

OPINION **COUNTER VIEW** **PERSPECTIVE**
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**Chinese Delinquency
A cursory appraisal**

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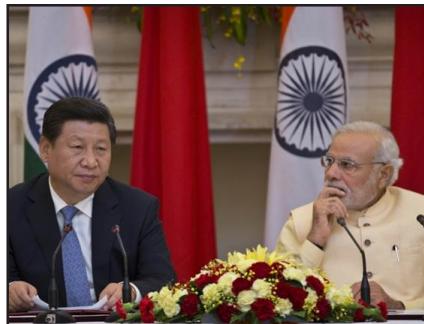
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Waterbodies under threat

Fire in the Bellandur Lake in Bengaluru- for the third time in six months- has brought the deteriorating condition of wetlands in India to focus once again.. Known for its carpet of toxic froth and filth that spills on the adjoining road, it has now become a common sight to see Bellandur lake on fire. this is not the only lake dying a slow death in Bengaluru, a city once famous for its beautiful lakes. Water bodies like the Kundalahalli Lake, Varthur Lake, Challakare Lake and Horamavu Agara Kere are also on the decline thanks to unplanned urbanization, encroachment and discharge of sewage/industrial effluents. A recent survey on 105 lakes in Bengaluru, conducted by a team of researchers headed by Professor Ramachandra T V from the Energy and Wetlands Research Group, Centre for Ecological Sciences, IISc, Bangalore, found that only four seemed to be in a healthy condition while nearly 25 lakes were in a very bad state - fully covered with macrophytes, dumped with solid or liquid wastes and with little or no water.

This gives the awakening call for the preservation and protection of the wetlands which are in peril in this country and also in other parts of the world. Situation is alarming and invites the attention of the environmentalists and world leaders. There are several global as well as local agencies that have been directing their efforts and funding towards those wetlands whose loss will have an enduring negative impact on the surroundings and impoverishment of local communities. But more than funding It is the local awareness and political set up that needs to rise to the occasion and stop pampering builder-Land Mafia who are grabbing these wetlands without any hesitation. Administration needs to also check polluting industry and local bodies from using lakes and water bodies as dumping sites. There are many examples of wetlands that deserve our attention and who are receiving our attention. Below are some examples. Furthermore, all projects in these threatened wetlands can also be found in the projects database.

— Ananya Sharma, through e-mail

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Quote-Unquote



If we want to produce generations of enhanced human beings, then we must create powerful consecrated spaces across the planet.

Sadhguru
Spiritual leader



If they (Local Boys) want to continue with the acts of terrorism, displaying flags of ISIS and Pakistan, then we will treat them as anti-national elements if they do not relent and create hurdle in our operations, then we will take tough action.

General Bipin Rawat
Army Chief



Palaniappan Chidambaram is Friend, father & philosopher of black money.

Ram Jethmalani
Senior Politician & Eminent Lawyer



As along as BJP is not the alternative to DMK in TN we Hindutva fighters have no choice but to support ADMK. But BJP needs renovation first.

Subramanian Swamy
Rajya Sabha MP & Fmr. Union Cabinet Minister

ISRO; The Bright spot of Swadeshi endeavour

"Let us not curse the darkness. Let us kindle little lights."

— (Dada Vaswani)

Those who manoeuvre, manipulate, manage and contrive to reach decision making positions usually change after reaching there, or that is the impression most of the people have. This notion is strengthened by the actions of near total majority of such persons, honourable exception apart- off course. Record making success of Indian Space Research Organisation (ISRO) compels us to question usual excuses offered by decision makers in this country to hide their own ineptitude and failure. For decades, we have been told by rulers and policy advocates that Indian economy can't be modelled on Swadeshi principles. Under the exaggerated egoistic left-leaning, self-praising intellectual class not just economy anything Indian has been condemned as outdated, obsolete and redundant. They instead of studying, evaluating and analysing traditional knowledge and strengths of the nation, tried with varied range of success across sectors to change the very definition of Swadeshi itself. ISRO has proved time and again that with commitment, efficiency and patient persistence, even Sky is not the Limit. The 39th flight of ISRO's Polar Satellite Launch Vehicle injecting 104 satellites into the orbit is the most a single launch has ever managed. The feat was justifiably lauded as it almost tripled the earlier record set by Russia in 2014 when they launched 37 satellites in a single mission. Not just in India observers across the world took note of this achievement appreciating "India's emerging reputation as a reliable and cost-effective option for launching satellites". The launch was not as simple as it appears to be after the event. It is a high-risk enterprise that needs a lot of expertise and experience. The satellites, released in rapid-fire fashion every few seconds from a single rocket as it travelled at 17,000 miles an hour in this case, could collide with one another in space if ejected into the wrong path, or due to any other minor fault. Global media extolled India's success as its certain establishment as a "key player" in a growing commercial market for space-based surveillance and communication and also as an reinforcement of its ambition to join the elite space-faring nations. Many of India's landmark missions have cost far less than their equivalents in Russia, Europe and the US. For example When India's Mars Orbiter Mission went into orbit around the Red Planet Prime Minister Narendra Modi during a visit to mission control in Bangalore mission highlighted low costing by comparing it with the cost of Hollywood movie 'Gravity.' MOM didn't just cost less than the \$100 million Hollywood movie, The price tag is a mere one-ninth of the cost of NASA's \$671 million Maven mission. There are several other noteworthy aspects to the success story called ISRO. It has overcome virtual apartheid in case of technology and knowledge sharing field. Our scientists have shown the world a new paradigm of engineering and the power of imagination. Why can't this success story be repeated in other sectors and fields? There are many reasons but the most obvious one is the absence of the otherwise mandatory layers of bureaucracy present in any government body. The hierarchical set us has been built in a manner that promoted vertical integration between policymakers and those delivering the end results. In other case there is usually turf war and important stake holders are working at cross purposes. Policy maker are mostly dominated by the political and bureaucratic nominees leaving little scope for involvement of end users. It is time to rekindle the Swadeshi spirit that dominated our freedom struggle , duly accompanied with confidence our own ability and restructure every sector in a manner that brings laurels and economic benefit to the country as ISRO has done in past and is doing at present.



India China Economic Relations: **Complexities and Convergence**



The rising trade deficit between India and China forms key concern in bilateral relations between both, explains Abhishek Pratap Singh

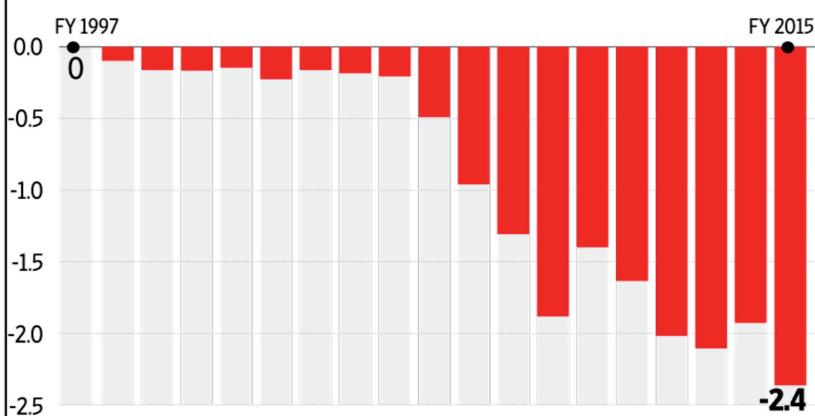
China and India stand as two most important states in present global politics. Both the nations gained independence in late 1940s with similar economic situations and challenges. However, the trajectory of their growth and developmental model paved way for more robust and vibrant role for both in the contemporary global world and its economic system. The financial crisis of 2008 offers 'historic opportunities' for both to utilize their better-placed positions in global economic system. This largely owes to their 'economic resilience' and ability to protect their economic interest in the present economic order. The increased recognition of their roles during global economic recovery was substantiated by the fact of both being rising economic giants with increased global footprints. While China stands as a largest economy in terms of purchasing power parity (PPP), crossing United States (US) in late 2014 according to reports of International Monetary Fund (IMF), India too has been striving for more than 8 percent growth led by efficient leadership and paradigm shifts in economic policy making.

Economic History

There are many examples in history making a compelling argument for India-China healthy trade and economic relations. Famous British economic historian Angus Maddison, noted for his estimates of world gross domestic product (GDP), has shown in his works that how the share of India and China in world GDP used to be very high till about 1600 AD. The imperial era witness better trade relations and commercial exchange between the two civilizations. However, as the two missed the 'industrial revolution' the downturn in bilateral trade began with the exceptions of

WIDENING GAP

Trade deficit with China as % of India's GDP:



Source: Ambit Capital

opium trade under colonial rule. In 1000 AD, according to Maddison's calculations, China and India together contributed 50.5% of world GDP. By 1500, though, new centres of prosperity had emerged. India's per capita income was \$550 and China's \$600 in 1500. (Maddison, 2007)

In post independence era, the earlier comfort in mutual relations was lost due to clashes between both on border dispute and identification of boundary line. Both the states remained highly 'restrictive trade regimes' until the late 1970s. There were multiple set of 'overlapping restrictions' on each other from both sides, and with planned model of economy based on search for 'self reliance' under practice, the economic relations between both witness a downturn in comparison to historical practice. Although both states show some likely chances of cooperation in bilateral trade the Chinese policy of 'Neo protectionism' has caused much harm to the economic relation between both. India has not been allowed the fair share in Chinese business markets rather China has taken huge advantage of India's demands for electronic and FMCG goods. This has caused another set of uneasiness in bilateral trade relations between both.

India's trade with China falls but deficit widens

India's exports to China, by contrast, only reached \$11.76 billion, decreasing by as much as 12 per cent in December, according to the GAC.

India's bilateral trade with China fell in 2016 but its trade imbalance continued to widen last year, underlining the increasingly unsustainable trade relations with the country's biggest neighbour & trading partner.

Bilateral trade in 2016 reached \$70.08 billion, down from \$71.63 billion in 2015, according to data available with China's General Administration of Customs (GAC) in Beijing. The trade deficit reached a record \$46.56 billion. The bulk of trade was driven by Chinese exports to India, largely comprised of electrical machinery, power equipment and telecom exports, which reached \$58.32 billion, accounting for around four-fifths of total trade.

India's exports to China, by contrast, only reached \$11.76 billion, decreasing by as much as 12 per cent in December, according to the GAC. India mainly exports ores, organic chemicals and other resources, the appetite for which has declined in China following a slowdown in the investment-driven economy as well as mining curbs in some Indian states. While overall bilateral trade declined slightly from 2015, the imbalance in China's favour increased, from \$44.87 billion in 2015 to \$46.56 billion last year.

