Be not ashamed of thy virtues; honor's a good brooch to wear in a man's hat at all times

Ben Jonson

Market betting with workers' pension funds

REFLEX ACTION

Nantoo Banerjee

It is good to know that the Employees' Provident Fund Organisation (EPFO) investment in equities via exchange-traded funds (ETFs) generated 17.23 per cent return as of February this year. It had invested Rs 41,967.51 crore in ETFs. EPFO had sold ETFs worth Rs 2,500 crore in March. Unfortunately, stock prices have dipped since then. For instance, an individual investment in a major private pension fund such as HDFC Life, which was valued at Rs.15,03,673 as on January 29, 2018, lost its value to Rs.14,56,976 on June 23, 2018, as the market dipped. Anyway, EPFO's investment in ETFs is not large compared to the total fund at its disposal. An ETF comprises a clutch of stocks that reflect the composition of an index, such as the S&P CNX Nifty or BSE Sensex, and are traded on stock exchanges like company stocks. EPFO has a total corpus of about Rs.9,00,000 crore. The average incremental flows into the kitty every year are of the order of Rs.1,00,000 crore. That is a huge sum. EPFO has to decide on what portion of its funds is safe to play with in the highly volatile Indian stock market. EPFO must study in depth the potential of India's stock markets and the risk factors. After all, this money belongs to industrial workers, many of whom are still subjected to get a minimum pension of as little as Rs.1,000 each per month, even after its last upward revision by the present government.

Investments in stocks in India are high-risk operations. Large listed good profit-making, dividend-paying companies are not many. The bottomline of most of the listed mid-cap companies is below the expected level. Increasing competitions within the industry and from cheap imports keep domestic corporate bottomline under pressure. Fewer listed companies show impressive results in terms of earnings per share (EPS). On an average, market price of shares or their profit-earning (PE) ratio far outstrips EPS. Valuations of companies, based more on future outlook, are often inflated. The Indian stock market is over 70 per cent controlled by foreign portfolio investors (FPIs). They love to gamble more on market 'sentiments' than play by real worth of shares. Few equity mutual funds offer returns that are well above the rates offered under debt instruments, going by the duration of investment . A mutual fund investment rarely start earning returns before four to five years. The market is often under pressure when FPIs exit.

EPFO started investing in ETFs in August 2015. This amounted to five percent of investible deposits in 2015-16, rising to 10 percent, next year, and 15 percent, last fiscal. Under the union labour ministry's new plans, EPFO subscribers may soon get the option to invest more of their retirement contribution in stocks to ostensibly earn higher returns. EPFO, boasting a history of over six decades, has more than 50 million subscribers. Until recently, it used to invest only in safer debt instruments, or fixed income securities. EPF subscribers on an average received around nine per cent interest for several years, in the past. It is true that return from any long-term pension fund should be much higher. And, that can be achieved if the PF organisation participates in equity markets. However, where the equity market itself is small, as it is in India, and the market is too hot, investment in equities of workers' savings could be quite risky. While EPFO can play in the market at best upto 15 per cent of its fund, it must find other opportunities to earn decent and safe returns for its subscribers.

In fact, the government should first help the stock market grow in shape and size, before betting large funds on it. Most large foreign firms, having big presence in India in terms of turnover and profit, operate as unlisted companies. Their presence in the stock market could have provided a much wider option before investors and improve market reliability. The current losing run in the stock market is led by mid- and small-cap shares, which continue to fall sharper than bluechips as investors' aversion to risk heightened in the wake of the Rupee crashing to an all-time low. The BSE SmallCap index has slipped deeper into a bear market territory with the measure falling over 20 percent from its January highs after the 1.5 percent drop on Thursday, last week. An index is generally considered to be in a bear market territory when it falls 20 percent from its recent highs. The SmallCap index is down 22 per cent from its all-time high of 20,183.45 in January, this year. This is only to say that the Indian stock market is no safe haven for betting large chunks of workers' savings.

