remained the same before and after acquisition, the fact of rice being replaced by cotton is curious. There has been a sharp increase in the gross returns per hectare in the case of rice. The return in the case of the cotton crop appears to be lower, yet there has been diversion of land.

**Table 2: Land Leased 'In' and 'Out'**

Category of Farmers		Marginal (less than 1 ha)	Small (1–2 ha)	Semi- medium (2–4 ha)	Medium (4–10 ha)	Large (10 ha and above)	Total (ha)
Banawala Leased In							
Pre-acquisition	Number of farmer	2	6	8	3	–	19
	Average size of leased land	2.23	2.76	1.87	1.89	–	2.19
Post-acquisition	Number of farmers	2	3	4	1	–	10
	Average size of leased land	1.62	1.75	2.12	2.83	–	1.98
Leased Out							
Pre-acquisition	Number of farmers	–	2	3	5	1	11
	Average size of Leased land	–	1.21	2.42	2.67	3.64	2.43
Post-acquisition	Number of farmers	2	9	14	6	2	33
	Average size of leased land	0.61	1.37	1.81	2.65	6.27	2.04
Gobindpura Leased In							
Pre-acquisition	Number of farmers	10	8	5	2	1	26
	Average size of leased land	2.3	2.34	1.58	2.73	2.02	2.37
Post-acquisition	Number of farmers	3	1	2	1	–	7
	Average size of leased land	1.92	3.24	1.79	2.03	–	2.14
Leased Out							
Pre-acquisition	Number of farmers	3	1	2	7	2	15
	Average size of leased land	0.67	1.62	2.05	3.87	7.28	3.53
Post-acquisition	Number of farmers	–	4	9	9	–	22
	Average size of leased land	–	1.6	1.50	2.43	–	1.90

Holdings are classified as per the Agriculture Census 2010–11. Leased out land includes also the purchased land in other villages. Source: Surveys conducted by authors.

**Table 3: Impact on Crop Returns**

Crop	Pre-acquisition				Post-acquisition					
	Area (ha)	Yield (Qt/ha)	Price (₹/Qt)	Gross Returns per hectare (lakh)	Area (ha)	Yield (Qt/ha)	Price (₹/Qt)	Gross Returns Per hectare (lakh)		
Banawala										
Wheat	224.85	38.41	1,000	86.36	0.38	113.63	38.41	1400	61.10	0.54
Paddy	–	–	–	–	–	23.49	66.69	1345	21.07	0.89
Cotton	250.95	11.63	3,000	87.56	0.35	109.47	26.77	3950	115.76	1.05
Mustard	26.10	11.86	1,800	5.57	0.21	19.32	11.76	3050	6.93	0.36
Gobindpura										
Wheat	193.8	39.52	1,120	85.78	0.44	100.4	39.52	1400	55.54	0.55
Paddy	102.7	59.28	1,000	60.88	0.59	45.32	59.28	1345	36.13	0.80
Cotton	91.05	17.29	3,500	55.09	0.61	55.04	17.29	3950	37.58	0.68

The study has calculated the real returns by deflating prices using the wholesale price index (base year 2004–05) for the financial year 2007–08 is the pre-acquisition year for Banawala while it was 2010–11 for Gobindpura. 2013–14 has been taken as the post-acquisition year for both locations. Yields are mentioned as per the surveyed results. Source: Surveys conducted by authors.

It is apparent that in Banawala, the change in cropping pattern is almost entirely attributable to the differences in gross returns per hectare and can be explained as an attempt by farmers to maximise returns from a reduced asset base. The replacement of rice by cotton in Gobindpura cannot be explained by differences in the returns per hectare of land. There is no doubt about a change in cropping pattern in this region since 1998. According to the Statistical Abstract of Punjab (2017–18), the area under cotton has decreased from 88,000 ha in 2010–11 to 60,000 ha in 2017–18 in the Mansa district, while the area of paddy and wheat has increased to 1,07,000 ha from 78,000 ha and 1,72,000 ha from 1,70,000 ha respectively during the same period. The study finds specific

reasons for a similar trend in surveyed areas, that is, a decrease in the real income of the farmers due to reduced size of land holdings has compelled them to go for relatively assured returns as from paddy and wheat. Also, the in-hand compensation amount is found to be enabling them to install tube wells, power connections and more horsepower engine tractors for the removal of sandy soil from surface, for producing paddy and wheat.

### Land Acquisition Procedure and Compensation

The new land purchase policy of the Punjab government provides that the acquisition of land should be based on the willingness of the landowners or farmers to sell their land (Roy 2010). However, the survey revealed that the consent of several farmers was not taken before their land was acquired. Notices were sent to them, which stated that their land

would be acquired for the construction of thermal power plants. Most farmers were against the procedure adopted for land acquisition. Only around 20% of the farmers were favourably inclined towards the land acquisition process in both locations while 80% of farmers were against it (Table 4).

The compensation amount received by the farmers was much lower than the amount promised by the government. In Banawala, the promised compensation amount was ₹25 lakh per acre. However, at the time of land acquisition, the compensation given to landowners was ₹9.40 lakh per acre for unirrigated land and ₹15.40 lakh per acre for irrigated land, including displacement allowances. Before the acquisition, the market price of land in this area was ₹5 lakh per acre for unirrigated land and ₹8 lakh per acre for irrigated land. Out of 70 farmers' families, 40 families claimed that, at the time of acquisition, the village accountant showed their irrigated land as unirrigated, and so they got compensation for unirrigated land instead of irrigated land. Things were made worse by an increase in land prices in neighbouring villages to ₹20 lakh per acre, making it difficult for landowners to buy land equivalent to the area they were dispossessed with the amount of compensation they received. These 40 families have filed a joint case in the court. A similar situation was faced by farmers in Gobindpura. The promised compensation amount was ₹50 lakh per acre but at the time of land acquisition, the compensation amount given to the farmers ranged between ₹23.23 lakh per acre and ₹23.77 lakh per acre, including displacement allowances.