India has been pitching for greater market access particularly in the IT and pharma sectors, but has made limited headway. With the growing imbalance in trade, a push by both countries for greater Chinese investment into India - and a shift away from a largely transactional buy-sell relationship - has made progress in the past year, which saw record investments from China into India, reaching close to \$1 billion, albeit a still low figure.

Officials expect that to increase with plans underway for five Chinese industrial parks that are set to take off in the coming year. □□

Major Issues in Bilateral Economic Relations

In the age of global economic integration, with both India and China being major emerging economies. The nature of economic cooperation between both is less than significant. This is even when if considered that the fact of economic cooperation they both enjoy with other states is better compared to each other. In addition, some economic issues of Indian unease make the suspicion high, as if this economic cooperation may eventually become a point of confrontation rather based on mutual cooperation. With the emerging

became a matter concern when in 2007 it was noticed that trade deficit between both has crossed the figure of US\$10 billion making anticipated effect among India domestic manufacturers to introduce non-tariff barriers against Chinese imports. Trade deficit between India and China has increased to USD 44.7 billion during April-January period of 2015-16. India's exports to China stood at USD 7.56 billion during the period whereas the imports have jumped to USD 52.26 billion in April-January, 2016. (ET, March 2, 2016) In 2014-15, the deficit was aggregated at USD 48.48 billion.



geo-strategic shift in East Asian power politics and concern for regional security, weakening of economic cooperation between Indian and China may turn into a loss of biggest strategic asset between both. Despite many efforts at the policy levels the increase in bilateral trade still remains an area of concern between both.

To begin with one of the major concerns remains to balance of trade between both the countries. India-China bilateral trade, although being low had remained balanced in nature, involving the exchange of goods and services as well as capabilities to buy and sell in equal measure. However, this

India and China compete in a number of industries.

The problem is aggravated by the nature of Indian export basket to China. India's exports to China are highly concentrated in four sectors, which take the lion's share of 86 per cent of the total bilateral exports from India. Besides, mineral and metal products, India has a major export interest in selected sectors such as chemical products, textiles and clothing, base metals, among others. In the process, base metal sector became the second largest export sector of India to China in 2010. However, Indian attempts to export technology-intensive products have been much below its potential. India needs to improve its export efforts to meet

the specific import requirements of China if it has to have wider market access without a bilateral Free Trade Agreement (FTA). With India is looking to improve the nature of trade and restrict exports of ores and raw materials, it needs to identify competitive products as new drivers of the trade relationship had become paramount. So far, India has made little headway in pushing exports of pharmaceuticals and in information technology, where officials have so far focused their efforts to improve market access. While India has complained of complicated registration procedures for drugs and of Chinese reluctance to accept Indian software products, Chinese officials say Indian companies have done far less than their international competitors to establish a significant presence in either sector. They say Indian pharmaceutical companies have not been active enough to push their products and engage with hospitals, while Western technology companies had established a presence in China decades earlier.

There are also concerns over the level of regional development initiatives along the eastern border of India for bilateral trade boasts because many regions close to India, especially in South West China, are among the laggards in development. Also at the level of investment policy some issues pertaining to the poor quality and viability of investments remains high. There are some government efforts to rein in investment but success in these efforts has been less than modest. In case investment slows down, it may have implications for India's iron ore and other raw materials. During the last many

COVER STORY

years, India's trade and export competitiveness has suffered from a sharp appreciation of Indian rupee and gradual appreciation of Yuan by China. China has been resisting a major appreciation of its Yuan. In a recent policy move China's decision to devalue its national currency Yuan in August 2015 took the global financial markets by surprise. By engineering a 4% drop in the yuan over two days, the People's Bank of China (PBOC) sent most other currencies reeling, including the Indian rupee, which sank to a two-year low against the U.S. dollar. (HS Borji, 2015)

Both India and China com-

have been done and financial sectors reform are completed. Another set back to the expansion of bilateral trade was the falling price of steel world-wide and the slowdown of China's demand. In addition, among the potential exports to China, marine products, oil seeds, salt, inorganic chemicals, plastic, rubber, optical and medical equipment also fail to show the requisite upswing in growth.

The border trade between both has been always felt to be the most potent and right instrument for building mutual trust and economic cooperation. The resumption of the Nathu La border trade

lion, and China's investments in India between 1991 and 2004, according to India's Ministry of Commerce, stood at only US\$231.6 million (Financial Express 2006) All this necessitates for deeper introspection and structural reorganization and policy adjustments to create new incentives and evolve new avenues for expansion of mutual trade, commerce and investments. Another issue facing India-China economic ties is 'resource search' causing the ongoing competition between two worldwide as the two face continuing gap domestically between the resource supply and demand, it is but natural that they compete to reach out to resource-rich nations for oil and natural gas, industrial and construction materials Middle East (Iran and Saudi Arabia), Central Asia (Kazakhstan), Russia and Africa (Sudan and Angola).

Converging the Economic Interests

The growth of Sino-Indian trade has so far been limited as compared with their overall economies, trade and economic structure. It remains challenging due to political overshadowing and 'high trust deficit' due to historical past. However, the potentials of bilateral trade are indeed great and if achieved could be the best possible way to ease out tensions between both. There are also some pessimist concerns citing that their geo-strategic perspectives guide both India and China significantly and the fundamentals of bilateral relations are going to be remaining as usual at large. Especially, China's ties with Pakistan defined as 'all weather friendship' will continue to be a strong countervailing



India's investments in China during 1996-2004 reached only US\$965 million.

pete in a number of industries, including textiles, apparels, chemicals and metals. A weaker Chinese Yuan means more competition and lower margins for Indian exporters and it also facilitates dumping of Chinese goods into the Indian market, thereby undercutting domestic manufacturers. In addition, concerns remain over financial sector reforms in China and pressures of accumulated NPAs, which often has caused government to officially bail out the banks. (Wang, 2007) In the given scenario, the grant of market economy status to China by India could be considered once the transparent and prudential norms for capital markets

in July 2006 marked positive towards this but the progress has fallen short of predictions. The report projected cumulative trade flow through Nathu La would be Rs.2266 crore (US\$ 580 million) by 2010 and Rs.12203 crore (US\$ 2 billion) by 2015. (NTSG Report, 2005) However, the report noted the missing deadlines for increase in border trade between both the countries.

In spite of China and India both becoming major destinations for foreign direct investment and both increasingly expanding investment outflows, India's investments in China during 1996 and 2004 reached only US\$965 mil-

force to haunt wider economic cooperation. Similarly, recent muscle flexing over the issue of visa denial for participation of Tibetan activists in conference at India, non extension of visa for Chinese media persons, Chinese reluctance to India's inclusion in NSG, news of repeated border incursions and alike hinge around the call for better coordination and cooperation between both. In past too, China's reluctance to accept the Nuclear Suppliers Group (NSG) granting a 'waiver' to India in July 2008, or the Asian Development Bank's (ADB) decision to fund India's development project in June 2009, remain the other cases in point.

However, there also remains 'positive side' to the mutual relations, which seem to move beyond



India needs to improve its export efforts

in right direction based on past hard-earned *rapprochement*. Togeth-

er with China, India is likely to witness a massive upsurge in productivity, and these two nations are already becoming global actors of major proportions (Scalapino 2008: 123). This has successfully impacted China's forging of closer economic relationships with its immediate neighbours, from Thailand to Korea, and even with India. Un-

like those of Western powers or the Bretton Woods institutions, In the given context, both the civilization state carry a 'strong potential and desire' based on consensual model to enhance bilateral economic cooperation.

As discussed earlier trade and economic relations between the two took a back due to political heat and mistrust. Nonetheless, China's new economic policy, in-

Yes. It is possible to boycott Chinese products in India

Several people, mostly Indians ask, is it really possible to boycott Chinese product in India? This question emanates from doubtful minds. It is for these Doubting Thomases that SJM emphatically says yes. It is possible with the help of people and traders.

- People of India should encourage traders who sell Indian (except China) made products, as was done during Diwali last year.
- People should also react negatively to China made product sellers who are just for the sake of cheap price putting India's safety at risk.
- Online shopping websites like Flipkart (website), Amazon (company) and other leading players should be asked to list the location of manufacture (Like "Made in China" or "Made in India" etc. This will help Indian citizens to make an informed choice and avoid Chinese or Made in China products.
- Indian Manufacturers and young entrepreneurs should identify all Chinese goods which are in demand and should produce competitive and high-qual-

ity equivalent products. They should be well supported by the government.

- India should never sign a trade agreement with China again or renew anything anymore.
- When it comes to India and national safety, Indians always stayed united and Money don't come before India's safety.

Indian citizens must realise that China is unjustifiably supporting Pakistan and acting as the backbone to offer help to terrorists to kill Indian brave soldiers. China has also encircled India and is providing all possible support to anti India elements in Nepal, Myanmar, Bangladesh, Sri Lanka, Maldives, Left-wing terrorists and naxals. It misses no opportunity to disregard India concerns. China has virtually overtaken Indian Territory illegally occupied by Pakistan in Jammu Kashmir. It is also diverting water of Brahmaputra to deny India its due share. In a market economy consumer is the King. No one can force anything on the consumers. Hence Indians as consumers must declare loudly that We will not support China products. □

COVER STORY

troduced in 1978, saw the commencement of economic relations with India, which in turn accelerated only in 1993. Bilateral trade relations still suffer from trade deficit and lack of access to Indian products from China. It is necessary for India to diversify its export basket and did not rely on low-technology inputs, iron and manganese ore etc. Planning, co-ordination and governmental support are required to improve the share of manufactured goods in the export basket for China. India's exports to China are highly concentrated in four sectors which take the lion's share of 86 per cent of the total bilateral exports from India. Besides, mineral and metal products, India has a major export interest in selected sectors such as chemical products, textiles and clothing, base metals, among others. In the process, base metal sector became the second largest export sector of India to China in 2010. India needs to improve its export efforts to meet the specific import requirements of China if it has to have wider market access without a bilateral Free Trade Agreement (FTA).

Considering the point that China's import focus is shifting towards knowledge-intensive products, India needs to change its bilateral export basket to accommodate more technology-intensive products for wider market access in China to secure our domestic interest and garner comparative advantage. India's closer engagement with China in the global production network could be a possible way to improve its technology-intensive exports. India has to evolve a strategic approach to deal with the frequent



24 business deals totaling US\$22 billion in value were signed in Shanghai.

use of Non Tariff barriers (NTB) by the Chinese authorities and to address product standard issues for achieving uninterrupted access to the Chinese market, which is expanding fast seen by trends in Chinese economy.

As India and China gain prominence in the changed global trade scenario, it is imperative to assess the possible effects of yuan appreciation on the rupee as well as on the exports of India to rest of the world in the presence of competition from China. The effect was realized with Indian exports to China fell by 8 per cent in July 2012-the biggest decline in Chinese imports from any major country-further widening an already record trade deficit that has increasingly strained economic ties.

