

Funny Money

IN OTHER WORDS



AMITAVA KAR

IT'S not clear what India's temporary proscription of Rs 500 and Rs 1000 notes is going to achieve. The move is supposedly aimed at cracking down on illegal cash

money is likely if not inevitable. Many other economists say the costs of such a one-time flush will be enormous. Hundreds of thousands of ordinary people among them farmers who do not even have bank accounts fear harassment by officials. So it is quite possible that all this fuss achieves is a sudden curtailment of total money supply - a kind of contraction of the economy.

notes into new ones. ... A whole range of people would come up who will say you give us 1000 rupees and we will give you 800 rupees or 700 rupees or whatever. Consequently, instead of curbing black business it will actually give rise to the proliferation of black business," he told The Wire.

A glance at the rear view mirror of history would confirm Professor Patnaik's fear. In 1978, when India

be in foreign bank accounts. And all cash is not black money. Many legitimate businesses deal with large amounts of cash. Petrol pumps, restaurants, textile merchants and jewellers often have large cash holdings by the end of the day with many customers paying in cash.

And then, will the ban encourage people to disclose all incomes and start paying taxes on it? Or does that require

Minister Narendra Modi has other motives behind the dramatic step? Let's consider the timing. It comes only a few months before crucial assembly polls in Uttar Pradesh and Punjab, where money for votes is allegedly a common practice, as is handing out gifts. Modi desperately wants to polish his image as a decisive leader something that brought him to power. He needed a big-bang idea like this to make an impact ahead of the polls.

Not everyone opposes the move. Shahabuddin Yaqoob Quraishi, a former Secretary to the central government and former chief election commissioner of India, welcomes the decision. Money for the polls due early next year must have begun circulating already. Demonetisation will now squeeze the cash flow ahead of elections as the new currencies will be issued under stringent RBI checks, he said.

But all this could have been done in a more planned way like the European Central Bank is phasing out the 500-euro (USD 575) notes to stop their use in "illicit activities." The ECB in May said it would stop printing the 500-euro banknote but the note would remain legal tender. That means any tourist visiting those countries would suddenly find themselves in a very difficult situation as many Bangladeshi tourists are facing in India.

The real problems ailing the Indian economy lie elsewhere. The amount of stressed loans in the banking system has exceeded Rs. 9 lakh crore, most of which is owed by Indian corporate houses to the government banks, resulting in a huge debt overhang. Despite much hyped claims of fast economic growth, revenue mobilisation has hardly shown signs of improvement. Redistribution policies have been rolled back.

India needs good policies to curb corruption, not gimmicks.

The writer is member of the Editorial Team, The Daily Star.

