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Non-essentials can wait

While the flip-flop on e-commerce seems arbitrary, caution is best during a pandemic

The Centre's last-minute reversal of its decision to allow e-commerce companies to resume deliveries of 'non-essential items', as part of an easing of the lockdown curbs, is welcome given that India is still not out of the woods in its pandemic fight. On Sunday, the Home Ministry directed States to ensure that the movement of vehicles used by e-commerce operators for transporting non-essentials be 'excluded' from the list of additional activities that would be allowed from April 20 to mitigate public hardship. While the Ministry gave no reason for its U-turn, it would appear wiser counsel prevailed after some Opposition parties and the retail trade had raised the issue of a lack of level-playing field for brick and mortar retailers. Also, though it is true that the online purchase of a product and its doorstep delivery by an e-commerce firm minimises human interaction to a negligible level unlike a purchase in a store, the fact that the lockdown is aimed at restricting movement to the barest minimum in order to break the chain of transmission necessitates limiting exemptions. And with non-essential items ranging from apparel to books to electronics and home appliances constituting the bulk of the listings on e-commerce sites, every additional product category would involve that many more people getting activated along the supply chain - from a producer or supplier to the transport operators and additional delivery persons.

To be sure, given the immense economic costs associated with the shutdown especially to individual livelihoods, it would seem a reasonable argument that as many sectors and jobs that can be allowed to reopen with stringent safeguards mandated ought to be permitted to do so in a phased manner. Clearly, that was the underlying rationale behind the Centre's April 15 mis-sive. Among the sectors that can resume are agricultural and horticultural activities, banking, cargo transportation, construction, and manufacturing of specified goods including packaging material. Interestingly, while self-employed tradesmen such as electricians, plumbers and carpenters have been allowed to resume work, they would be unable to ply their trades if their customers are unable to furnish the relevant material at the work site because the shops and e-commerce firms selling these 'non-essential' goods are yet to resume operations. Lost here though is the very definition of what ought to be deemed essential. Is a packet of 'essential' cheese slices more vital than a 'non-essential' laptop for a person working from home or attending online classes? Also, as the lockdown extends to over a month, what might have been non-essential initially might turn essential later. Still, protecting lives must ultimately be prioritised over allowing commercial activity even when the line between 'essential' and 'non-essential' purchases remains a blur.

Futures shock

The steep fall in oil prices is not all good news for India

Five decades after the oil shock of 1973, when an Arab embargo on the supply of oil to some western powers including the United States sent the price of crude skyrocketing fourfold to \$12 a barrel, the global economy faces a fresh shock from a free-fall in oil prices. On Monday, May futures for the West Texas Intermediate (WTI) U.S. crude plunged below zero to touch a historic low of -\$40.32 a barrel. A negative price implies that a seller would have to pay the buyer to hold the oil to be supplied. While the unprecedented plunge in the particular futures contract could be partly explained away as a technical anomaly given that the May contract was set to expire on Tuesday, beyond which buyers would need to be ready to take physical delivery, the reality is that oil prices are desperately in search of a bottom. A perfect storm of a supply glut exacerbated in March by a price war that saw key producers Saudi Arabia and Russia ramp up output even as demand continued to contract on account of the COVID-19 outbreak sent prices into a steeper slide. Brent crude futures have tumbled more than 67% in 2020 to about \$21 a barrel as of Tuesday afternoon in London trading, while the WTI futures have plunged about 110% to -\$5.78. The International Energy Agency observed this month, that the confinement measures instituted worldwide have resulted in a dramatic decline in transportation activity which will erase at least a decade of demand growth.

With storage for crude - on land or offshore in super-tankers - nearing capacity or becoming prohibitively expensive, oil producers are going to have little option but to curtail output. Saudi Arabia is reported to be considering output cuts even before a 9.7 million barrels per day deal it had struck with Russia to cut production takes effect from May. Still, merely closing the tap a notch or two is not going to redress the oversupply in the market at a time when the 'Great Lockdown' has destroyed demand on an unprecedented scale. India has prudently been using the sharp fall in both crude prices and domestic demand to accelerate the build-up of its strategic reserve. While the sliding oil prices would help significantly pare India's energy import bill, a protracted demand drought would end up hurting the government's tax revenues severely, especially at a time when it badly needs every additional rupee it can garner. Also, rock-bottom oil prices risk damaging the economies of producer countries including those in West Asia, hurting inward remittances. After the lockdown, the Centre ought to consider using this opportunity to cut retail fuel prices sharply by foregoing some excise revenue for a while in order to tease back momentum into the wider economy.