A large potential exists for trade in services and investment.

Barriers to trade in services need to be addressed systematically to exploit the potential of trade in services for mutual benefit. Such potential appears to exist in areas such as IT and IT enabled services, biotechnology, education, financial sector, education, health care, tourism, among other sectors. Investments can be undertaken by Indian enterprises in China, not only for supplying the Chinese domestic market but also for exports in the third countries. Bilateral investment flows could be facilitated by bilateral investment protection and promotion agreement, among other policies with safeguard for Indian low cost manufactures. In addition, an organized institutional promotion by business chambers and governmental agencies may be fruitful along with civil society awareness of economic imperatives. Economic relations could be further strengthened with improved transport linkages and connectivity.

On the global front oil synergy is an area for joint India-China trade relations. China is willing to cooperate with India in oil exploration and exploitation in Africa, South America and Central Asia. If worked together necessary

Rashtriya Swadeshi-Surksha Abhiyan Gains Momentum

SJM has once again taken lead in organising Indian citizens to rise to the occasion and Boycott Chinese products. A focussed and systematic awareness campaign under Rashtriya Swadeshi-Surksha Abhiyan was launched for this very purpose on National Youth Day the Birth day of Swami Vivekananda on January 12, 2017. While the campaign will continue till Chinese mend their ways and deal with India with respect and take care of its interests, this year the Abhiyan will culminate in a huge event in New Delhi at the end of the year.

Rashtriya Sangathan Sh. Kashmire Lal and Campaign Pramukh Sh. Satish Kumar are on a whirlwind tour of the country to mobilise activists and people in general for the Rashtriya Swadeshi-Surksha Abhiyan. The nationwide tour that commenced from KanyaKumari on January 17, 2017 will cover all the states of India. Till date they both have covered 29 organisational states out of a total of 42. Prominent places where they visited include Chennai, Madurai, Bengaluru, pune, Mumbai, Vijaywada, Raipur, Bikaner, Jaipur, Jammu, and Ludhiana etc.

Highlights of the tour are successful meetings with activists and Karyakarta's of SJM educating them about various aspects of the campaign. A signature campaign is part of the over all Rashtriya Swadeshi-Surksha Abhiyan and Karyakarta's have decided to collect around 2 crore signatures. Besides the meeting the visiting leaders of SJM are interacting with media persons also. Both Kashmire Lal ji and Satish ji are also contacting leaders from society that includes Sangh Adhikaris also. Huge public meetings have also been organised at various places.□

mechanisms can be placed to work together in this area. Both India and China share a common interest in a stable Afghanistan and have been stepping up their engagement. Considering the level of investments made it is imperative to work in compatibility with each other rather adhering to uncalled confrontation. As Sameer Lalwani noted in *Foreign Affairs*, the Chinese-funded projects are flashy but make lesser impact compared to Indian investments in projects like housing and railways that have benefitted the local population over the past decade.

Both the states are driving hard their strategic outreach to safeguard their interests. China has stepped up its engagement with the region and promotes Asian connectivity under the name of 'One

Belt, One Road' initiative. In a similar way India under PM Modi has expanded its outreach across South Asia, stressing infrastructure development and increased people-to-people connectivity. Thus it is necessary not to outbid each other rather find points of convergence between both as these steps boast their economic and diplomatic footprint globally.

Their 'Vision Statement' issued in Beijing in January 2008 had underlined the need to 'support and encourage the processes of regional integration that provide mutually beneficial opportunities for growth, as an important feature of the emerging international system'. The recent high profile visits between the leaders of two countries has paved new way for deepening economic cooperation. An impressive

24 business deals totaling US\$22 billion in value were signed in Shanghai on 16 June in the presence of Prime Minister Modi. This represents real traction in economic exchanges, moving beyond official promises of investment intentions as during Xi's September 2014 trip. Modi's meeting that same morning with 20 principal business leaders of China and Hong Kong may yield greater dividend in the coming months. (Rana, 2015) The India-China Joint Economic Group has been tasked to work on the trade balance issue. The Joint Statement refers to 'joint measures to alleviate the skewed bilateral trade so as to realize its sustainability'. The formation of 'Niti Aayog', successor to the Planning Commission, in India on the design of China's National Development and Reform Commission (CNDRC); with its heads likely to lead the 'Strategic Economic Dialogue' holds key step to the infusion of strength in bilateral economic relations.

In the conventional wisdom, the combined gross domestic product (GDP) of China and India accounts for less than 6 per cent of the world, while poverty, unemployment and environmental degradation remain their major challenges (Scalapino 2008: 124). Moreover, China has performed better than India, both in terms of achieving a higher rate of economic growth and better social outcomes in terms of education, health and basic infrastructure. In the age of globalisation and economic integration world has witnessed a maturing of diplomacy in terms of 'economic cooperation' and 'active multilateralism' becoming the preferred policy options.

[Continued on page no. 19]

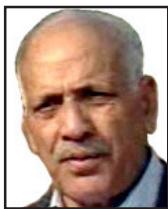
Central-South Asian Connectivity: New Security Panorama

Long before the partition of India, famous Urdu poet Iqbal praised the Himalayas in glowing words and called it "our sentry and our protector". Much water has gone down the river. The mighty Himalayas are no more the forbidding mountains; its crags and peaks are no more insurmountable; its blizzards are no more daunting, and its tranquil air is no more without the foul smell of gunpowder. Thanks to the highly advanced technology and engineering feats of contemporary times, and thanks to the rock-like will and grit of the Chinese plus their lust for border expansion.

When Karakorum Highway (KK) was under secret construction of China, only a couple of Pakistani top Generals, senior echelons of ISI and a few among political bigwigs of Pakistan knew what was brewing.

When India got the whiff of it, she exuded some feeble protest that soon evaporated in the thin air. The world woke up to the grandiose project of China only when huge military convoys, heavy war machinery, tanks and finally missile launchers began to rumble in the entrails of the icy Himalayas.

The KK Highway passes through the territory called Aksaichin after the Arab historians, and Pakistan's erstwhile Northern Areas that actually belong to India being the territory of the Dogra Kingdom of Jammu and Kashmir but illegally occupied partly by China and partly by Pakistan. Taking shelter behind the agreement by virtue of which Pakistan ceded a chunk of nearly 5000 square kilometers of Aksaichin to China, Beijing cared not a fig for India's protests.



The mighty Himalayas are no more the forbidding mountains; its crags and peaks are no more insurmountable; its blizzards are no more daunting, and its tranquil air is no more without the foul smell of gunpowder, warns Dr. K.N. Pandita



COVER STORY

In his Independence Day speech delivered from the ramparts of Red Fort (2016), Prime Minister Modi minced no words and said that KK Highway in its new avatar as 46 billion dollar CPEC was a source of threat to our country's security because, besides rail and gas pipeline, China was planning establishment of short and long range nuclear ballistic missiles firing ranges along this Highway.

The second phase of China's ambitiously strategic programme in the Himalayas began somewhere in 2013 with heavy footfall of PLA in Gilgit and Baltistan or the erstwhile Northern Areas of Pakistan. Pakistan and China gave the impression that PLA was assisting Pakistan in building infrastructure in the region. However, their military and strategic designs could not remain hidden for too long a time. Their real intentions are unfolding now.

Recently, Afghan President Ashraf Ghani called for including India in transit trade with Afghanistan. He was reflecting on the subject during a meeting with the UK's special envoy for Afghanistan and Pakistan, Owen Jenkins in Kabul. He went a step further saying that if Pakistan did not agree to India's entry into Trilateral Transit Trade Agreement (TTTA), then Afghanistan would reconsider what restrictions it would impose on Pakistan's trade route to Central Asian States via Afghanistan.

It will be reminded that Indian External Affairs Minister Sushma Swaraj had, at the last Heart of Asia ministerial conference in Islamabad, expressed her country's desire to join the Afghanistan-Pakistan Trade and Transit Agreement (APTTA).

Pakistan considers Ghani's



Pakistan and its jihadi structures believe the way is now open to revive jihadism in Central Asia.

statement a hollow threat. However, the international community will not fail to see how Pakistan is becoming an obstruction to normalization of trade relations in the region and frustrating possible confidence building measures.

Pakistan ties to reduce Afghan importance to her trade with CAS by saying it has only a small trade with CAS, and Afghan denial of transit route to CAS would not mean any serious disadvantage to her economy. This is only a bluff. The fact is that Pakistan is desperately looking for depth westward and more importantly in Central Asian Republics after having encountered forbidding counter-obstructions from Afghan government.

Furthermore, after the demise of Uzbek President Islam Karimov last week, Pakistan and its jihadi structures believe the way is now open for religious extremists, local and regional, to revive jihadism in Central Asia. Islam Karimov, the strong bulwark against jihadism, had held them at bay ever since the implosion of the Soviet Union and emergence of independent Central Asian Republics in 1991.

Intending to stonewall India's growing influence in Afghanistan's development, Islamabad is charging Kabul of trying to give conces-

sions to India to become stakeholder in the TTTA. Pakistan's contention is that goods from Afghanistan are allowed to be transited to India via Wagah transit point but she disallows Indian goods transited to Afghanistan through same route.

For quite some time, India has been trying to break the transit route impasse created by Pakistan that denies her overland connectivity to Central Asian Republics and beyond to Eastern Europe. After CPEC was floated and Gwadar connected to the corridor, India awoke from deep slumber, albeit belatedly. She began to realize the strategic implications of this connectivity in the Sub-continent and its long term consequences.

Indian policy planners took up the thread of Indo-Iran collaboration in Chahbahar sea port project in the Persian Gulf after sleeping over it for nearly a decade. Finally, this summer, the Chahbahar trilateral agreement was signed between India, Iran and Afghanistan, which will give India the option of connectivity to Central Asia bypassing Pakistan. The project envisages road/rail link along Zaranj-Delaram axis to reach Kabul and then to Mazar-i-Sharif and onwards to Uzbekistan/Tajikistan after crossing the Amu at Tirmiz.

COVER STORY

This makes the strategic map of the region explicit. New Delhi – Kabul-Teheran axis (circumventing Pakistan) is poised against Pak-China alignment in the broader context of Western Himalayan region. But the game plan on the chessboard of Western Himalayan region across the Pamirs and Badakhshan is steadily becoming complex. Northern Afghanistan, particularly the Panjshir Valley and the Wakhan corridor, both are poised to emerge as crucial regions in current Central and South Asian political landscape.

China has been eyeing Wakhan corridor as the possible route for reaching the rich and rare copper mines of Afghanistan...

China has been eyeing Wakhan corridor as the possible route for reaching the rich and rare copper mines of Afghanistan for the exploration and exploitation of which China has already conducted negotiations with Kabul.