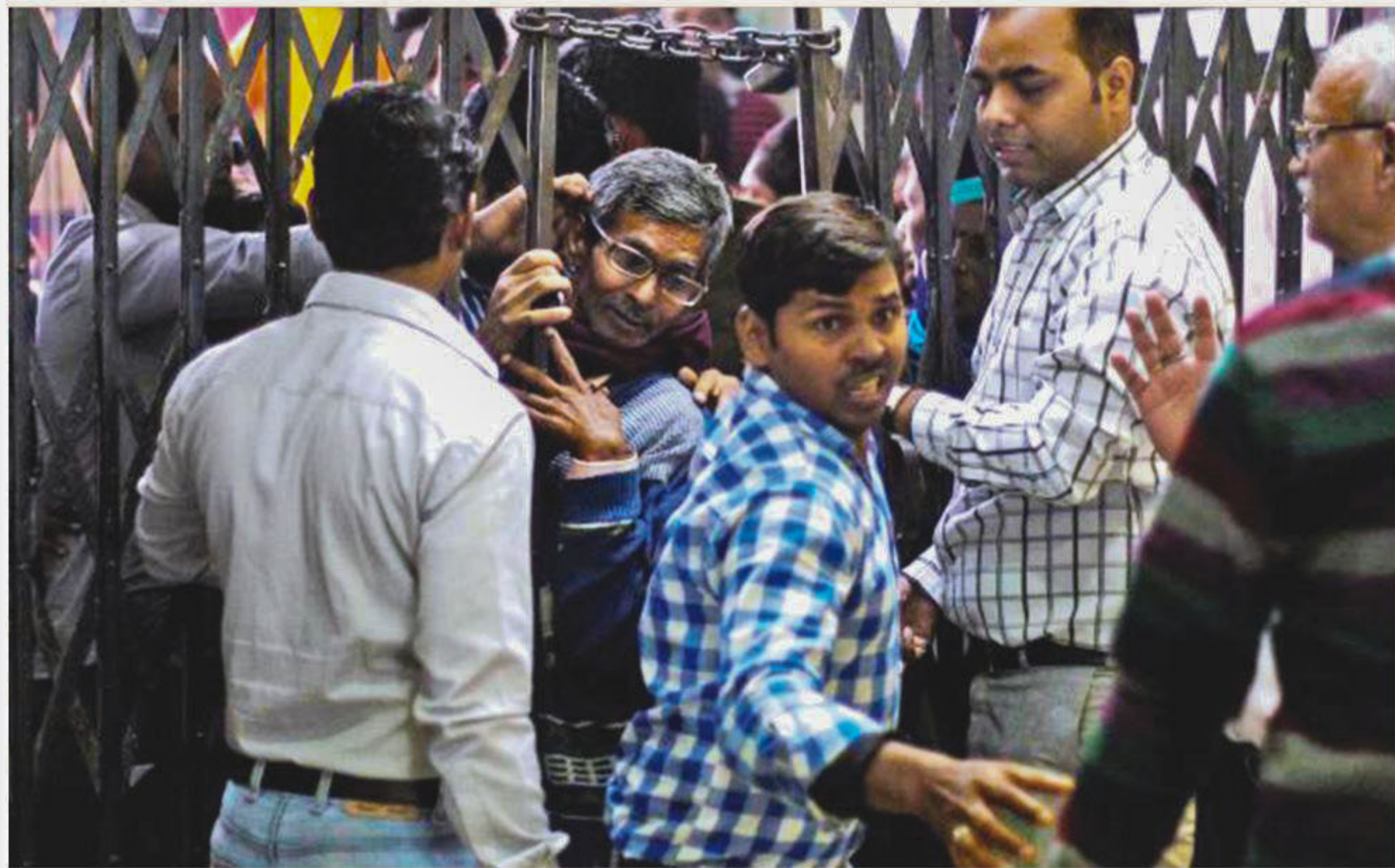
All black money is not held in cash. It may be in foreign bank accounts. And all cash is not black money. Many legitimate businesses deal with large amounts of cash. Petrol pumps, restaurants, textile merchants and jewellers often have large cash holdings by the end of the day with many customers paying in cash.

holdings - commonly known as "black" money in this part of the world - and counterfeit currency. Nobody has an estimate of how much illicit wealth is stashed in wads of notes of these denominations which accounted for more than four-fifth of the currency in circulation.

The sudden move has sparked scenes of chaos outside banks and ATMs. Low-income Indians, traders, ordinary savers and tourists have been thronging banks to deposit expired money and withdraw lower denominations. But will it be able to touch the long devised sophisticated ways in which a large part of the black money held in other forms of assets like benami properties (purchased in someone else's name) in land, real estate, gold, foreign currency and offshore bank accounts?

Therefore, the ban is unlikely to affect anything other than a tiny fraction of the present stock of black money. Some economists believe it's just bad economics. Kaushik Basu, the chief economist of the World Bank and a former chief economic adviser to the previous Congress government, has said the "collateral damage" is likely to outstrip its benefits. Others say the move will have a limited impact as people will simply begin to accumulate money in new currency as soon as that becomes available.

Basu, also a professor of Economics at Cornell, means that the ban is, at best, a one-time flushing out of the system and the return of the black



People rush inside a bank to exchange their old high denomination banknotes in Allahabad, India.