The key strategy is fiscal empowerment of States

The Centre must recognise that winning the war on COVID-19 is linked to the States being armed with enough resources



M. GOVINDA RAO

The scale of disruption caused by the COVID-19 pandemic has never been seen before. Even as we are in the midst of the second phase of the national lockdown, there is no clarity on the time it will take to come out of the crisis, the extent of damage it will inflict, and the cost of relief and rehabilitation required. At a time when governments, both at the Centre and in the States, are fiscally stressed, the pandemic has forced them to undertake huge expenditures to save lives, livelihoods and reduce distresses and even more, to create a stimulus to revive the economy as we map the exit strategy.

Need for relief

The speed of economic revival will depend on how long it will take to revive economic activities and the volume of stimulus through public spending the government is able to provide. It now appears that the lockdown will be lifted in stages and the recovery process will be prolonged. The country is literally placed in financing a war-like situation and the government will have to postpone the fiscal consolidation process for the present, loosen its purse strings and finance its deficits substantially through monetisation. This is also the time for the government to announce relaxation in the States' fiscal deficit limit to make them effective participants in the struggle. It is also important for the States to

realise the importance of health and prioritise spending on health-care services.

Being closer to the people, the States have a much larger responsibility in fighting this war. Public health as well as public order are State subjects in the Constitution. In fact, some States were proactive in dealing with the COVID-19 outbreak by involving the Epidemic Diseases Act, 1897, even before the Government of India declared a universal lockdown invoking the Disaster Management Act, 2005. Of course, the Centre under Entry 29 of the Concurrent List has the powers to set the rules of implementation which states, "Prevention of the extension from one State to another of infectious or contagious diseases or pests affecting men, animals or plants". While Central intervention was done to enable, "consistency in the application and implementation of various measures across the country", the actual implementation on the ground level will have to be done at the State level. Furthermore, States are better informed to decide the areas and activities where relaxations should be done as the coronavirus curve is flattened. Hopefully, there will be better coordination between the Union and State governments instead of claiming credit and apportioning blame (see https://bit.ly/3bDauIF).

Focus on health and economy

The acute shortage of protective gear, testing kits, ventilators and hospital beds has been a major handicap and the immediate task of States is to ramp up their availability and supply. In addition, the disruption caused by the lockdown has caused untold misery, and providing relief and rehabilita-



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tion to migrant labourers and informal sector workers had to be the focus. The pandemic has underlined the historical neglect of the health-care sector in the country. The total public expenditures of Centre and States works out to a mere 1.3% of GDP. In 2017-18, in Karnataka for example, it is reported that as against the estimated ₹12,000 crore every month, the State may not be able to generate even ₹300 crore in April. As the recovery process will be staggered, it is doubtful whether tax revenues will register any positive growth in 2020-21. Not surprisingly, the State has decided to monetise land through auctions to get money besides regularising unauthorised constructions by paying high fees.

The position regarding tax devolution from the Centre is even more precarious. To begin with, the tax devolution in the Union Budget estimate is lower than the Commission's estimate by ₹70,995 crore. In fact, the Budget estimate for 2020-21 itself is a huge overestimate when seen against the 11-month actual collections in 2019-20. The required growth to achieve the Budget estimate is 33.3% over the annualised actual collection. The projections are that the growth of nominal GDP in 2020-21 will be just about 4% and if the tax revenue increases by the same rate, devolution to the States

would be lower by ₹2.2-lakh crore than the Finance Commission's estimate. This results in a loss of ₹9,173 crore for Tamil Nadu, ₹9,000 crore for Andhra Pradesh, ₹8,000 crore for Karnataka, ₹4,671 crore for Telangana, and ₹4,255 crore for Kerala. There is a strong case for the States to go back to the Finance Commission with a request to make and give a supplementary report.

Extensive revenue losses

While the requirement of States for immediate expenditures is large, they are severely crippled in their resources. In the lockdown period, there has virtually been no economic activity and they have not been able to generate any revenue from State excise duty, stamp duties and registration fees, motor vehicles tax or sales tax on high speed diesel and motor spirit. The revenue from Goods and Services Tax is stagnant and compensation on time for the loss of revenue has not been forthcoming. In Karnataka for example, it is reported that as against the estimated ₹12,000 crore every month, the State may not be able to generate even ₹300 crore in April. As the recovery process will be staggered, it is doubtful whether tax revenues will register any positive growth in 2020-21. Not surprisingly, the State has decided to monetise land through auctions to get money besides regularising unauthorised constructions by paying high fees.

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The war on COVID-19 can be effectively won only when the States are armed with enough resources to meet the crisis. But as mentioned earlier, they are faced with stagnant revenues while their expenditure commitments are huge. There is only limited scope for expenditure switching and reprioritisation now. Their borrowing space too is limited by the fiscal responsibility and budget management limit of 3% of Gross State Domestic Product (GSDP). Faced with an acute fund crunch, Kerala floated 15-year bonds but was faced with a huge upsurge in the yield to 8.96%. The announcement by the Reserve Bank of India on the increase in the limit of ways and means advances by 60% of the levels prescribed in March 31 could help States to plan their borrowing better; but that is too little to provide much relief. Therefore, it is important for the Central government to provide additional borrowing space by 2% of GSDP from the prevailing 3% of GSDP. This is the time to fiscally empower States to wage the COVID-19 war and trust them to spend on protecting lives, livelihoods and initiate an economic recovery.