The first indication of Sino-Pak reaction to Chahbahar alignment was casually voiced by Dawn newspaper of Pakistan in its issue of 11 September saying Pakistan is reportedly considering other routes as well for reaching Tajikistan, bypassing the war-ravaged Afghanistan.

There are plans for getting Chinese help in linking China-Pakistan Economic Corridor with Kyrgyzstan and Tajikistan as well as Corridor 5 & 6 of CAREC (Central Asia Regional Economic Cooperation), which will establish connectivity between Pakistan and Central Asia.

Survey and feasibility of road link between Pakistan and Tajikistan was conducted some years ago by the Agha Khan Institute of Karachi. It will be reminded that there is sizable population of Is-

maili faith in the Khorog region of Southern Tajikistan across the Badakhshan Mountain. Moreover, Tajikistan and Pakistan are actively considering development of Rogun Hydroelectric Power generating plant in Tajikistan with capacity to supply power to Pakistan. China is in the loop for this project.

Obviously, contemplated road connectivity will mean huge tunneling of the mountains and with that establishment of strategic posts to bring landlocked Central Asia closer to the warm waters of Indian Ocean. This also highlights the strategic importance of Gwadar sea port as crucial link in the big and vast Beijing controlled trade circuit

China has been eyeing Wakhan corridor.

in the sub-continent.

Tajikistan and Uzbekistan, both are emerging as crucial to India's Central Asian policy. Though India has lost much ground in Tajikistan to the Chinese yet she has not lost the goodwill and the historicity of ties with ethnic Tajiks.

At one point of time in the post independence period of Tajikistan when the Afghan Taliban threat had begun casting its gloomy shadow over the southern part of Tajikistan around 1996, India had an opportunity of obtaining toe-hold in that country. However, India failed to handle the opportunity with astute diplomacy and missed the Aini airport concession.

However, Tajikistan and Uzbekistan, both are emerging as crucial to India's Central Asian policy. Though India has lost much ground in Tajikistan to the Chinese yet she has not lost the goodwill and the historicity of ties with ethnic Tajiks. Efforts should be made to revive ties with new perspectives. India should also understand that growing cooperation with Iran will immensely reduce her dependence on Daultabad gas field of Turkmenistan. The Zaranj-Delaram-Kabul-Mazar-i-Sharif road link (may be rail link at a future time) might in all probability achieve importance as the main highway connecting India with Tajikistan and Uzbekistan. Strategic importance of Tajikistan to India and Iran in the wake of Sino-Pak trade and military ambitions in the Badakhshan-Pamir region becomes a pressing reality.

President Ashraf Ghani's comments that Afghanistan was no more entirely reliant on Pakistan for its external trade as it has got other routes for exports and imports is pregnant with meaning . He was referring to the trade route India is helping to build linking Iran's Chahbahar port with Afghanistan.

This comment becomes more explicit when read in the background of Afghanistan's bilateral trade with Pakistan headed towards decline. According to some estimates, it has gone down by 50 per cent over the past few months because of border issues. Last month, the Chaman border crossing remained closed for almost 14 days, while in June the Torkham border crossing remained closed for a week. □□

Padamsri Dr. KN Pandita is former Director of Central Asian Studies in Kashmir University & a well known expert on the subject.

Budget a step in the right direction, but not ideal

The common man struggling with the problems arising post demonetisation had been expecting a lot from the Budget for 2017-18. From that angle, the Budget seems to have been an underachiever. Income tax exemption limit remained the same, though the rate was halved and those with an income of 5 lakh rupees (\$\$10,600) got a relief of 12,500 rupees. For more relief, perhaps they need to wait till next year. In the name of the Ministry of Micro, Small and Medium Enterprises (MSME), some relief was given to companies with a turnover of 50 crore rupees or less and they will now pay 25 per cent less tax.

It was expected that after demonetisation the government would be able to get more tax from those who deposited their black money in banks; and that riding on higher tax collections, the government would spend more on education, health and other social services. However, Budget 2017-18 seems to have disappointed people. Though the size of the budget at 21.47 lakh crore rupees is bigger by 1.5 lakh crore rupees than the previous year, social services failed to get the expected hike in allocation. Whether it is fiscal deficit or a deficit in the balance of payments on current account (CAD), the economy is in a much better situation than it was a few years ago. Last year the Finance Minister budgeted for a fiscal deficit of 3.5 per cent of GDP, which has been achieved; for 2017-18, a lower target of 3.2 per cent has been set.

If we leave aside the short term pains of demonetisation, the economy

It was expected that after demonetisation the government would be able to get more tax and spend more on education, health and other social services. However, Budget 2017-18 seems to have disappointed people; underscores Dr. Ashwani Mahajan



seems to be on the track of fast growth, and India continues to be the fastest growing large economy of the world.

The deficit in the balance of payments on the current account (CAD), which was one per cent of GDP in 2015-16, had come down to only 0.3 per cent of GDP in the first half of 2016-17. Our foreign exchange reserves have reached a level sufficient for import bill of 12 months. Finance Ministers claim that inflation is largely under control. On growth, inflation, foreign exchange reserves and fiscal management, the economy is in a better position. The FM terms this as a “bright spot”.

It is said in the budget that requisite changes would be made in the law to bring down prices of essential drugs and health equipments. Production of generic drugs would be encouraged. The Budget also talks about opening a new All India Institute of Medical Sciences.

However, these provisions are not sufficient. People lose their savings and whatever assets they have for treatment of their near and dear ones. According to studies in this regard, nearly 10 per cent people go below the poverty line every year due to this reason only.

Therefore, it was expected that the budget would provide something big towards public health which is lacking in Budget 2017-18.

The Budget's emphasis seems to be on the objective of achieving a smaller cash economy through incentives and infrastructure building. Incentives and cash back on transactions using popular UPI app, ‘Bhim App’, making Indian Railway Catering and Tourism Corporation railway booking free of cost and taking Optical Fibre

Network to 1.5 lakh gram panchayats are some of the efforts made in this budget. These efforts are targeted towards digitisation aimed at bringing in efficiencies in transactions. However confusion prevails on how safe these transactions would be.

Another argument, perhaps rightly so, is that with more digitised transactions, credit worthiness of traders and businessmen would improve and it will help them raise more resources for their growth. With the help of digitisation, government subsidies and other transfers could also reach the right people without any leakage.

The Finance Minister's major attention and rightly so, has been

Our policy makers are still pleading for foreign capital, free trade & globalisation

on rural roads, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), irrigation, agriculture and allied activities. He has allocated significant amount of funds (to the tune of 1.87 lakh crore rupees). This way, his attempt is to make our rural economy stronger.

Linking MGNREGA to development with a target of building 500,000 new ponds, is yet another appreciable step. Better allocations for rural roads, the Prime Minister's housing scheme and rural electrification and similar other programmes are steps in the right direction. Budget allocation for drinking water in arsenic and fluo-

ride affected areas has perhaps been made for the first time.

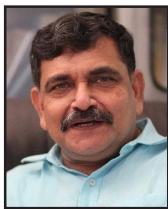
By providing 4 lakh crore rupees for infrastructure, the government has given a boost to infrastructure like rail, road, air transport and power sector. However, we need to keep the same going if the nation is to move on the fast track of development and bring itself to the level of developed countries. Better allocation for defence shows the commitment of the government for country's national security.

To somehow show that the government is trying to lift all hurdles for foreign investment and also that it is committed to bring ‘ease of doing business’, the Finance Minister has proposed closing down the Foreign Investment Promotion Board (FIPB).

This shows desperation of the government to get FDI at any cost. This is a cause of concern. It is notable that many a times there are dangers linked to FDI. If FIPB closes down, then restraints on ‘bad FDI’ would go and we may be subject to several threats to our economy and even national security. The government should reconsider this proposal.

Today America and European nations, which themselves had been the proponents of globalisation, are promoting protectionism. President Donald Trump is giving a new doctrine of Buy American - Hire Americans and Britain has severed its ties with the European Union. It seems extremely surprising that our policy makers are still pleading for foreign capital, free trade and globalisation and are willing to go any distance for foreign investment. We need to mend this mindset. □□

Towards double digit farm growth



Agriculture production is bound to leapfrog as a consequence of government measures and the goal of food for all and complete eradication of poverty from the face of India in the near future will become a reality once these policy driven, targeted measures are executed, sensed

**Dr. R.
Balashankar**

The NDA government's renewed emphasis on agriculture is a well thought out strategy to finally eradicate poverty and make rural poor an integral part of India's growth story. Rather, such spending has proved to be of temporary relief without really changing the ground reality. It is experience that has prompted the government to initiate schemes meant to build durable rural infrastructure to motivate people adopt agriculture as a viable alternative career option.

This is an interesting departure from the past. The government's plan is to transform the most backward districts in the country as models of India transforming. In this, the Gujarat experiment in Kutch is proving useful. The focus this time is on the 100 most backward districts in the country of which majority are in three states, Bihar, UP and Madhya Pradesh. These three states together account for seventy of the most backward districts in the whole country. More striking is that not a single most developed district in the country falls in these states. Some believe nothing can be done in the case of backward districts. But they can be made number one, said the Prime Minister Shri Narendra Modi, recently. He was commenting on backwardness and total absence of development in certain regions in the country.

The issue of regional disparity has foxed planners for long. Previous governments have initiated many schemes specially designed for the most backward districts. Perhaps they failed because the focus was more on poverty alleviation and temporary job creation. They did not create rural infrastructure. Nor could they make agriculture profitable in the absence of roads, irrigation and connectivity.

As Chief Minister, before he became Prime Minister, Shri Modi has rebuilt the earthquake ravaged, hopelessly parched Rann of Kutch into a land of promise. Shri Narendra Modi has an unbeaten record of ushering in an era of double digit agricultural growth trajectory in Gujarat between 2003 and 2014, when the national average was languishing at less than two per cent. Shri Modi has also vowed to make the incomes of the Indian farmers double in the next four years. Taking cue from this agrarian success story, in Gujarat, a state which was never considered an agrarian state, because of the vast Saurashtra region which used to witness massive migration, cattle and people every year because of draught, many other states like MP, Chhattisgarh and now Maharashtra have adopted the techniques which were pioneered in Gujarat. This agrarian growth strategy was built on better irrigation, modern farming tools, easy availability of cheaper farm loans, 24-hour electricity and tech savvy marketing of farm produce. In each of these initiatives there is a large volume of innovative planning and hands on implementation. The NDA Government at Centre has been trying to replicate his experi-

ence in the entire country.

Soil testing to find the health condition of agricultural land is a major step in the direction of agrarian revolution. Neem coated urea is another. Building check dams, water conservation through ponds and other water conservation methods, raising the ground water level, reducing water wastage by promoting drip irrigation, changing crop pattern studying the soil fertility, water availability and market condition are other ingredients of this approach. Then reaching technology through electrification, computerization of Panchayats, building smoother roads through Pradhan Mantri Grameen Sarak Yojna which will also help marketing and internet connectivity which has been promised to reach every village are the things that will ensure development at the grass roots level.