PHOTO: REUTERS

Prabhat Patnaik, a Marxist economist and former professor at JNU has said the decision betrays a lack of understanding of capitalism.

"Typically, what happens in capitalism in a situation like this is that there would be a new business opening up about how to change old currency

demonetised the 1,000 rupee note, a black market sprang up and people who had these notes took a loss while selling off these notes to people who could claim them as legal income.

There are other problems with the assumptions behind the drive. All black money is not held in cash. It may

simplification of the tax system? As long as agricultural income can be used as a way to avoid taxes and indirect tax rates have multiple rates and exemptions, the problem of tax evasion is unlikely to go away.

Even a layman can see the futility of the initiative. Is it possible that Prime

Handcuffing and human rights

STRAIGHT LINE



MUHAMMAD NURUL HUDA

THIS newspaper on November 15 reported very poignantly that "inhumane action by police triggered loud criticisms as handcuffing a

physically challenged person is a clear violation of his fundamental rights guaranteed by the constitution." Understandably, the issue needs to be understood in proper perspective.

Before one ventures to find out the legality and appropriateness of handcuffing and roping prisoners, meaning more specifically of its use, abuse and misuse, one needs to acknowledge that our regulatory establishment, for reasons all too known, has not been a faithful respecter of human rights and dignity. Sadly, while the Constitution and the higher judiciary has been admirably lofty and proactive in noticing deprivation of human rights, the same concern has not been reflected in the manuals, rules and regulations related to law enforcement.

Old rules and circulars and instructions issued under Prisons Act and Police regulations are read incongruously with the Constitution and the interpretation put upon it by the court. The need, quite clearly, is to convert the rulings of the court bearing on such administrations into rules and instructions forthwith so that violations of the prisoner's freedom can be avoided. After all, human rights are as much cherished by the state as the citizens.

On the issue of freedom belonging to

the prisoner, it needs to be remembered that no prisoner can be personally subjected to deprivations not necessitated by the fact of incarceration and the sentence of the court. Further, it has to be impressed that afflictions are infractions of a prisoner's liberty.

Pushing the prisoner into a solitary cell, denial of a necessary amenity and sometimes transfer to a distant prison

effective. It is only fair to remember that infraction as above will be arbitrary if it is irremediable and un-appealable and also unfair for violating natural justice.

One has to bear in mind the aspect of constitutionality of sending under-trials to jails. The under-trials have to face their case in court and are presumably innocent until convicted. Often the intermediate stay in jail

of irate and irascible regulatory officials that impinge on human dignity. However, a close examination of some of those old regulations will bring home the sensitivity and circumspection of the British Colonial rulers.

Regulation 330 of Police Regulations, Bengal 1943 says "... the use of handcuffs or rope is often an unnecessary dignity. In no case shall

"Investigation officers should carefully abstain from causing unnecessary harassment either to the parties or to the people generally."

Merely because a person is charged with a grave offence cannot automatically lead to his being handcuffed. Tangible testimony, documentary or other disparate behaviour, geared to making good his escape alone will be a valid ground for handcuffing and fettering, and even this may be avoided by increasing the strength of the escorts or taking the prisoners in well protected vehicles.

For handcuffing, the nature of the accusation is not the criterion. In fact, the clear and present danger of escape or breaking out of police control is the determinant. For determining that there must be clear material record, not glib assumption, of reasons and wherever applicable judicial oversight and summary hearing and direction by the court.

The demeaning discomfiture of the person in custody might appear to be a gleeful spectacle and some may derive vicarious satisfaction in that, but surely the same does not behoove a democratic society. The reasons are obvious - whether inside prison or outside, a person shall not be deprived of his guaranteed freedom. It should be understood that a prisoner wears the armour of basic freedom even behind bars and that, on breach thereof by lawless officials, the law can respond to the distress of the deprived.

The writer is a former IGP, and contributor to The Daily Star.