The country's workers have long been receiving lukewarm treatment from the government on the social security front. The services sector forms the biggest part of the economy. Most of the workers in this sector are not even covered under the PF scheme. Their employers take advantage of the contract labour system. The history of the EPFO scheme over the last 20 years shows that the EPF interest rate barely covered the retail inflation rates. In 1997-98, the EPF interest rate was 12 percent while the retail inflation soared to 13.17 percent. In 2001-02, the EPF interest rate slipped for the first time below 10 percent. Between 2005-06 and 2009-10, the interest rate stagnated at 8.5 percent irrespective of the consumer price inflation. The retail price inflation was much higher than the ETF interest rate in 2008-09 and 2009-10 and again in 2011-12 and 2012-13. The falling Rupee and macro-economic indicators suggest that retail inflation by the year-end will exceed the PF interest rate. (IPA)

Trolling Women: the New 'Culture'

Trolling women in vile and obscene language has become the latest tool in the hands of those who want to propagate militant Hinduism. The troll who had the brazenness to tweet Congress spokesperson Swati Chaturvedi and ask her to send her ten-year daughter because "I want to rape her" has at last been arrested. What happens after the trial, the future will tell. But none in the army of trolls who sent hate-filled messages to External Affairs Minister Sushma Swaraj has been touched. They are still at large and moving about merrily. What is more intriguing is that neither the Prime Minister nor the BJP president has condemned the trolling of Sushma. Only Home Minister Rajnath Singh and Transport Minister Nitin Gadkari have. But the silence of the head of the government and the head of the party is intriguing, to say the least.

A section of the electronic media is also making vicious attacks on women activists by portraying them as anti-national and pro-Maoist. Sudha Bharadwaj, a trade unionist and lawyer, has been accused of having connexions with and being sympathetic to "Maoists." The lawyer who was called "Comrade Advocate Sudha Bharadwaj" by the channel has dismissed the charges levelled against her by the anchorperson of the channel as "ridiculous, scurrilous, false and completely unsubstantiated allegations". She has sent a legal notice to the channel. This section of the electronic media knows the weakness of their targets. The media can condemn their targets without giving them any chance to defend themselves. They are at the receiving end.

The Government does not take any action either because it has passive support for what the channels are doing or out of fear that taking any action will make it liable to the charge that the government is encroaching on the freedom of the Press. In the prevailing situation, even those sections of the media which do not approve of such abuse of 'Press freedom' are afraid to take up cudgels for the victims. Each such false accusation going unchallenged or unpunished, encourages a dozen others to violate journalistic ethics with impunity and get away with it. Immediate action by the police against the culprits–arrest and prosecution–will act as a strong deterrent to mount such false and malicious attacks on the defenceless. That the police are reluctant to take action suggests that the guilty have the protection of powerful people. Those who are conniving with the offenders should think of what may happen to them if the power equation changes.

Artistes performing Kuchipudi dance before the launch of first Electric Vehicle Charging Station as a joint venture of Indian Oil Corporation and Fortum India Pvt Ltd, in Hyderabad on Saturday

Conventional Crossword

1	2	3	4	5		■	6	7	8
9					■	10			
11					■	■	12		
	■		■	13		14			
15	16		17	■	■		■		■
■		■		■	■	18	19		20
21		22			23	■		■	
24			■	■	25	26		27	
28				■	29				
30			■	31					

ACROSS
1 Very small
6 Passing craze
9 Efface
10 Large volume
11 Discourage
12 Monkey
13 Drawn into error
15 Lounge
18 Excuse
21 Bear witness to
24 Armed conflict
25 Adult insect
28 Assert
29 Bird
30 Still
31 Smooth and cylindrical

DOWN
1 Decoration
2 Choler
3 Of birth
4 Employ
5 Teaching period
6 Young horse
7 Electrical unit
8 Exploit
14 Undermine
16 Group of eight
17 Sheltered side
19 Depart
20 Unaccompanied
21 Absent
22 Easy pace
23 Weary
26 Spoil
27 Obtain

SUDOKU : 2247

		1	3		6		2	
			5			8	7	
	5						6	1
9						2	1	
	1	5		6		7	3	
	8	2						4
3	7						8	
	2	8			1			
	9		8		7	6		

Yesterday's Solution 2246

6	2	3	9	4	8	7	5	1
4	9	5	3	7	1	6	2	8
1	7	8	2	5	6	4	3	9
5	3	7	4	6	9	1	8	2
9	4	1	5	8	2	3	7	6
2	8	6	1	3	7	5	9	4
3	6	4	8	9	5	2	1	7
8	5	2	7	1	4	9	6	3
7	1	9	6	2	3	8	4	5

Yesterday's Cross Word Solution 255

R	E	A	R	■	■	S	T	A	G
E	■	D	■	■	■	■	O	D	E
S	O	A	R	S	■	R	O	O	M
I	■	G	E	E	S	E	■	R	■
S	P	I	C	E	■	F	A	N	S
T	R	O	T	■	F	I	R	S	T
■	O	■	O	V	I	N	E	■	R
S	P	A	R	■	D	E	N	S	E
P	E	N	■	■	■	■	A	■	S
A	L	T	O	■	■	A	S	K	S

Justice Chelameswar on lapses in judiciary

FOCUS

Amritananda Chakravorty

On 22nd June, 2018, Justice J. Chelameswar retired from Supreme Court, after a tenure of almost 7 years at the Apex Court of the country. After his retirement, he gave interviews to various media platforms, including print and electronic media, which seemed to have upset the Bar Council of India (BCI), the statutory body established to regulate the conduct of Advocates in the legal profession.