Usage of received compensation is one of the major concerns in resettlement and rehabilitation. Although farmers did not have a proper record of their spending from the compensation they received, they were able to provide rough estimates of the amount spent on different purposes. Around 69% of farmers in Banawala used a part of their compensation amount to buy agricultural land; in Gobindpura, only 42% of farmers did so since land available for purchase was not as fertile as the land they were dispossessed of Table 5. Only 3% of landowners in Banawala used a portion of the compensation to start a new business while none of the landowners in Gobindpura used their compensation money for this purpose. Two persons migrated to Canada and Australia with the compensation amount in Gobindpura. However, farmers in Gobindpura spent the remaining part of the compensation amount on unproductive purposes such as the construction of a furnished house, purchase of car/motorcycle, social ceremonies and repayment of

**Table 5: Utilisation of Compensation Amount** (% as unit)

Location	Productive Purpose			Unproductive Purpose			
	Purchase of Agricultural Land	New Business	International Migration	Furnished House	Purchase of Car/Motorcycle	Social Ceremonies	Repayment of Old Debts
Banawala	69	3	–	51	57	11	12
Gobindpura	42	–	2	25	52	21	–

Multiple responses were taken from the respondents.

Source: Surveys conducted by authors.

old debts. Thus, very few people have used the whole compensation amount productively.

### Employment Struggle

As per the Land Acquisition Act in Punjab, the government had promised employment to at least one person from each dispossessed household or a one-time payment of ₹5 lakh per household for rehabilitation. The survey indicated that there was palpable anger and frustration among villagers of Banawala because few got jobs despite the promises. There seemed to be two main reasons for this. The first was linked to the type of employment available in the thermal power plant. The TSPL directly employed only highly skilled workers. In the case of Banawala, the children of 70% of the families surveyed were well educated; many of them were either postgraduates or graduates. They were eligible for jobs in the TSPL, but no one was employed. Besides, relatively unskilled and low-skilled jobs such as cleaning, security, catering and gardening were contracted to external agencies that were not involved in the land acquisition process and on whom no employment conditions could be imposed. From Banawala, only two persons have been employed as security guards, although a major part of the land was acquired from this village. The villagers also claimed that the companies preferred migrant workers to locals. However, the opening of the thermal power plant facilitated self-employment opportunities, reflected in the opening of two small hotels providing lunch and dinner, one tea shop near the TSPL and two canteens inside the TSPL. Employment opportunities were also available in construction activities. The villagers observed that the jobs offered to them were not "of good quality," and were underpaid and contractual in nature. The situation was worse in Gobindpura where about 150 jobs were to be provided to farmers' families; however, only 50 jobs were provided to deserving persons while 100 jobs were given to people whose land had not been acquired.

To assess the impact of land acquisition on the livelihood of labourers, the families of 30 labourers from Banawala and 17 from Gobindpura were included in the survey. The survey indicated that they were among the worst affected by the acquisition. Since they had no land to begin with, they were not entitled to any compensation. With the shrinkage in employment opportunities in the agricultural sector, which was their main source of livelihood, most of them shifted to non-agricultural activities as casual labourers after the acquisition. Their lack of access to credit also meant that they had few opportunities for self-employment.

### Protest and Struggle

Protests against land acquisition have become pervasive across India. Although no official estimates of such struggles are available, there are a number of cases in which dispossessed farmers with the help of farmers' unions struggled to get compensation for the return of their land. These include the cases of Singur in West Bengal, Noida in Uttar Pradesh, and Kalinganagar in Odisha. Similar agitations have taken place in

Banawala and Gobindpura too (*Tribune* 2008a, 2008b, 2008c). But the farmers could not do much as their cases did not get national attraction due to the lack of support from opposition parties, environmentalists and social activists like in other cases, especially the Singur case.

The survey revealed that there were many reasons behind the agitation against land acquisition (*Indian Express* 2011; Kamal 2011; Sharma 2011). The compensation amount received for their land was too low to allow people to buy another piece of agricultural land, and the government could not provide alternate jobs to replace the income lost as a result of the acquisition. Besides landowners, labourers solely dependent on agricultural work were also agitated because they neither received compensation nor did they get alternate jobs.

Table 6 shows that respondents of both villages participated in dharnas. The authorities employed strong-arm tactics such as lathi charge and imprisonment to stop these agitations. The action against agitators impacted them adversely. The survey indicated that most respondents felt that the struggle had left them economically weaker. During the time of the agitation, farmers could not get enough time for farming, which resulted in lower production and consequent loss of income.

**Table 6: Participation in Agitations and Harassment Faced during Acquisition**  
(Number of responses)

Location	Village Dharna	City Dharna	Arrested by Police	Jail	Lathi Charge	Police Case
Banawala	82	74	41	29	40	29
Gobindpura	85	78	58	37	51	37

Multiple responses were taken from the respondents.

Source: Surveys conducted by authors.

### Social and Environmental Externalities

There were many social and environmental externalities associated with land acquisition in the two villages. The survey found that the acquisition process left villages polarised (Table 7). The situation was found to be severe in the case of Gobindpura. Differences between two groups, one of which was in favour of the acquisition and the other against, resulted in each being socially boycotted by the other. Both villages witnessed a disruption in marriage plans, as villagers did not have much land left with them. Most respondents also reported that drug addiction in their villages had increased because of the compensation payouts. One more fact has come out from the Gobindpura land acquisition, where 40% of the population belong to Scheduled Castes (scs). There were nearly 14 houses owned by villagers who were scs which were also acquired, although informally through a written agreement in front of the local government. The process was without compensation and housing facility as they did not have any legal registry. The owners were still searching for housing facility.

More than seven years have passed since the land in Gobindpura was acquired but no construction has been done on the acquired land so far. Unutilised land has serious

**Table 7: Emergence of Social Issues after Acquisition**

Location	Family Disputes	Children's Education	Marriage Issues	Drug Addiction
Banawala	48	–	61	66
Gobindpura	58	65	74	45

Multiple responses were taken from the respondents.