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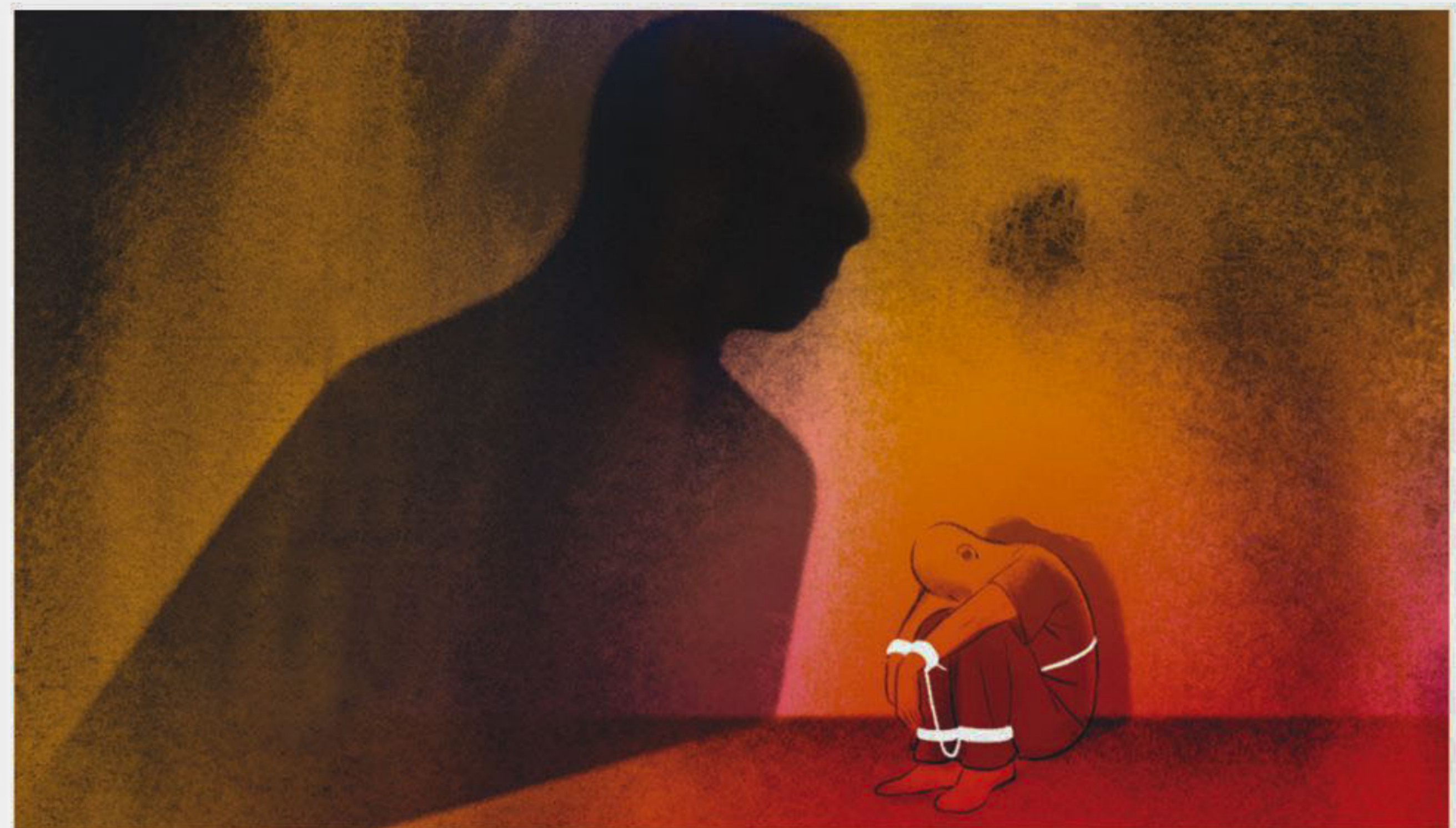


ILLUSTRATION: ANGIE WANG

where visits by relations may be snapped are, in fact, punitive in effect. Every such affliction or abridgment is an infraction of liberty or life in its wider sense and cannot be legally sustained. There must be a corrective legal procedure, fair and reasonable and

pending trial turns out to be a custodial perversity, which violates the test of fairness as constitutionally assured.