M. Govinda Rao was a Member, Fourteenth Finance Commission and former Director, National Institute of Public Finance and Policy

The fragile ceasefire in Syria's Idlib war

The Russia-Turkey agreement is destined to fail because the priorities of the countries concerned cannot be reconciled



KRISHNAN SRINIVASAN

United Nations Secretary-General António Guterres has called for warring parties the world over to cease fire in order to support the bigger battle against COVID-19. One such conflict is in Syria's Idlib province involving President Bashar al-Assad's military forces with support from Russia, and where Turkey's armed intervention and backing of anti-Assad militants, including Islamist terrorists, had been halted even before Mr. Guterres's appeal by a fragile agreement on March 5 between Russia and Turkey which no observer believes can endure long. In this imbroglio, described by many as the world's greatest humanitarian tragedy, it is necessary to disentangle the priorities of the several contestants.

To first summarise the ground situation, Idlib bordering Turkey is the last stronghold of jihadists funded by Qatar and Saudi Arabia, Hayat Tahrir al-Sham (HTS), a terrorist unit designated by the United Nations, and assorted Syrian anti-government elements evacuated from areas liberated by Damascus. The region was spared a Syrian offensive in 2018 on Turkey's plea that it could not suffer any further influx of refugees be-

sides hosting some three-and-a-half million already. There are about 200,000 displaced persons on the Syria-Turkey border and 85,000 in refugee camps, in addition to nearly 400,000 people displaced by the Turkish offensive against Syrian Kurds.

A Turkey-Russia agreement of 2018 established a demilitarised zone (DMZ) with terrorists, including the HTS, leaving this zone, while so-called moderate rebels had to withdraw heavy weaponry. A chain of Turkish observation posts was established, and militants rejecting the plan were to be legitimately targeted by Mr. Assad's military. But Syria and Turkey accused each other of violations, with Russia increasingly agitated due to drone attacks against its airbase in Latakia from Idlib-based jihadists. With the rebels making territorial gains, Syria resumed its offensive in April 2019, retaking territory and targeting Sarraqib that strides the M5 highway connecting Aleppo with Damascus.

The Syrian advances brought Turkey and Syria into direct clashes, with accusations by Damascus and Moscow that the Turks were supplying jihadists with weapons and shielding them by intermingling Turkish forces among them. The Turks denied this, objecting to their observation posts being encircled or bypassed by the Syrian army. Over 5,000 Turkish forces, with artillery and combat drones, have intervened and suffered 50 or more casualties, whe-



REUTERS/KHALIL KASHAWA

reas Mr. Assad's losses in men and material have been much higher, despite being assisted by Russia controlling the airspace and denying the Turks the use of aircraft other than drones. Moscow has also used direct air power in support of Syria, though this is denied. The conflict seriously strained Turkey's relations with Russia to their lowest level since the 2015 crisis and the downing of a Russian warplane by Turkey.

Tangled up in politics

The latest Russo-Turkish agreement reaffirms their 'dedication to combat and eliminate all terrorist groups in Syria'. Given the fact that the majority of the anti-Assad forces are HTS cadres that have been weaponised by Ankara, implementation appears highly improbable. The agreement provides for safe passage along the M4 and M5 highways linking Aleppo with Latakia and Damascus. The Syrian Army had gained control of M5 and was about to take M4 when the Moscow agreement was concluded. Both highways are important for Syria for commercial and strategic reasons. The new DMZ will bestride the M4 highway with

a 12-kilometre strip jointly patrolled by Turkey and Russia.

The Moscow agreement is destined to fail because the priorities of the countries concerned cannot be reconciled. Mr. Assad, recognised by the United Nations but not by the West, and openly supported by few of the nations that recognise him, now controls some 70% of his country and wishes to secure the remainder, but his forces remain dependent on Russia in the air and Iran and Hezbollah on the ground. He is in haste because his troops are exhausted by nine years of continuous fighting and he cannot count on Russian, Iranian and Hezbollah support much longer. Iran is in domestic turmoil apart from suffering U.S. sanctions and COVID-19, while the Hezbollah is deeply involved in Lebanon's complex domestic politics.