Source: Surveys conducted by authors.

ecological concerns, and the fertility of the land is also in danger. The villagers of Banawala have been facing environmental problems after the power plant began operations. Villagers claimed that the water of the village pond had become polluted after the establishment of the thermal power plant. Because of the absence of a sewerage system in the village, the pipes of toilets of the TSPL had been connected to the village pond. Sixty-three percent of the respondents claimed that the thermal power plant had led to an increase in the incidence of breathing problems in the area since the thermal power plant and the villages were situated close—between 0.4 km and 4 km—to each other. There were already two active thermal power plants in the 80-km arena of the acquired land during the acquisition. Thus, land acquisition for the establishment of two more thermal power plants raises many questions.

### Conclusions and Suggestions

This case of land acquisition in Punjab highlights the weaknesses in existing land acquisition laws of India. Clearly, there was no rehabilitation package in place, including measures to ensure that livelihoods were not adversely affected as a result of acquisition. The method of determining compensation for the land acquired emerged as another issue. The value of land cannot be decided on the basis of its use value only as land has multiple uses (Shylendra 2018). Structural conditions, which include the utility of the land, are also important to determine the market price of the land (Chakravorty 2016). Compensation based on the so-called market value of land often underestimates its value, given that transactions in land often take place at prices much higher than that reflected in the price at which such transactions are registered. Besides, the interests of landless labourers affected by the acquisition were overlooked.

While India's land acquisition policy clearly mandates that preference be given to locals in projects developed on acquired land, this was clearly not followed in the two cases discussed in this paper. Nor was any attempt made to ensure that affected villagers were provided with the training they needed to acquire or improve their skills that would enable them to take advantage of employment opportunities arising from development projects. One way of protecting the livelihoods of the dispossessed could be to make them partners in development projects so that they are entitled to a proportion of the income generated after the completion of a project (Sathe 2015).

It is also necessary to mandate an environmental impact assessment of proposed projects (Gill 2015). This will ensure that mitigation strategies can be worked out in cases where projects are likely to have an adverse environmental impact. Under s1A, agricultural labourers are also eligible for compensation, but were not compensated in the case of the Banawala project. Quite apart from ensuring that an s1A is carried out, conflicts between the dispossessed and the government could be reduced if the findings of these reports are shared with those who are likely to be affected.

The government should make some provisions in the new land acquisition bill for people whose lands were acquired

under older land acquisition laws. After the termination of the Sutlej Yamuna Link canal water-sharing agreement under which 461 acres of land were acquired from four districts of Ropar, Fatehgarh Sahib, Mohali and Patiala, the land was transferred back without any charges in 2016. This has not been the case in Gobindpura, where the land remains unutilised even seven years after it was acquired. The land acquisition act provides for transferring acquired land back to the original owners if it remains unutilised for five years. Clearly, apart from the gaps in the acquisition laws that exist, there is a problem with enforcement too.

Land has a social value for agrarian communities, and compensation acts as wealth and not income for them. So, “long term livelihood opportunities” for the dispossessed farmers should be rebuilt. Clearly, some provisions for livelihood for landless labourers should be provided in the act. Besides, land records need to be digitised to eliminate the scope for manipulation that clearly took place in these two cases where irrigated land was categorised as unirrigated land and outsiders or those who were not dispossessed of their land were able to corner jobs meant for the dispossessed in connivance with village-level functionaries.

## NOTES

- 1 Talwandi Sabo Power Limited (TSPL), which is the largest private thermal power plant in Punjab, is a 100% subsidiary of Vedanta.
- 2 There were a few amendments to the LAA, 1894, in various years, that is in 1919, 1921, 1923, 1933, 1962, 1967, 1984 and 2007.
- 3 Public purpose includes projects for strategic purposes such as military, naval, air force, armed force, and other paramilitary services, infrastructural projects such as agro-industries, cold storages, fisheries, dairies set up by the government, industrial corridors, mining activities, national investment manufacturing zones, projects for water harvesting and conservation, educational institutions, hospitals, affordable housing projects for marginalised sections of the population and people affected by natural calamities, and sports, tourism, transportation and other projects (Gol 2013).
- 4 Land acquisition under 13 laws such as the Ancient Monuments and Archaeological Sites and Remains Act, 1958, the Atomic Energy Act, 1962, the Damodar Valley Corporation Act, 1948, the Indian Tramways Act, 1886, the Land Acquisition (Mines) Act, 1885, the Metro Railways (Construction of Works) Act, 1978, the National Highways Act, 1956, the Petroleum and Minerals Pipelines Act, 1962, the Requisitioning and Acquisition of Immovable Property Act, 1952, the Resettlement of Displaced Persons Act, 1948, the Coal Bearing Areas Acquisition and Development Act, 1957, the Electricity Act, 2003, and the Railways Act, 1989 were not covered by this act (Gol 2015).
- 5 As defined by the Gol (2015), “A private entity is an entity other than a government entity and could include a proprietorship, partnership, company, corporation, a non-profit organization, or other entity under any other law.”
- 5 The Gobindpura location included areas in Phullewala Dod, Sirsiwala, Jalbahera, and Baretta villages.
- 7 The Banawala location included areas in Raipur, Talwandi Aklia and Peron villages.

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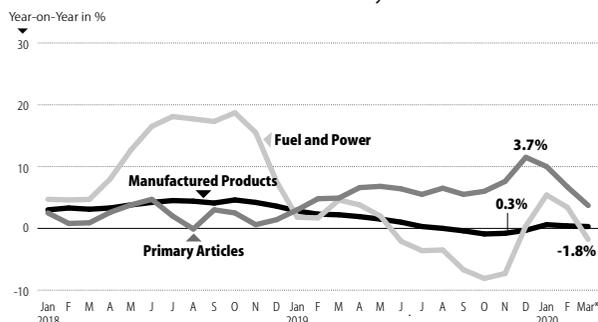
**Wholesale Price Index**

The year-on-year (y-o-y) WPI inflation rate decreased to 1.0% in March 2020 from 3.0% a registered a year ago and 2.3% a month ago. The index for primary articles decreased by 3.7% compared to 4.9% reported a year ago and 6.7% a month ago. The index for food articles decreased by 4.9% compared to 5.2% recorded a year ago and 7.7% a month ago. The index for fuel and power declined by (-)1.8% against 4.6% and that for manufactured products decreased by 0.3% compared to 2.2% a year ago.