The prevalent wisdom would like to place all the blame on the colonial rulers and the so-called archaic rules or regulations while justifying the excesses

women be handcuffed, nor shall restraint be used on those who either by age or infirmity are easily and securely kept in custody." This regulation, without doubt, displays admirable caution and is worth emulating. So is the case with Regulation 260 that says:

QUOTABLE Quote



HENRI POINCARÉ

It is by logic that you prove, but by intuition that you discover.

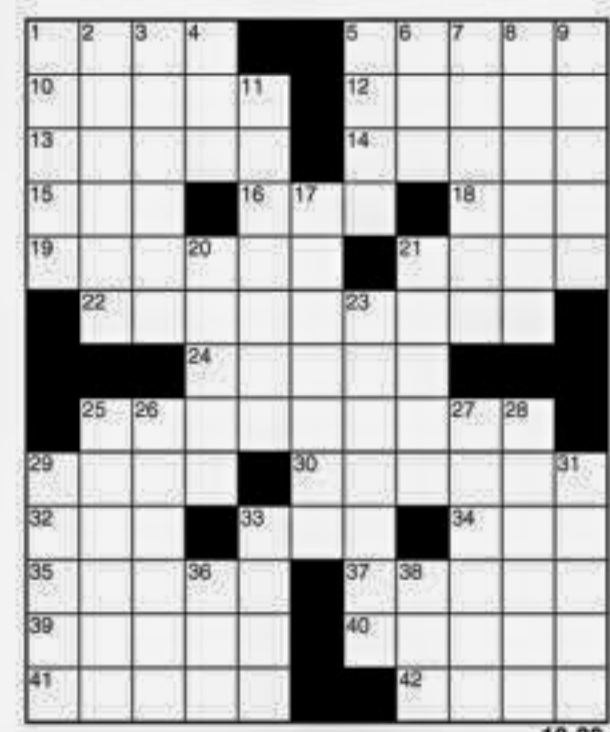
CROSSWORD BY THOMAS JOSEPH

ACROSS

- 1 Radar dot
- 5 A bunch
- 10 Like some paper
- 12 Lose it
- 13 Pol's concern
- 14 Come up
- 15 Bro or sis
- 16 Dietary concern
- 18 Supply with staff
- 19 Recipe instruction
- 21 Witch feature
- 22 European capital
- 24 Crude carrier
- 25 European capital
- 29 Yank's ally
- 30 Even chance
- 32 Zodiac sign
- 33 Letter before omega
- 34 Favoring
- 35 Kitchen come-on
- 37 Doorbell sound
- 39 Atmosphere makeup
- 40 Blood part
- 41 Ballpark figures
- 41 Seas, to Simone

DOWN

- 1 Total happiness
- 2 Bounds
- 3 Soon
- 4 Coat rack part
- 5 Minor fight
- 6 Jam ingredient
- 7 Menagerie member
- 8 Win over
- 9 Blood-hound's clue
- 11 Campaign topic
- 17 Low socks
- 20 Perch
- 21 Dictionary fill
- 23 Daring actions
- 25 Highest point in Turkey
- 26 Champagne/orange juice drink
- 27 Have hopes
- 28 Hushed sound
- 29 Toots one's own horn
- 31 Sonnets and sestinas
- 33 Go by
- 36 Ran into
- 38 Skirt part



YESTERDAY'S ANSWER

CAPEW ASPEN
ARROW CARNIE
SCENE CNOTE
HAI PRESSED
INC TED CRY
NERD DEARS
INA SKI
SPARE APPS
VET TVS TEE
INITIAL IRA
SHOOS ABOUT
TONGA TENSE
ARSON EASED

BEETLE BAILEY

by Mort Walker



BABY BLUES

by Kirkman & Scott