In a press release replete with half truths and information, and even misspelling the Judge's name wrong (!), BCI stated that Justice Chelameswar's statements "cannot be tolerated, accepted or digested by the Advocates, including the rest of the countrymen." The press release also wrongly accuses the Judge of using phrases like 'bench-fixing', which he never did in his interviews and also refers to the historic press conference conducted by the four seniormost judges of the Supreme Court, including Justice Chelameswar, on 12th January, 2018 in a dispraging manner.

The whole tone and tenor of the press release is to malign the Judge's impeccable integrity and credibility, and to insinuate political motives to his actions.

The conduct of Bar Council of India over the past few years has been far from satisfactory. Instead of setting stellar standards for the legal profession, the BCI has been marred by factional politics, conflict of interests, and lack of transparency. At the same time, BCI's press release this time is unprecedented, since it is openly partisan and divisive, in the name of allegedly protecting the sanctity of judiciary. BCI has no role in commenting on the judges' statements, while keeping mum when Advocates had beat up JNU student leader, Kanhaiya Kumar, at the Patiala House premises in February, 2016. In the aftermath of the landmark press conference on 12th January, 2018, BCI had openly sided with the Chief Justice of India, Dipak Mishra, and been critical of the four judges, and made no attempt to understand the concerns raised by those judges.

In fact, the partisan nature of BCI is evident from the fact that the Chairperson of BCI, Manan Kumar Mishra, had openly campaigned for the Bharatiya Janata Party ("BJP') and the Prime Minister in the 2014 elections. Though ostensibly done in 'personal capacity', this fact itself explains the BCI's conduct over the last few years. In the 24th June press release, BCI moans about the "amount of damage done to the institution since last January", but has not uttered a word condemning the action of the Centre in refusing to elevate Justice K.M. Joseph's elevation to the Supreme Court despite the Supreme Court Collegium's recommendation. The Government's repeated encroachment into judiciary's independence by tampering with the judicial appointments has outraged the entire legal fraternity, and judiciary, with several judges publicly denouncing the Government's action and the CJI's inaction. But obviously the BCI was not moved.

If the BCI is so concerned about the sanctity of institutions, then it should categorically stand in support of those lawyers like Surendra Gadling from Nagpur or S. Vanjinathamfrom Tamil Nadu who have been arrested on trumped up charges, but basically for representing poor dalits and tribal communities. The increasing trend of lawyers being targeted or victimised by the State establshment for their public interest work is extremely troublesome, and BCI, being the apex body tasked with the responsibility of "safeguarding the rights, privileges snd interests of advocates", is statutorily mandated to work for the welfare of lawyers, who are fighting to preserve the democratic and constitutional values, often at grave personal and professional risks.

The complete silence of BCI on the increasing attacks on lawyers doing rights work, while unfairly targeting Justice Chelameswar for his frank opinions on the state of judiciary speaks volumes about BCI's own integrity, rather the lack of it. And for the BCI to do it in the name of "99.9" advocates who allegedly support their action is laughable, considering the number of lawyers who have actively supported the four judges and their call for a more accountable and representative Supreme Court.

Having had the privilege of listening to Justice Chelameswar at a public gathering on 18th May, 2018, his last working day, I was awestruck by his humility and his passion for his work, as well by his safe awareness about the expected consequences of the 12th January, 2018 press meet. He was mobbed by lawyers, both young and old, and there was almost a sense of loss amongst the lawyers, as if the Court's moral compass was leaving. History will judge both Justice Chelameswar's actions and BCI's action in one of the most critical periods of the Indian Judiciary, and as witnesses, we know who has made valiant attempts to protect the institution, and whose complicity in its destruction is all evident.

It's a pity that BCI has failed both the lawyers and the legal profession, but their sense of misplaced entitlement is almost comical, if not such a travesty of a statutory body. (IPA)