**Consumer Price Index**

The CPI-inflation rate increased to 5.9% in March 2020 from 2.9% registered a year ago, but was lower than 6.6% reported in February 2020. The consumer food price index rose by 8.8% against 0.3% reported a year ago, but was lower than 10.8% a month ago. The CPI-rural inflation rate stood higher at 6.1% and the urban inflation rate at 5.7% compared to 1.8% and 4.1%, respectively, recorded a year ago. As per Labour Bureau data, the CPI-inflation rate of agricultural labourers (CPI-AL) increased to 9.0% in March 2020 from 4.2% registered a year ago and that of industrial workers (CPI-IW) decreased to 6.8% in February 2020 from 7.0% reported a year ago.

**Movement of WPI Sub-indices January 2018–March 2020**



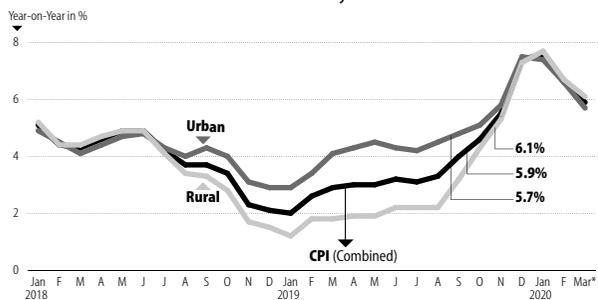
\*Data is provisional; Base: 2011–12=100.

**Trends in WPI and Its Components March 2020\* (%)**

	Weights	Over Month	Over Year	Financial Year (Averages)		
				2017–18	2018–19	2019–20
All commodities	100	-0.9	1.0	2.74	3.10	1.00
Primary articles	22.6	-2.5	3.7	0.87	4.91	3.72
Food articles	15.3	-2.1	4.9	-0.22	5.24	4.91
Fuel and power	13.2	-3.1	-1.8	4.70	4.59	-1.76
Manufactured products	64.2	0.0	0.3	3.12	2.16	0.34

\*Data is provisional; Base: 2011–12=100; Source: Ministry of Commerce and Industry.

**Movement of CPI Inflation January 2018–March 2020**



\* March 2020 is provisional; Source: National Statistical Office (NSO); Base: 2012=100.

**Inflation in CPI and Its Components March 2020\* (%)**

	Weights	Latest Month Index	Over Month	Over Year	Financial Year (Avgs)	
					2018–19	2019–20
CPI combined	100	148.7	-0.3	5.9	3.4	4.8
Consumer food	39.1	147.8	-1.3	8.8	0.1	6.7
Miscellaneous	28.3	143.8	0.1	4.4	5.8	4.4

**CPI: Occupation-wise**

	Index	Over Month	Over Year	2018–19	2019–20
Industrial workers (2001=100)#	328.0	-0.6	6.8	3.1	5.4
Agricultural labourers (1986–87=100)	1007.0	-0.3	9.0	2.1	8.0

\* Provisional; # February 2020; Source: NSO (rural & urban); Labour Bureau (IW and AL).

**Foreign Trade**

The trade deficit narrowed down to \$9.8 bn in March 2020 compared to \$11.0 bn reported a year ago. Exports declined by (-)34.6% to \$21.4 bn and imports by (-)28.7% to \$31.2 bn from \$32.7 bn and \$43.7 bn, respectively, recorded a year ago. Oil imports were lower by (-)15% at \$10.0 bn and non-oil imports by (-)33.8% at \$21.2 bn from their respective values of \$11.8 bn and \$1.9 bn registered a year ago. During the financial year 2019–20, cumulative exports declined by (-)4.8% to \$314.3 bn and imports by (-)9.1% to \$467.2 bn from \$330.1 bn and \$514.1 bn, respectively.

**Index of Industrial Production**

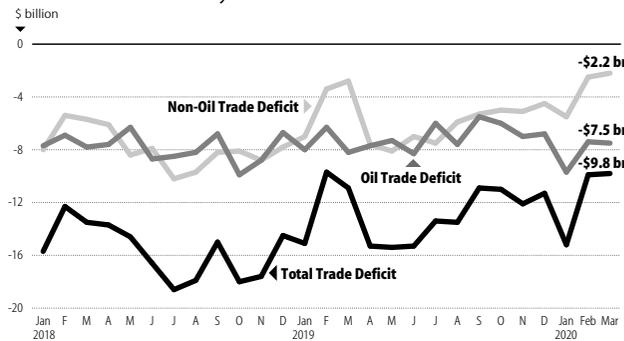
The y-o-y growth rate of IIP increased to 4.5% in February 2020 from 0.2% registered a year ago. The index of eight core industries increased by 5.5% in February 2020 compared to 2.2% registered a year ago. Growth rates of petroleum refinery products rose to 7.4%, coal to 10.3% and electricity generation to 11.0% from their respective growth rates of -0.8%, 7.4% and 1.2%. Production of fertilisers increased by 2.9% and cement by 8.6% compared to 2.5% and 8.0%, respectively. Production of crude oil declined by (-)6.4%, natural gas by (-)9.6% and steel by (-)0.4% against -6.1%, 3.8% and 4.9%, respectively.

**Merchandise Trade March 2020**

	March 2020 (\$ bn)	Over Month (%)	Over Year (%)	April–March (2019–20 over 2018–19) (%)
Exports	21.4	-22.6	-34.6	-4.8
Imports	31.2	-16.9	-28.7	-9.1
Trade deficit	9.8	-0.9	-11.3	-16.9

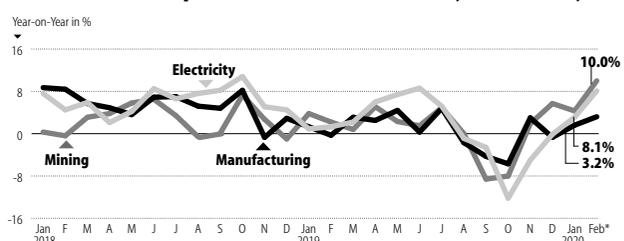
Data is provisional. Source: Ministry of Commerce and Industry.