Turkey under President Erdogan, nominally a member of the western alliance against Russia, wishes to play a lead role in the Arab world, and has deliberately extended its reach in Syria and Libya to have a say in the futures of those nations. Upset with NATO for lack of support both during the failed coup of 2016 and his campaign against Syrian Kurds whom he regards as anti-Turkish terrorists, Mr. Erdogan has leveraged the refugee problem to extract €4.5 billion from the European Union and uses the refugees continuously as a bargaining counter. He also needs manageable ties with both Russia and the U.S. to play each off against the other. The

confrontation with Moscow four years ago led to severe economic difficulties for Turkey after Russian curbs on trade and tourism, which Mr. Erdogan would not wish to have repeated. Both countries also have a vested interest in the TurkStream pipeline conveying Russian gas to southern Europe. Criticism of Mr. Erdogan has lately emerged domestically but his position is solid provided he retains his army's support by avoiding more casualties in Idlib.

Russia's call

Russia is now the country of first resort in Syria and its influence in the entire West Asian region has expanded remarkably in recent years. In principle it backs Mr. Assad exercising sway over the whole of Syria and has saved him from being toppled, but it now wishes to bring the Syrian conflict to an end with a negotiated settlement, avoid losses and more expenditure, while consolidating its naval and air bases in that country.

The Americans are content to be bystanders in the belief that they will be the gainers whatever the Idlib outcome. The Europeans have neither the will nor the means to affect developments, and the United Nations is continuing the thus-far futile enterprise of persuading the Syrian multi-party talks in Geneva to arrive at a new constitution to be followed by free elections.

Krishnan Srinivasan is a former Foreign Secretary

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Safety and dignity

Abuse, violence, social alienation, facing boycott, apathy from the hierarchy and government authorities are all situations a doctor has to face in professional life. More so when an unprecedented situation such as the pandemic exists. Disheartening incidents such as locals being aggressive towards health-care staff who are on rounds conducting checks and screening, gruesome incidents such as locals and mobs again disrupting the last rites of health professionals - examples being cases in Andhra Pradesh and Chennai - are instances which can only be attributed to the manifestation of underlying and deep-rooted stigmas present in certain sections of Indian society. The Indian Medical Association

has a right to lodge a protest against these atrocities. Of what use was there having the exercise of Indians clapping and banging kitchen utensils on March 22 to thank health-care professionals? This has not done any favour to health workers. The Centre should respond to the demand by doctors proposing an ordinance to protect hospitals, doctors and health-care workers.

Dr. JAYASEKHARAN V.P.,
Pavayamur, Kannur, Kerala

It is upsetting that a doctor who lost his life to the coronavirus was denied dignity in his last rites. There is no dearth of news reports about doctors and public health personnel being manhandled while discharging their duties. Governments should stop this dangerous trend from

spreading further to avoid frontline workers becoming demoralised.

Dr. D.V.G. SANKARARAO,
Nellimarla, Andhra Pradesh

The highly condemnable incident has not only brought to the fore the ignorance and lack of understanding about the pandemic but has also laid bare the stigma associated with COVID-19-affected patients and the lack of empathy towards them. Doctors are risking their lives to save people from the jaws of death. When will this fact dawn on the rest of us?

M. JEYARAM,
Sholavandan, Tamil Nadu

The authorities and the media should be proactive now to dispel the fears and the apprehensions of the common man as far as the coronavirus is concerned.

The media should realise its additional responsibilities of educating people instead of being involved in the pursuit of making news sound sensational and to elevate ratings. As people are heavily reliant on the media, especially during the lockdown, newsmen must enlighten the public.

S. RAJA MOHAMED KAMIL,
Vaniyambadi, Tamil Nadu

Case of respect

I was taken aback by the news item (OpEd page, April 21), "President Gives Evidence in Court" (From the Archives - Fifty Years Ago, April 21, 1970), where the former President of India, V.V. Giri, created history - the first time that the country's President had appeared before a court of law. That Mr. Giri, as Head of State, was permitted to be examined in Rashtrapati

Bhavan but gave up this privilege and submitted himself to the court, as any other ordinary witness, is remarkable. This gesture showed how much respect constitutional heads and leaders gave to constitutional values and democratic procedures. Those who are a part of the political setting

CORRECTIONS & CLARIFICATIONS:

The report "Kin allowed to exhume bodies of militants in Baramulla" published by The Hindu on April 19, 2020, has been corrected for a factual error. The authorities did not grant permission to exhume bodies but only granted a curfew pass, which the family members misunderstood as the permission for exhumation. Now the corrected version of the story has a new headline: "Families of slain militants given curfew pass". There was also an updated report "J&K police file FIR on The Hindu report" (April 21, 2020), which gave the sequence of events that led to the report of April 19.

In the OpEd article "Nurturing air power to meet rising demand" (April 21, 2020), the line "Translated to tonnage, that is almost 10 million tonnes" should read: "Translated to payload that is almost 10 million kgs". Another sentence, "However, a modern-day airlift of greater proportions has not been heralded as much" should be recast to say: "However, a modern-day airlift of similar importance has not been heralded as much."

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