Never before have so many poor people become bank account holders in India. Under the Jan Dhan Yojna about 30 crore new bank account has been opened. This financial inclusion is at the centre of a dynamic agrarian economy. The government in the financial year has saved Rs 50,000 crore through direct cash transfer scheme. This with free cooking gas connection to 50 million BPL families is changing lives of millions of families. The rural job guarantee scheme has been reworked with highest ever annual allocation and ensuring the availability of farm labour. These will also limit the flight of labour to cities leaving their traditional farm labour.

How can agriculture become profitable? How can the farmer income double by the turn of this decade? Will it ensure the end of

rural indebtedness and farmer suicides? Yes, all this is possible if the Prime Minister is able to replicate at the national what he achieved in Gujarat. Shri Modi has put the common man at the pivot of his economic narrative. He has placed great faith in the Indian farmer and brought agriculture to the centre stage of his growth engine. The new schemes, allocation for agrarian transformation tell this fascinating story. Rs 1.87 lakh crore is the next year allocation for agriculture and allied areas. The thrust areas in this are MNREGA, availability of easy farm loans and better irrigation. The fund for irrigation corpus and dairy processing increased substantially. Crop insurance under Fasal Bima Yojna, along with agricultural credit yojna has Rs 10 lakh crore which is whopping compared to past records. More credit will incentivize farm investment and propel food processing indus-

trialization. This will ensure durability and better returns for farmers. This could also boost job opportunity in rural India.

Rabi crop sowing has seen an eight per cent rise this season. Reports say the kharif crop this season is going to be a record 297 million tonne because of better rainfall. The building of better panchayat roads, 2000 kms of coastal connectivity roads and 130,000 panchayats getting high speed broadband under BharatNet will certainly improve marketing and remunerative pricing of farm products making agriculture as a profitable career option. Agriculture production is bound to leap-frog as a consequence of all these measures and the goal of food for all and complete eradication of poverty from the face of India in the near future will become a reality once these policy driven, targeted measures are executed. □□

[Continued from page no. 12]

India China Economic Relations: Complexities and

Both the countries need to ripe the benefits of the same. China stands at the largest foreign exchange reserves, which can be used, for India's infrastructural investments. Like China, India too is seeking to strengthen connectivity to the East and West. India and China are also working together on 'Bangladesh, China, India and Myanmar Corridor' (*Business Standard* 2015).

Conclusion

In the end, it is noticeable that economic engagement between both has undergone a significant transformation in the recent years. In addition, the economic ability

of both has become increasingly recognized the world over. Both are being gradually co-opted into global economic decision-making forums and intend to shape the new economic world order based on mutual cooperation.

The historical fact remains that both have some degree of 'common inheritance' from their civilizational past with contemporary convergence of interests that will go a long way in cementing their economic engagement in the future. The new multilateral financial institutions offer no less an opportunity for better economic ties and cooperation between which has remained untapped for long. □□

India needs election reforms urgently

The elections of Legislative Assemblies of Goa, Manipur, Punjab, Uttarakhand and Uttar Pradesh are being held along with elections of many Municipal Corporations and ZPs of Maharashtra. All results will be out by 11 March 2017. Indian democracy is purely depended on elections that determine the character and composition of the government. The membership of the two Houses of Parliament, the State and Union Territory Legislative Assemblies and the Presidency and Vice-Presidency apart from the representations to all other democratic institutions throughout the country normally goes through this election mode.

Tragedy is that the system of elections is easy to manipulate and is influenced by money and muscle power and above all has become an approved way of dynastic rule. Present elections are the witness. It is true that voters do vote for the contestant and help make win one among, there is no way to believe that the voter is sovereign and the voter is the only determining factor.

The idea of elections

Indian constitution and laws made by Indian parliament provides for Indian governance system and elections of governments. The Constitution of India has vested in the Election Commission of India the superintendence,

Elections in India are basically of nominations by high command or the politico-business masters. The posts are held/ vacated/filled according to the political expediencies of these masters. This emphasizes the need to revisit the entire system of elections, accentuates

Anil Javalekar



direction and control of the entire process for conduct of elections. The election process starts with the declaration of election dates by Election Commission and end with declaration of results. The voters listed in the list of voters are important for the purpose and the list is published in advance with cut-off date for inclusion of names.

Every Indian citizen completing 18 years of age is eligible for vote. However, voter's right mostly end with the voting. Indian elections can be said as one sided affair and dominated mostly by contesting candidates and political parties.

The contesting candidates and political parties dominate elections

Indian elections are dominated by contesting candidates and political parties. The important conditions for candidates who desires to contest elections are that they should be the citizen of India, should be of 25 years of age, should pay deposit amount and should not have convicted and sentenced for 2 and more years' imprisonment apart from declaring their assets and family etc. As is visible, Indian political parties have emerged as main contenders in elections. Voters also value candidates based on parties. The political parties are expected to represent and follow the spirit of Indian constitution.

However, in practice, Parties give tickets to candidates based on their winning capabilities that inter-alia include cast, money and muscle power.

The tragedy is that no righteous candidate of minor casts

having no money or muscle power can get tickets from parties and win elections. Now-a-days, seats are allegedly on sale.

Future is dark

First, Indian democracy is losing its representative character. The representation and leadership



is being monopolised by families and their kith and kins. Few times it is extended to friends. This is happening in all elections right from Panchayat to parliament to ministries though not yet reached to Presidency and vice presidency. In Brihanmumbai Municipal Corporation (BMC) elections, it is seen that candidates for most of reserved constituencies for women were represented by wives of leaders or who represented earlier.

Almost all political parties follow the principle of dynastic rule and allot seats to sons and daughters, wife, brothers and sisters in that order. This is a dangerous signal for Indian democracy.

Second, Money and muscle power has almost taken over the

Money and muscle power has almost taken over the election system

election system. No Indian poor can dare to contest elections in India for any of institutions. This is another danger that will kill Indian democracy.

Third, the building of vote banks just to win elections has reached to its heights. This will have a long-term impact on Indian democracy and nation's sovereignty and progress. The base of vote bank politics is mainly religion and cast and is dangerous for future India.

Election reforms are key to future democracy

First there is a need to restrict the entry to defined bad elements in society in the process of elections. The present criteria of unsound mind and conviction for some crime to bar the candidature are not sufficient. There is



Democracy is losing its representative character.

a need to define personality traits requirement particularly regarding service and sacrifice orientation towards nation and its people for contesting candidates. Moreover, all candidates contesting elections must be open for public scrutiny including the public scrutiny of their relations and clans in every aspect of their life. The agencies like CBI, police and tax authorities should be held responsible for this job with specific powers. The entry in representative field should necessarily be a liability and should not in any case become an asset for politicians.

Second, the candidates should not be allowed to repeat the constituencies for same elections. Here many of candidate have built their empire and can repeatedly get elected not based on creative work but money muscle and dynasty. This need to stop. Above all family members should

not be allowed simply because they are sons or daughters to contest the elections.

Third, there is a need to define the candidate's capabilities vis-à-vis the level of representation. For now, anyone can contest any election irrespective of experience or exposure of national issues. It is desirable that candidates get elected at local level/state level first and then contest elections at national level. It is also necessary that the candidates interested in representing at national level and state level should be barred from contesting from same constituencies for second time. This will help election system to build the national commitments in the candidates contesting national elections. This will help also to minimize the manipulative politics and dynastic mode of representation from same constituencies.

Fourth, there is a need to redefine the constituencies in such a way that no community or cast or a religious or otherwise fanatic groups should be able to influence the results of elections by way of vote bank mode. It is desirable to have smaller constituencies and more representatives

instead of wrong representation elected by vote bank politics. The geographical area and administrative convenience should not come in the way. Even the electorate of same area can be allowed to vote for different candidates to stop the vote bank manipulation. The important is the election of righteous candidate.

Fifth, above all, there should be a citizen's body consisting of visionary and knowledgeable people from all walks of life who can consistently watch the election system and suggest for its improvement. This need not be a constitutional or government sponsored body but an independent moral authority gained by virtue of their righteous conduct and commitment towards nation and its people. This can be one or more bodies and at the instance of public initiation. This will ensure that the systems are working and meeting the expectations of Indian constitution.

The Indian elections are basically of nominations by high command or the politico-business masters. The posts held or vacated or filled according to the political expediencies of these masters. The tragedy is not limited to MLAs and MPs but has now reached to posts like Presidents and Prime ministers.

Many of earlier presidents could not dare to challenge the powerful masters in national crisis. Earlier prime minister was pure example of nomination and was at a call to vacate. This emphasizes the need to revisit the entire system of elections right from structuring of constituencies, enrolling the voters to righteous contesting candidates. □□

Continuing despair for the farmers

The NDA Government promised in the budget last year to double the incomes of the farmers by 2020. There was no improvement in the incomes of the farmers, however. Now, it has again promised to do the same by 2022 in the budget for 2017-18 presented earlier this month. This promise will meet the same fate as the previous one because the Government refuses to even recognize, let alone solve the basic problem of the farmers. The intention of the Government may be good but the policies are straightforward bad.

The NDA Government has proposed to increase investment in irrigation and rural roads. This will certainly enable the farmer increase his production. The Government has also initiated softer schemes to provide affordable crop insurance and cheap loans. This will lead to a lower cost of production. But these may not translate into an increase in incomes. Say a farmer was previously producing wheat at a cost of Rs 15 per kilo, selling it at Rs 17 per kilo, and making a profit of Rs 2 per kilo. Now he will produce the same wheat at Rs 13 per kilo because of the facilities given by the NDA Government. However, he may now incur a loss of Rs 1 per kilo if the price of wheat in the market declines from Rs 17 to Rs 12 per kilo. The profit of the farmer is dependent on the *difference* between the cost of production and the price of sale. It is not dependent of the cost of production alone. Thus reduction in the cost of production as so honestly being secured by the NDA Government may not help the farmers. Here we must know that there has been no reduction in the prices of agricultural produce in nominal terms of rupees per kilo. The minimum support prices continue to increase year after year. However, inflation has led to a reduction in the real price of the produce. Say, the minimum support price of wheat increased by 5 percent

Government imports food when domestic prices are high and bans exports when domestic prices are low thus hurting the farmer both ways by preventing them from benefiting from both, high domestic prices and high international prices accordingly, explains Dr Bharat Jhunjhunwala



per year while inflation increased by 7 percent per year. Thus the real income of the farmer will decline by 2 percent per year even though he supposedly gets a higher price. The prices of agricultural produce in the country have been declining relative to the prices of other commodities for many decades and income of the farmer has been declining for this reason.