**Trade Deficits January 2018–March 2020**



Oil refers to crude petroleum and petroleum products, while Non-Oil refers to all other commodities.

**Movement of Components of IIP Growth January 2018–February 2020**



\* February 2020 are quick estimates; Base: 2011–12=100.

**Growth in Eight Core Industries February 2019\* (%)**

	Weights	Over Month	Over Year	Financial Year (Avgs)	
				2017–18	2018–19
General index	100	-2.8	4.5	4.4	3.6
Infrastructure industries	40.27@	-2.6	5.5	4.3	4.4
Coal	10.3	4.0	10.3	2.6	7.4
Crude oil	9.0	-11.0	-6.4	-0.9	-4.1
Natural gas	6.9	-10.8	-9.6	2.9	0.8
Petroleum refinery products	28.0	-4.1	7.4	4.6	3.1
Fertilisers	2.6	-7.4	2.9	0.0	0.3
Steel	17.9	-1.9	-0.4	5.6	5.1
Cement	5.4	-1.4	8.6	6.3	13.3
Electricity	19.9	-1.7	11.0	5.3	5.2

(Base: 2011–12=100); \*Data is provisional; @- The revised eight core industries have a combined weight of 40.27% in the IIP. Source: NSO and Ministry of Commerce and Industry.

## India's Quarterly Estimates of Final Expenditures on GDP

₹ Crore   at 2011-12 Prices	2017-18				2018-19				2019-20		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Private final consumption expenditure	1769688 (9.3)	1750056 (5.5)	1911901 (5.3)	1948174 (7.7)	1889008 (6.7)	1903853 (8.8)	2046415 (7.0)	2068781 (6.2)	1983491 (5.0)	2010993 (5.6)	2166235 (5.9)
Government final consumption expenditure	362769 (21.6)	367882 (7.4)	319547 (10.5)	293024 (8.9)	393709 (8.5)	407780 (10.8)	341988 (7.0)	335088 (14.4)	428390 (8.8)	461585 (13.2)	382338 (11.8)
Gross fixed capital formation	958859 (0.7)	967190 (5.9)	1014300 (8.8)	1120846 (13.7)	1082670 (12.9)	1077942 (11.5)	1130201 (11.4)	1170154 (4.4)	1129470 (4.3)	1033344 (-4.1)	1071887 (-5.2)
Change in stocks	49996 (61.7)	54050 (75.8)	52497 (78.3)	59252 (79.6)	64131 (28.3)	66159 (22.4)	63999 (21.9)	70126 (18.4)	66411 (3.6)	66732 (0.9)	64668 (1.0)
Valueables	62905 (80.1)	46317 (25.0)	39512 (11.2)	43927 (1.5)	41080 (-34.7)	44629 (-3.6)	39252 (-0.7)	44773 (1.9)	49519 (20.5)	49919 (11.9)	41824 (6.6)
Net trade (Export-import)	-137041	-85422	-128661	-125231	-122238	-141491	-104580	-51925	-117247	-76415	-50489
Exports	627176 (3.9)	639543 (4.5)	646620 (4.4)	688438 (5.0)	686695 (9.5)	719352 (12.5)	748505 (15.8)	767991 (11.6)	708771 (3.2)	703973 (-2.1)	707407 (-5.5)
Less imports	764217 (21.8)	724965 (10.5)	775281 (14.1)	813669 (23.6)	808933 (5.9)	860843 (18.7)	853085 (10.0)	819916 (0.8)	826018 (2.1)	780388 (-9.3)	757896 (-11.2)
Discrepancies	69397	132000	105705	151721	10803	73679	-17242	52683	7482	61000	-11460
Gross domestic product (GDP)	3136572 (5.1)	3232072 (7.3)	3314801 (8.7)	3491715 (7.4)	3359162 (7.1)	3432553 (6.2)	3500033 (5.6)	3689678 (5.7)	3547516 (5.6)	3607157 (5.1)	3665003 (4.7)

## India's Overall Balance of Payments (Net): Quarterly

	2018-19 (\$ mn)				2019-20 (\$ mn)			2018-19 (₹ bn)				2019-20 (₹ bn)		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Current account	-15803	-19054	-17752	-4647	-14417	-6512	-1417	-1059 [-2.3]	-1337 [-2.9]	-1279 [-2.7]	-328 [-0.7]	-1003 [-2.0]	-459 [-0.9]	-101 [-0.2]
Merchandise	-45751	-50037	-49281	-35214	-46182	-38085	-34625	-3065	-3510	-3552	-2482	-3212	-2682	-2466
Invisibles	29947	30984	31529	30567	31765	31573	33208	2006	2174	2272	2154	2209	2224	2365
Services	18676	20256	21678	21331	20076	20444	21880	1251	1421	1562	1503	1396	1440	1558
of which: Software services	18605	19286	19895	19868	20998	21064	21455	1246	1353	1434	1400	1460	1484	1528
Transfers	17031	19331	17424	16160	17964	19952	18693	1141	1356	1256	1139	1249	1405	1331
of which: Private	17216	19511	17558	16317	18224	20188	18932	1153	1369	1265	1150	1267	1422	1349
Income	-5760	-8603	-7573	-6925	-6275	-8822	-7364	-386	-604	-546	-488	-436	-621	-525
Capital account	4787	16604	13770	19241	28208	12283	22355	321 [0.7]	1165 [2.5]	992 [1.2]	1356 [2.7]	1962 [4.0]	865 [1.7]	1592 [3.1]
of which: Foreign investment	1427	7612	5199	15856	19041	10389	17802	96	534	375	1117	1324	732	1268
Overall balance	-11338	-1868	-4296	14162	13984	5118	21601	-760 [-1.7]	-131 [-0.3]	-310 [-0.6]	998 [2.0]	973 [2.0]	360 [0.7]	1539 [3.0]

Figures in square brackets are percentage to GDP.