The import-export policy of the NDA Government adds salt to the injury. About 60 percent of our population lives in the cities. They buy food from the market. About one-half of the remaining 40 percent people living in the villages are farm labourers, artisans and shopkeepers. They too buy food from the market. Thus, about 80 percent of our people buy food. The top priority of the Government is to control prices of food so that this huge constituency is kept in good humour. As a result the Government imports food when domestic prices are high as being done in the import of pulses nowadays. On the other hand, the Government bans exports when domestic prices are low as was done three years ago in respect of wheat. The farmer is hurt both ways. He is prevented from benefiting from high domestic prices by making imports, and he is prevented from benefiting from high international prices by banning exports.

Let us say good sense prevails and the Government allows the prices of agricultural produce to increase. That will certainly help the farmers. But this creates another problem. Say the Government increases the Minimum Support Price of wheat. The farmers will then increase the production of

Real income of the farmer will decline by 2 percent per year

wheat. The Food Corporation of India will have to buy this. The stocks with the Corporation will increase. This will lead to a problem of plenty as happened three years ago. Wheat started to rot in the godowns of the Corporation. The Supreme Court then asked the Government at that time why the wheat should not be distributed to the poor instead of letting it rot? That incident shows that an increase in price has to come along with a plan to dispose off the increased production. But it is not easy to do so. The domestic demand will decline as the price increases. The international economy too cannot help. Buyers will not buy wheat from India at Rs 17 a kilo if wheat from Australia is available at Rs 12 a kilo. The Government of India also cannot dispose of the excess production by giving export subsidies because these are prohibited under the World Trade Organization. Thus, there is no easy solution. An increase in income of the farmer requires an increase in prices. That will lead to increase in production. But there is no easy disposal of this increased production. Therefore, the Government cannot secure an increase in incomes even if it wanted to do so.

A solution to this problem is to provide a "land-based subsidy" to our farmers; these are not prohibited under the WTO. The United States gives subsidies to the

farmers to keep their lands uncultivated. They survive on these subsidies even though their cost of production is high. The NDA Government can similarly give a subsidy of, say, Rs 5,000 per acre to the small farmers and Rs 2,000 per acre to the large farmers. The fertilizer and food subsidies can be scrapped and the money used to provide these subsidies. This will enable the farmers to survive even if the price of their produce is less in the market.

The second solution is to facilitate the farmers to move towards high value agricultural goods. The farmers in France grow grapes that are used to make expensive wines, in Italy they produce olives, in Netherlands they produce Tulip flowers, in Brazil they produce coffee, and in Sri Lanka they produce tea. The developed countries are able to pay a wage of Rs 7,000 per day to their farm labour because they produce niche products that fetch high prices in the international market. India is blessed with an unprecedented diversity of climate from Kashmir to Andaman Islands. We can produce all these products, and more. The Government must take up an ambitious research program to produce these high value agriculture products. A Public Sector Undertaking to export these products should also be established.

Direct land-based subsidy and high-value products are the only true solutions to the problems of our farmers. The present policy of investment in irrigation and roads and schemes for subsidized insurance and loans are good but they will only push the farmer deeper into distress in absence of these measures. □□

It'll clean up Indian polity

The policy directions in the speech of the finance minister introducing the Union Budget 2017-18, presented in the backdrop of demonetisation but more as a follow-up to it, constitute a paradigm shift to clean up the Indian polity. The pivot of the new paradigm is the endeavour for transparent economy and politics.

First, the most far-reaching reform is in the funding model of political parties. Recently published data shows that whether it is ruling party or the Opposition with any ideology, they had received most of their funds through opaque cash donations up to Rs 20000. The finance minister has adopted the Election Commission's recommendation to limit the individual cash donation to Rs 2000 for political parties. The second, and the most important measure is the proposed bonds for political funding. The bonds can be bought and donated by any person to any political party without the donor's identity being known. While the donor's identity may not be known in the hands of political parties, the fund will be clean. With the cash economy contracting because of demonetisation, the bond scheme has potential for success.

Second, the direct tax policies in the Budget take the demonetisation philosophy of war against black money forward by creating an ecosystem against tax evaders and rewarding the honest taxpayers. This is the first budget speech ever where the minister cited irrefutable data to admit mass and massive tax evasion and confessed how disproportionately the huge cash economy has facilitated evasion. The demonetisation decision hit the cash economy and forced the so far unbanked cash into the banks and forced it to pass through the tax net. The figures of bank deposits disclosed by the minister showed that the tax base would increase exponentially in future. This is the most far-reaching reform so far without which there was no way the unmonitored cash that was promoting false and jobless growth would have been banked and formalised. The tax and banking transaction policies declared in the budget speech for migration of substantial cash payments into digital ones will consolidate the gains of demonetisation. While tax cuts for the middle class which had borne the brunt of the demonetisation was expected, the simple one-page tax return for those with non-business income of Rs 5 lakh and below makes compliance easy for the middle class.

Third, the beneficial impact of internal structural reforms achieved by the government before and in the Budget have not been fully grasped in the Budget discourse. The merger of the Railway Budget, a colonial continuity, in the General Budget has made integrated policymaking possible and efficient allocation of resources for multimodal transport planning necessary for comprehensive development of Indian transport system. The advancing of the Budget by one month has made the budget approval a one-step, instead of a two-step process — first,



Thanks to the hard game of demonetisation which has made it possible, the Budget aims for a financially clean polity and economy, says S Gurumurthy

Analysis



the interim vote-on-account and then the final appropriation — enabling the spending to commence without delay from the first day of the budget year. Another important reform is the reclassification of spending as capital and revenue, instead of as plan and non-plan spend, as with the Planning Commission no more, the latter reclassifi-

cation had become irrelevant.

Fourth, the Budget undeniably endeavours to build the ecosystem for reorienting the Indian economy which had lost track of its job-producing potential since 2004. Jaitley has spoken of large allocations for rural, agricultural and infrastructure sectors and has doubled the bank funding for the mi-

cro businesses through the MUDRA scheme, all of which have the potential for employment generation.

Fifth, a significant aspect missed in the budget discourse is that the entire indirect tax budgeted has been just an assumption, pending the GST rollout which stands deferred to July. Only when GST is rolled out will reliable numbers of indirect tax revenue emerge. Till then, the budget estimates will remain incomplete. Finally, while some commentators have hailed the Budget as ‘change making’ and ‘game changing’, an in-depth comment on the Budget will have to await scrutiny of the huge volume of budget papers and the numbers hidden in them. Yet, thanks to the hard game of demonetisation which has made it possible, the Budget aims for a financially clean polity and economy. □□

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Doubling Farmer's Income: **Look beyond crop productivity, contract farming and privatization of markets**



At a time when doubling farmer's income in the next five years has become a catch phrase, I find the Niti Ayog, NABARD, Agricultural Universities, Research institutes, public sector units, and everyone even remotely concerned with agriculture now talking about ways to double farmers income. While the number of seminars/conferences on doubling the farmer's income has also doubled in the past few months, farmers are increasingly sinking into a cycle of deprivation. Two years after a back-to-back drought, Demonetisation has further reduced the farmer's income, with estimates suggesting 50 to 70 per

cent drop in farm incomes especially that of vegetable growers.



Separate farmers' income commission to address the prevailing extreme levels of inequality perpetuated by an economic design that has nothing to do with crop productivity is required to ensure an assured take home income package to farmers every month, pleads

**Dr. Devinder
Sharma**

Interestingly in all the debates and discussions that I have participated in, there is nothing new emerging. The arguments invariably revolve around the same principles — increasing crop productivity, expanding irrigation, crop insurance and strengthening the electronic national agricultural market platform (e-NAM). What is more surprising is that those who talk of allowing markets to provide higher farm incomes are the ones who get assured salary packets every month. In addition, every six months, they get Dearness Allowance (DA), which has now been merged with the basic pay.

In India, only 1.3 per cent of the population is salaried, including the private sector. Against this, more than 52 per cent of the population, roughly 60-crore, comprises of farmers. The minimum wages these employees get are computed as per the recommendations of the Indian Labour Conference, 1957. Accordingly, the minimum wage should be based on the minimum human needs, for which a set of norms have been laid out: 1) three consumption units for one earner in a standard working family, with the earnings of woman, children and adolescent in the family being disregarded. 2) Net intake of 2,700 calories for an average Indian adult of moderate activity. 3) Per capita consumption of cloth of 18 yards per annum, which would mean for an average workers family of 4 a total of 72 yards. 4) Rent corresponding to the minimum area provided for under the subsidized industrial housing scheme for low income groups. 5) Fuel, lighting and other miscellaneous items of expenditure to constitute 20 per cent of the total minimum wage.

Subsequently, in an order issued by the Supreme Court in 1991, it laid out a set of six criteria for working out a minimum wage: children's education, medical requirement, minimum recreation including festivals, ceremonies, provision for

old age and marriage, should constitute 25 per cent of the wage. Further, it stipulated the minimum wage to include a dearness allowance compensating for inflation.

In other words, these criteria actually provides for a minimum monthly salary required by a family for a decent and honourable living. But strangely I find the same criterion that provides assured income to economists, scientists and planners is something they completely ignore when they talk of doubling farmer's income. This smacks of double standards, protecting their own salaries while leaving the majority population to face the vagaries of markets. Ask the farmers who threw tonnes of tomatoes onto the streets recently in Chhattisgarh, and that too despite a bumper harvest, as to what the tyranny of market entails. Ask the families of those sugarcane farmers who committed suicide in Karnataka/Uttar Pradesh waiting for months for cane arrear payment as to what markets are all about.

It is primarily to address the extreme levels of inequality that prevails, and which is perpetuated by an economic design and has nothing to do with crop productivity, for several years now I have been asking for a separate farmers' income commission that provides an assured take home income package to farmers every month. If crop productivity is the reason for farm crisis I see no reason why Punjab farmers should be committing suicide in big numbers. With a productivity level of 45 quintals per hectare of wheat and 60 quintals per hectare of rice, Punjab tops the global chart. And despite having 98 per cent assured irrigation, there is hardly a day when farmers don't

commit suicide.

So using the same criteria that the Supreme Court had laid down in 1991, and also following the same decent living norms prescribed by the Indian Labour Conference, 1957, a few of us – economists, researchers, and agricultural activists — came together for a workshop in Hyderabad in December to work out an income security model for farmers. This was followed by another workshop in Kerala – in which ten economists and policy researchers participated — in the first week of January to ascertain the payment that farmers deserve for the eco-

sured income package every month also includes the 94 per cent of the farming community who have been suffering silently all these years. MSP certainly will remain as one of the ways to provide a guaranteed income to farmers. But we have to work out other ways to provide assured income to rest of the farming community.

When the lowest government employees are ensured of a monthly pay of Rs 18,000 per month, and the non-agricultural workers with a daily wage of Rs 351, the state cannot ignore and leave food producers of the country with meagre incomes that pushes them into a debt spiral forcing them to either leave farming or commit suicide. Our estimates based on the minimum prescribed living standards show that the farmers suffer a huge economic loss for providing cheaper food. The economic loss farmers suffer every year works out to 12-lakh crore. This is the huge price the farmers pay for subsidizing the nation by providing cheap food. In any case, using the internationally accepted norms for monetizing ecosystem services, farmers share in caring and protecting the environment and biodiversity justifies payment to the tune of Rs 14,000 per hectare.

This is a conservative estimate, and should form the basis for the entire deliberations the country is having on doubling farmer's income. The time therefore has come to look beyond crop productivity, contract farming and privatization of marketing structures as the way forward to double farmer's income. Unfortunately, economists have mistaken public and private sector investment in farming as income generation. □□

The economic loss farmers suffer every year works out to 12-lakh crore.

system services they protect while undertaking crop cultivation. Led by the United Nations, measuring ecosystem services is now becoming a global norm in computing what is called the green economy.

While farmers and many civil society organizations have been demanding the implementation of Swaminathan Committee report which proposed 50 per cent profit over the cost of production, what is not being realized is that since only 6 per cent farmers get the benefit of MSP, there is no mechanism to support the remaining 94 per cent farmers. My idea of providing farmers with an as-

Giant ISRO leap can add to forex, help digitisation

The world watches India's meteoric scientific rise. The scaling of heights by Indian Space Research Organisation (ISRO) with placing 104 satellites in space in a single mission is just not a record. It makes the country proud and as it leads the select space market.

"The entire ISRO team has done wonderful job", an elated ISRO chairman AS Kirankumar said soon after the launch on February 15. The move instills hope for the development dream as digitization can reach the remotest area where internet penetration is the lowest. It is scientific, business, strategic and commercial success. The ISRO is already an achiever flying the 39th mission since 1993. It has outdone its own and global performance. It launched 20 satellites in one go in June, 2016. The record for the most satellites launched in a single mission is 37 – by Russia in 2014. About three years ago, a rocket carrying 104 tiny satellites, each no bigger than a computer chip, by International Space Station failed.

The weight of the Cartosat-2 series satellite for earth observation is 714 kg. The Cartosat 2 is the primary passenger in this mission. It is used to produce high-resolution images of the Indian landmass for applications like coastal land use and regulation, rural and urban management, monitoring of road networks or water pipelines and various kinds of land information systems. Last year's launch of 20 satellites in one go included a similar Cartosat-2 series satellite. Four such satellites are already in space.

The ISRO has two technology demonstration nano satellites INS 1 and 2 – the only Indian payloads. The rest were launches for international customers through agreements with ISRO's commercial arm Antrix Corporation. It is becoming a large forex earner.



The latest ISRO launch, placing 104 satellites in space in a single mission is significant as it put satellites from seven countries making India an attractive destination drawing foreign clients, expects Shivaji Sarkar



It has 96 private nano satellites from the US, including 88 weighing about 4.7 kg from the start-up Planet Labs, a San Francisco-based earth imaging company. These satellites will together prepare 50-trillion pixel image every day for a variety of applications. There is one satellite each from the Netherlands, Switzerland, Israel, Kazakhstan and the UAE.

Except eight satellites all others are for commercial applications and belong to private companies. Private satellites are still not allowed to offer commercial applications in India. It is likely to change. The most difficult part of the mission was synchronous release of the satellite payload from the final stage of the PSLV rocket. Each rocket has to be released with small time lag so that they do not collide. At the time of release, the satellites travel at more than 7.5 km per second.

The two ISRO –INS 1 and 2 – are carrying instruments from its Space Application Centre (SAC) and Laboratory for Electro Optics Systems (LEOS) for experiments. Till date the PSLV has put 226 satellites in space.

Smaller satellites like Cubesats of 10 sq cm each and weighing between 1kg and 10kg is becoming the norm. This helps rockets carry more. The number of satellites to be loaded is restricted only by space available and the carrying capacity of the launch vehicle.

It requires engineering innovations. ISRO is seen as having excelled in this. It helped India join the select 12 countries – Russia, USA, France, Japan, China, UK, India, Ukraine, Israel, Iran and North Korea) and one regional organization, the European Space Agency (ESA), that have indepen-

dently launched satellites on their own indigenously developed launch vehicles. As business proposition India is becoming an attractive destination as European countries and US also often use Indian capabilities. Till 2016, ISRO had launched 75 foreign satellites, out of a total of 121. Forex revenues of ISRO's commercial arm, Antrix Corporation, rose 204.9 percent in 2015 on the strength of foreign satellite launches.

In 2015-16, commercial launches brought in Rs230 crore, which was 4 percent of ISRO's average spending over the previous three years. The low prices offered by ISRO are drawing for-

ISRO is already an achiever flying the 39th mission since 1993

ign clients. Private space programmes such as Arianespace and SpaceX are yet to equal its cost-effectiveness. Besides, ISRO has a 100 percent success rate in foreign satellite launches. While a satellite launch on Arianespace's rocket costs about \$100 million after subsidies, SpaceX charges \$60 million. In contrast, ISRO charges an average \$3 million per satellite between 2013 & 2015.

So far, ISRO was on a marketing mission for creating a brand for itself. It has largely achieved that. This may be ISRO's moment for revising its launch fee to spur the country's space mission to empower its poor people. The government is stated to be considering letting private satellites operate from In-

dia. Hughes Network, Team Indus, Bengaluru-based start-up Dhruva and others have filed such proposals. Some of these are pending for years. The Narendra Modi government with its dynamic look is likely to take a favourable look.

One reason that delayed it was the Antrix-Devas controversy. India lost the arbitration case in a Permanent Court of Arbitration (PCA) tribunal based in the Hague over its space marketing arm Antrix annulling a contract with Bengaluru-based private multimedia firm Devas. In its audit, the CAG primarily calculated losses (with some of its estimations going as high as Rs 2 lakh crores) in the Antrix-Devas deal by comparing satellite spectrum and terrestrial/telecom spectrum; which, as a few analysts have pointed out, is incorrect.

However, these issues certainly put off liberating the space sector. It is inching towards a solution. With it, the government is likely to clear the way for thriving sector that can earn enormous forex through launching and managing private satellites. The policy change is also likely to open up the digital internet market. About 15 percent of the terrain is difficult in India. It becomes digitally unserviceable by broadband because the economics does not pay out. Satellite-based broadband not only can connect remote areas like North-East, other hilly and difficult terrains. It can earn the government revenue as well.

New technologies make such satellites, even by private operators, inexpensive and help create intense and fast networking. Various foreign and Indian companies are keen on it. The ISRO effort is likely to bring in an inexpensive network & other facilities across the country. □□

The rise and fall of Globalisation

Throughout the seventies and eighties it was globalization [The G word] of manufacturing facilities that is **Product Markets**. The anecdotal evidence often told in many a business school classrooms used to be like this. The doors of the Ford car are made in Barcelona and the seat cushions near Budapest and gearbox in the suburbs of Paris and music system in Osaka and the assembly is done at Shanghai and the car is sold in Thailand. So, what is American about it? It is transnational and the geographical boundaries are crumbling and think global and act local we were told, and the term “glocal” came into existence. This was the ultimate in the process of global integration of economic activities through integration of manufacturing facilities to reduce cost, take advantage of pool of skilled resources available in the emerging markets. It also argued about “standardization “of live styles –mostly the American standards— in terms of Jeans, processed food and cola drinks.

Then the nineties saw the globalization of **Financial Markets**. You want to set up a facility in Chennai then you can think of raising funds from New York stock exchange or European Banks if the project is found to be attractive. Funds were looking for markets and “geographical diversification” became the buzzword. The pension funds were one of the largest investors running into nearly 18 trillion USD and at least 15 to 20 % of this was in non-domestic markets. The Funds started searching for markets instead of markets trying to attract funds. The life expectancy in the Europe and US increased significantly and the pension funds were to earn for longer period since old people have to be provided for. Then came the idea of consumption led growth and greed as the norm. On May 18, 1986 Ivan Boesky gave the commencement address at the University of California at Berkeley’s business school. “I think greed is healthy,”



Globalisation is stuck between Labour markets / Tax havens and Terrorists. In this, the traditional division of Left and right have lost its meaning. Now, the new divisions are Globalisers versus Nation states both from left and right, elucidates Prof R. Vaidyanathan



Counter View

he told his wildly enthusiastic audience. "You can be greedy and still feel good about yourself." A few months later Boesky was indicted on the charges that would land him in Southern California's Lompoc Federal Prison, also known as Club Fed West.

The melt down of 2008 has impacted the idea of globalization. Suddenly countries which are supposed to be de-coupled from the global markets are considered smart. Not only that—The US congress included a "buy American" clause in the USD 787 billion stimulus package—2009—particularly mandating the use of U.S funded projects, it was clear that protectionism has trumped globalization. As a response China has a "buy Chinese" clause in its stimulus package. So the whole game is unravelling on the G front.

Interestingly, some US experts are suggesting a new grouping of G-2 to guide the world—This G-2 will have US and China as members. China has sold billions of Toxic Toys [chemical laced] to the USA and USA in turn has sold billions of its Toxic Treasury Bills to China. Hence there is a Mexican standoff between the two in Globalization sphere. **Interestingly except India nobody is talking About the G-word in the Financial or Product sphere.** Now Post-Trump victory Davos "Experts" wanting China to lead Globalization. Irony died multiple times!!

But the third and most important dimension of globalization is in the context of the **Labour Markets** to allow free flow of human beings to carry out brown collar work in the west.

There is a spectre haunting the West. It is the spectre of un-cleared

garbage, clogged drains and over-flowing sewerages. It cannot be outsourced so easily as that of white collar work since the latter has significant content of software portion while as brown collar work still has requirements for human beings at locations. In the fifties and the sixties, millions of the Turks and Kurds and Iraqis went to Germany when that economy was booming and they were/ are called guest workers. The Algerians and Moroccans went to France and continue to be a significant minority in France and also active in their Soccer teams. More than a million Mexicans in USA are called "undocumented"—euphemism for

so be it for the labour markets but it is not acceptable by the West since they treat G as a one way street. Hence the presence of the "minutemen" in Arizona who will shoot illegals and rhetoric by Obama about Bangalore taking away the jobs from Buffalo and Trump talking about a wall and Brexit to split EU.

No truly global "world order" has ever existed. What passes for order in our time was devised in Western Europe nearly four centuries ago, at a peace conference in the German region of **Westphalia**, conducted in 1648 after the thirty years war. Nearly a quarter of the population of Central Eu-



***No truly
global
“world
order’ has
ever
existed.***

"illegal". These workers in France/Germany/USA etc. were mainly in the blue and brown collar jobs more so in the lower skill categories like cleaning restrooms and restaurants/meat cutting/grape picking/domestic help/road laying/garbage processing/plumbing/handyman jobs; babysitting etc. The Demographic decline of Europe needed outside labour. Then came the economic slump in the early 2000 & these European countries have erected fences and reject visas etc. for third world labour.