## Foreign Exchange Reserves

Excluding gold but including revaluation effects	2018-19 (\$ mn)			2019-20 (\$ mn)		2018-19 (₹ bn)				2019-20 (₹ bn)			
	10 April 2020	12 April 2019	31 March 2020	Over Month	Over Year	Financial Year So Far		Variation		Financial Year		2019-20	
₹ crore	3370175	2691300	3344616	49047	678875	15660	25560	218620	25300	353270	68050	668976	
\$ mn	441762	388221	443645	-7045	53541	1408	-1884	16297	10160	53217	-14168	56831	

## Monetary Aggregates

₹ Crore	Outstanding 2020	Over Month	Over Year	Variation				
				Financial Year So Far		Financial Year		
Money supply (M <sub>2</sub> ) as on 27 March	16795276	330468 (2.0)	1351682 (8.8)	1481007 (10.6)	1363209 (8.8)	1174310 (10.1)	1170657 (9.2)	1469480 (10.5)
Components								
Currency with public	2341851	86080 (3.8)	286806 (14.0)	295332 (16.8)	289641 (14.1)	-333130 (-20.9)	495583 (39.2)	292497 (16.6)
Demand deposits	1737659	153245 (9.7)	111147 (6.8)	142800 (9.6)	111147 (6.8)	406920 (41.1)	86962 (6.2)	142800 (9.6)
Time deposits	12677590	87524 (0.7)	955986 (8.2)	1026348 (9.6)	955986 (8.2)	1094920 (12.1)	585266 (5.8)	1026348 (9.6)
Other deposits with RBI	38177	3619 (10.5)	-2257 (-5.6)	16527 (69.1)	6435 (20.3)	5640 (36.5)	2817 (13.4)	7835 (32.8)
Sources								
Net bank credit to government	5008351	24464 (0.5)	576070 (13.0)	430882 (10.8)	619861 (14.1)	618120 (19.1)	144799 (3.8)	387091 (9.7)
Bank credit to commercial sector	11038144	278685 (2.6)	655411 (6.3)	1169018 (12.7)	655425 (6.3)	608420 (7.8)	802225 (9.5)	1169004 (12.7)
Net foreign exchange assets	3754433	63267 (1.7)	685544 (22.3)	146594 (5.0)	683593 (22.3)	24510 (1.0)	364065 (14.2)	148545 (5.1)
Banking sector's net non-monetary liabilities	3031966	35983 (1.2)	565815 (22.9)	265676 (12.1)	596096 (24.5)	79910 (4.0)	140995 (6.8)	235395 (10.7)
Reserve money as on 10 April	2962068	-66919 (-2.2)	218908 (8.0)	-27322 (-1.0)	-67606 (-2.2)	518300 (27.3)	351702 (14.5)	259192 (9.4)
Components								
Currency in circulation	2486897	86914 (3.6)	312300 (14.4)	37826 (1.8)	39618 (1.6)	494078 (37.0)	307423 (16.8)	310508 (14.5)
Bankers' deposits with RBI	435745	-157084 (-26.5)	-104978 (-19.4)	-61246 (-10.2)	-108143 (-19.9)	21405 (3.9)	36444 (6.4)	-58081 (-9.6)
Other deposits with RBI	39426	3251 (9.0)	11586 (41.6)	-3902 (-12.3)	919 (2.4)	2817 (13.4)	7835 (32.8)	6765 (21.3)
Sources								
Net RBI credit to Government	1171048	147123 (14.4)	288104 (32.6)	80993 (10.1)	178856 (18.0)	-144836 (-23.3)	325987 (68.5)	190241 (23.7)
of which: Centre	1170729	152916 (15.0)	293777 (33.5)	76479 (9.6)	180988 (18.3)	-145304 (-23.5)	326187 (68.8)	189268 (23.6)
RBI credit to banks & commercial sector	-437806	-172925 (65.3)	-479522 (-1149.5)	-111135 (-72.7)	-236913 (117.9)	372643 (-120.5)	89478 (0.0)	-353744 (0.0)
Net foreign exchange assets of RBI	3630737	77772 (2.2)	766209 (26.7)	15941 (0.6)	40335 (1.1)	363571 (15.2)	87806 (3.2)	741815 (26.0)
Govt's currency liabilities to the public	26315	0 (0.0)	427 (1.6)	0 (0.0)	0 (0.0)	572 (2.3)	236 (0.9)	427 (1.6)
Net non-monetary liabilities of RBI	1428226	118889 (9.1)	356310 (33.2)	13121 (1.2)	49884 (3.6)	73650 (8.8)	151805 (16.7)	319547 (30.2)

## Scheduled Commercial Banks' Indicators (₹ crore)

(As on 27 March)	Outstanding 2020	Over Month	Over Year	Variation				
				Financial Year So Far		Financial Year		
Aggregate deposits	13571033	239328 (1.8)	997261 (7.9)	1147722 (10.0)	997261 (7.9)	1430370 (15.3)	668390 (6.2)	1147722 (10.0)
Demand	1616970	151500 (10.3)	105682 (7.0)	141005 (10.3)	105682 (7.0)	392440 (44.1)	88843 (6.9)	141005 (10.3)
Time	11954063	87828 (0.7)	891579 (8.1)	1006717 (10.0)	891579 (8.1)	1037920 (12.3)	579547 (6.1)	1006717 (10.0)
Cash in hand	87154	5172 (6.3)	12277 (16.4)	14812 (24.7)	12277 (16.4)	3920 (6.8)	-1295 (-2.1)	14812 (24.7)
Balance with RBI	505131	-44902 (-8.2)	-60576 (-10.7)	40021 (7.6)	-60576 (-10.7)	121330 (31.3)	16906 (3.3)	40021 (7.6)
Investments	3693396	-84774 (-2.2)	312340 (9.2)	62602 (1.9)	312340 (9.2)	405440 (15.4)	287494 (9.5)	62602 (1.9)
of which: Government securities	3684743	-84299 (-2.2)	305741 (9.0)	61595 (1.9)	305741 (9.0)	405820 (15.5)	287657 (9.5)	61595 (1.9)
Bank credit	10371913	266933 (2.6)	600190 (6.1)	1146298 (13.3)	600190 (6.1)	591840 (8.2)	783965 (10.0)	1146298 (13.3)
of which: Non-food credit	10320150	280766 (2.8)	590037 (6.1)	1146677 (13.4)	590037 (6.1)	643170 (9.0)	795906 (10.2)	1146677 (13.4)

## Capital Markets

	17 April 2020	Month Ago	Year Ago	Financial Year So Far		2019-20		End of Financial Year			
				Trough	Peak	Trough	Peak	2017-18	2018-19	2019-20	
S&P BSE SENSEX (Base: 1978-79=100)	31589	(-19.6)	30579	39276 (14.2)	27591	31589	25981	41953	32969 (12.1)	39714.20 (12.4)	29816 (-21.8)
S&P BSE-100 (Base: 1983-84=100)	9404	(-21.4)	9089	11970 (9.2)	8180	9404	7683	12456	10503 (11.5)	12044.07 (9.1)	8693 (-25.2)
S&P BSE-200 (1989-90=100)	3922	(-21.1)	3799	4972 (7.2)	3416	3922	3209	5185	4433 (12.0)	4986.55 (7.1)	3614 (-25.1)
CNX Nifty-50 (Base: 3 Nov 1995=1000)	9267	(-21.4)	8967	11787 (11.7)	8084	9267	7610	12362	10114 (11.1)	11922.80 (11.1)	8660 (-24.3)
CNX Nifty-500	7614	(-22.2)	7418	9781 (4.8)	6638	7614	6243	10119	8912 (12.6)	9805.05 (5.3)	7003 (-26.3)

Figures in brackets are percentage variations over the specified or over the comparable period of the previous year. | (-) = not relevant | - = not available | NS = new series | PE = provisional estimates

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## Secondary Market Transactions in Government Securities and the Forex Market—Weeks Ending 3, 10 and 17 April 2020

### 1 Settlement Volume of Government Securities (G-Sec) Transactions (Face Value in ₹ Crore)

Week Ended	17 April 2020		10 April 2020		3 April 2020		19 April 2019		2019-20*		2018-19**	
	Number of Trades	Volume	Number of Trades	Volume	Number of Trades	Volume	Number of Trades	Volume	Number of Trades	Volume	Number of Trades	Volume
Outright	5493	109419	4018	85030	5839	136978	7408	103394	11373	260646	41271	565362
Repo	1989	291022	1449	230768	1260	206568	1380	146181	3848	595542	5260	554868
TREP	3715	942450	2841	712548	2511	533068	2727	409921	7426	1654999	10211	1596125
Total	11197	1342892	8308	1028346	9610	876613	11515	659496	22647	2511187	56742	2716355
Daily Avg Outright	1373	27355	1339	28343	1946	45659	2469	34465	1422	32581	3439	47114
Daily Avg Repo	497	72755	362	57692	420	68856	460	48727	428	66171	438	46239
Daily Avg TREP	929	235613	710	178137	837	177689	909	136640	825	183889	851	133010

### 2 Instrumentwise Outright and Repo Details (Amount in ₹ Crore)

	Outright		Repo		Outright		Repo		Outright		Repo	
	Buy Side	Sell Side										
Central Government	67322	182266	43265	142434	88982	153597	87171	106346				
State Government	5857	60091	4276	31260	3665	22600	7815	23191				
Treasury Bills	36240	48665	37490	57074	44331	30371	8407	16645				
Total	109419	291022	85030	230768	136978	206568	103394	146182				

### 3 Top 5 Traded Central Govt Dated Securities (17 April 2020)

Security Description	Trades	Value (₹ Crore)	% Value to Total
6.45% GS 2029	1623	19711	29.28
7.32% GS 2024	497	8039	11.94
6.18% GS 2024	300	4493	6.67
7.27% GS 2026	310	4070	6.05
7.57% GS 2033	231	2371	3.52

### 4 Category-wise Buying/Selling Activity (Market Share %) (17 April 2020)

Category	Outright		Reverse Repo		Repo		TREP Lending		CBLO Borrowing		NDS Call		IRS MIBOR		IRS-MIFOR	
	Buy Side	Sell Side	Buy Side	Sell Side	Buy Side	Sell Side	Buy Side	Sell Side	Buy Side	Sell Side	Buy Side	Sell Side	Buy Side	Sell Side	Buy Side	Sell Side
Cooperative Banks	2.46	1.83	0.36	0.89	0.42	0.42	61.65	0.55	-	-	-	-	-	-	-	-
Financial Institutions	0.01	0.00	0.00	0.00	8.95	5.71	-	-	-	-	-	-	-	-	-	-
Foreign Banks	25.11	26.73	18.62	27.39	0.30	9.13	3.84	2.40	47.78	30.65	81.63	83.55	-	-	-	-
Insurance Companies	1.39	1.15	5.03	0.00	15.80	0.00	-	-	-	-	-	-	-	-	-	-
Mutual Funds	14.92	6.12	74.42	0.00	70.27	1.17	-	-	-	-	-	-	-	-	-	-
Others	19.42	2.22	0.04	1.23	3.89	4.63	-	-	-	-	-	-	-	-	-	-
Primary Dealers	7.95	9.78	0.62	44.68	0.00	6.56	0.00	37.67	22.59	33.86	0.00	0.00	-	-	-	-
Private Sector Banks	20.34	34.22	0.89	24.17	0.12	44.79	17.31	33.80	29.15	35.43	18.37	16.45	-	-	-	-
Public Sector Banks	8.41	17.94	0.02	1.65	0.26	27.60	17.19	25.59	0.48	0.07	0.00	0.00	-	-	-	-

### 5 Trading Platform Analysis—Trading Value (Face Value in ₹ Crore) (17 April 2020)

Week Ended	OTC			NDS-OM			Brokered Deals			Total	
	Number of Trades	Volume	Market Share (%)	Number of Trades	Volume	Market Share (%)	Number of Trades	Volume	Market Share (%)	Number of Trades	Volume
Central Government	256	11420	13.10	5968	75736	86.90	40	2570	2.95	6224	87156
State Government	215	2145	39.26	388	3318	60.74	13	195	3.57	603	5463
Treasury Bills	82	26231	77.80	219	7485	22.20	21	3570	10.59	301	33716
Total	553	39796	31.50	6575	86539	68.50	74	6335	5.01	7128	126335

### 6 Settlement Volume of Forex Segment

Segment	17 April 2020		10 April 2020		3 April 2020		19 April 2019		2019-20*		2018-19**	
	Number of Deals	Volume (\$ mn)										
Cash	1054	16271	892	11961	830	12437	850	11055	2234	32855	4704	62991
Tom	1278	17440	1254	16056	1418	14985	1440	15412	2978	38346	8336	91498
Spot	20548	24854	20010	25518	21240	32152	45182	41884	47042	60054	185946	191073
Forward	804	7118	410	3711	19314	142346	722	7769	2308	25933	3026	31463
Total	23684	65684	22566	57246	42802	201920	48194	76120	54562	157188	202012	377025
Average	5921	16421	7522	19082	14267	67307	16065	25373	5456	15719	16834	31419

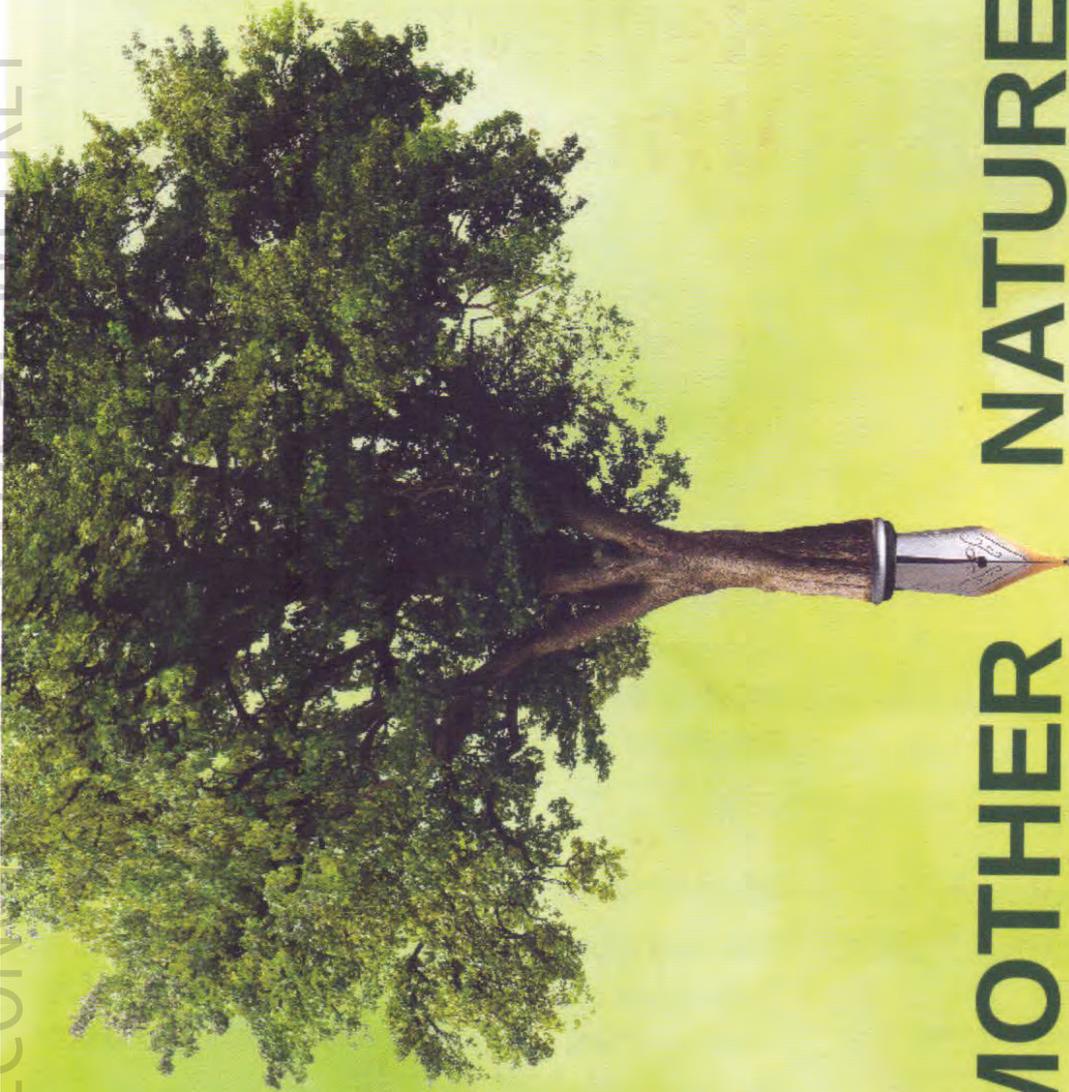
### 7 Tenor-wise Forward Trades

Tenor	17 April 2020			10 April 2020			3 April 2020			19 April 2019		
	Number of Deals	Value (\$ mn)	% to Total Value	Number of Deals	Value (\$ mn)	% to Total Value	Number of Deals	Value (\$ mn)	% to Total Value	Number of Deals	Value (\$ mn)	% to Total Value
< 30 Days	88	3442	48.4	45	1682	45.3	1387	29354	20.6	167	6394	82.30
> = 30 Days & < = 90 Days	141	2198	30.9	81	1353	36.5	2227	41483	29.1	69	494	6.35
> 90 Days & < = 180 Days	75	709	10.0	25	262	7.1	2128	35105	24.7	62	525	6.76
> 180 Days & < = 365 Days	79	665	9.3	37	368	9.9	3377	30361	21.3	30	142	1.83
> 1 year	19	103	1.4	17	46	1.2	538	6043	4.2	33	215	2.76
Total	402	7118	100	205	3711	100	9657	142346	100	361	7769	100.00

\* Data pertain to 1 April 2019–17 April 2020. \*\* Data pertain to 1 April 2018–19 April 2019.

(i) Tables 1 to 5 relate to Securities Segment, and (ii) Tables 6 and 7 relate to Forex Segment.

Source: Clearing Corporation of India Limited (CCL).

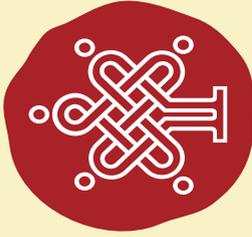


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