The mass migration due to civil war in Yemen and Syria has added to the issue. If financial markets want a borderless world

rope died from combat, disease, or starvation. The exhausted participants met to define a set of arrangements for the world. The principle of the sovereignty of states and the principle of non-intervention of one state in the internal affairs of another state

Interesting all these are questioned by contemporary leaders of West and radical Islam.

Tony Blair the then Prime Minister of UK in his famous Chicago Address -1999-suggests.

"The most pressing foreign policy problem we face is to identify the circumstances in which we should get actively involved in other people's conflicts. Non -interfer-

ence has long been considered an important principle of international order.... "But the principle of non-interference must be qualified in important respects". The NATO intervention in Kosovo and Afghanistan as well as US intervention in Iraq provide recent examples of breakdown of idea of Westphalia.

Interestingly Radical Islam also considers that the world order based on Westphalian consensus will collapse. "In the aftermath of the 11 March 2004 Madrid attacks, Lewis 'Atiyyatullah, who claims to represent the terrorist network Al-Qaeda, declared that "the international system built up by the West since the Treaty of Westphalia will collapse; and a new international system will rise under the leadership of a mighty Islamic state."

The spread of ISIS across countries and activities of Boko Haram based in Nigeria in Kenya and Chad re-emphasis this point. Radical Islam do not accept territorial boundaries since it works for a global regime for global Ummah. The talk about Caliphate indicates that they are trans-border organizations.

On the other side we find global corporations transcending sovereignty in search of global profits. For this they use tax havens as a tool. Tax havens—numbering more than 70 jurisdictions—facilitate bank facilities with zero taxes and no-disclosure of the names and in many cases anonymous trusts holding accounts on behalf of beneficiary. In the case of Bahamas one building seems to have had tens of thousands of companies registered there.

USA is literally waging war with major Giants like Amazon/Google/Microsoft etc. for not paying

adequate taxes in USA in spite of being US based companies. Most of these companies have moved their profits to other Tax Havens.

A simple method of trade mis-invoicing by global companies using tax-havens have impacted developing countries nearly 730Billion USD in 2012 says Global Financial integrity. There is an increasing clamour in USA and EU about closing down these tax havens.

So Globalisation is stuck between Labour markets/Tax havens and Terrorists.

The middle class in UK re-

volted against EU –seamless borders and trade and in US the victory of Trump is a big blow to Globalisers. He is unenthusiastic about Davos. The rise of Le Pen in France and *Geert Wilders* in Holland represent back to national sovereignty. Le Pen recently said in Koblenz "nation state" is back.

In this, the traditional division of Left and right have lost its meaning. In BREXIT we saw left supporting EU and part of right opposing it. Now, the new divisions are Globalisers versus Nation states both from left and right. □□

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NATIONAL

Khadi spinners' wage to be Hiked

In an important meeting of Khadi & Village Industries Commission (KVIC) at historic Sabarmati Ashram in Ahmedabad, THE KVIC has decided to increase the wage of spinners from existing Rs 5.50 per hank to Rs 7 per hank with effect from the new financial year. "Recognising the importance of enhancing the wages of spinners (Khadi artisans) to a moderate level and in order to ensure that Khadi artisanal profession provides sustainable life support, the Commission decides to increase the remuneration. The new rates will come into effect from April 1, 2017," said KVIC chairman VK Saxena.

The Commission also decides that to enforce this wage increase through all Khadi institutions alike and recommend withholding of Marketing Development Assistance (MDA) to the institutions which do not implement new wages for spinners. Such institutions may seek release of the suspended MDA, only upon certification to KVIC to the effect that the Decision to enhance wages per hank has been implemented, informed Saxena, while talking to The Pioneer.

The wages of spinners remained significantly low, in spite of the Commission's decision to raise it in November 2016 from the then existing Rs 4 per hank to Rs 5.50 per hank, he said, adding that with the inflation hovering around 5 per cent and the drought conditions persisting in several parts of rural India, the low wages in effect have reduced the opportunities of self-reliance to Khadi artisans.

Bengal Govt to borrow more

Almost on the verge of bankruptcy, the Mamata Banerjee Government is once again raising a whopping Rs 3,000 crore from the market taking the total amount borrowed in the current fiscal to Rs 32,000 crore, Finance Department sources said. The Government's heavy borrowing comes against the backdrop of sustained attack Chief Minister Mamata Banerjee's sustained attack on the erstwhile Left Front Government for sponging heavily during its three-decade tenure that literally pushed the State on the verge of a debt trap, sources said.

Bengal, along with Bihar is the highest borrower among the 16 States that will raise money from the market. Incidentally, State Finance Minister had already gone on record telling the State Assembly that the Government will borrow Rs 44,484 crore in the com-

ing 2017-2018 fiscal. Curiously when the Finance Minister was asked as to why the Government will borrow an additional Rs 12,000 crore in the next fiscal the Chief Minister intervened saying, "The Government will borrow in order to meet the rising expenses. In any case you don't have to bother about borrowings that we will take care of." Ever since the Trinamool came to power in the State the Government has borrowed a whopping Rs 186,074 crore in the past six years.

India China Military Engagement

Despite some differences on the politico-diplomatic front and continuing differences on the Line of Actual Control and related boundary issues, there is close military to military interaction between India and China, A 15 member delegation from Western Theatre Command of People's Liberation Army, China on a five day visit to India from 21 to 26 February 2017. The delegation was led by Major General Zhao Jin Song, Vice Chief of Staff of Headquarter Western Theatre Command, Chengdu, China. With New Delhi, Agra and Kolkata on the itinerary, the Chinese delegation called on senior Indian Army officers dealing with border issues at Army Headquarters on 21 February. The two sides exchanged views on wide ranging issues and agreed that peace and tranquillity on the border is an important guarantor for development and continued growth of bilateral relations.

RBI panel to review cyber threats

The Reserve Bank has announced setting up of the inter-disciplinary standing committee on cyber security to review the threats inherent in the existing and emerging technology. The 11-member committee will also study adoption of various security standards and protocols, interface with stakeholders and suggest appropriate policy interventions to strengthen cyber security and resilience, the central bank said. Going forward, the committee headed by Meena Hemchandra, Executive Director, RBI, can co-opt more experts and also operate through a framework of sub-committees to examine specific issues, it said.

Based on the recommendations of the Expert Panel on Cyber Security and Information Technology Examination, the RBI had issued guidelines to banks in June last year mandating cyber security preparedness to tackle cyber risks. "While banks have

taken several steps to strengthen their defences, the diverse and ingenious nature of cyber attacks necessitates an ongoing review of the cyber security landscape and emerging threats,” the RBI said. The Statement on Developmental and Regulatory Policies, issued along with the sixth bi-monthly monetary policy statement on February 8, 2017, had proposed constitution of an inter-disciplinary standing committee on cyber security.

Issue of defaulters serious: India

India takes the issue of defaulters very seriously, Finance Minister Arun Jaitley has said, indicating that he may raise the matter of liquor baron Vijay Mallya with his British counterpart. “Certainly, when the opportunity does come, I do take that opportunity to mention it (issue of defaulters based in Britain) to my counterparts here,” he told reporters when asked if the issue of defaulters based in the UK will feature on the agenda of his discussions with British ministers. The Union Minister for Finance and Corporate Affairs is set to meet his UK counterpart and the Chancellor of Exchequer. Being on the run, they find refuge in certain other jurisdictions, exploiting the systems in other parts of the world,” the minister added. He said Indian investigating agencies are utilising every provision of the law available to them to recover amounts and attach assets in India to “get these people back and held responsible as per law”.

Over the weekend, Jaitley had said that the UK’s democracy was “liberal enough to permit defaulters to stay here”, in an apparent reference to liquor baron Mallya, who is wanted in India for loan default and other cases. Mallya, the chief of the now defunct Kingfisher Airlines, had moved to Britain in March last year after banks sued him to recover around USD 1.4 billion owed by the airline.

ONGC may acquire HPCL

State-owned Oil and Natural Gas Corporation (ONGC) may acquire India’s third-biggest fuel retailer HPCL in an about Rs 44,000 crore (\$6.6 billion) deal as part of the Government’s plan to create an integrated oil giant. Following up on Finance Minister Arun Jaitley’s Budget announcement of creating an integrated oil company, India’s biggest oil and gas producer ONGC may buy all of the government’s 51.11 per cent stake in Hindustan Petroleum Corpora-

tion Ltd (HPCL). This will have to be followed by an open offer to acquire additional 26 per cent from other shareholders of HPCL.

There are only six major companies in the sector - ONGC and Oil India Ltd being the oil producers, Indian Oil Corp (IOC), HPCL and Bharat Petroleum Corp Ltd (BPCL) in refinery business and GAIL in midstream gas transportation business. The rest such as ONGC Videsh, Chennai Petroleum Corp (CPCL), Numaligarh Refinery Ltd and Mangalore Refinery (MRPL) are already subsidiaries of one of these six PSUs. The possible way out is to merge HPCL with ONGC while keeping BPCL separate. BPCL already has a flourishing upstream arm in Bharat Petro Resources Ltd which can be strengthened further. HPCL will add 23.8 million tonnes of annual oil refining capacity to ONGC’s portfolio, making it the third-largest refiner in the country after IOC and Reliance Industries. ONGC already is majority owner of MRPL, which has a 15-mt refinery.

Demonetised currency seized

The Thane city police have seized Rs 2.25 crore in demonetised currency notes and detained six persons in one week. “On February 25, we seized Rs 46 lakh in demonetised currency and detained three persons. On February 27, the officials of the Thane crime branch detained one person and seized currency worth Rs 50 lakh,” Joint commissioner of Police Asuthosh Dhumre told reporters. Yesterday, we detained two persons and seized demonetised currency notes worth Rs 1.29 crore, he added.

Medical devices regulatory body

Biotech entrepreneur Kiran Mazumdar-Shaw has called for establishing a standard-setting regulatory body for medical devices, as non-certified ones put patients at serious risk. “I certainly think we need to have a standard setting regulatory body for medical devices,” the Chairperson and MD of biotechnology firm Biocon told PTI. “Precision of any medical intervention is critical as we cannot afford to have non-certified medical devices in the market as we will put patients at serious risk,” she said. On the National Pharmaceutical Pricing Authority’s recent decision fixing price caps on coronary stents, Mazumdar-Shaw said price control on stents need to factor in the design and material of their construction. □□

INTERNATIONAL

Operation Radd-ul-Fasaad

Pakistan has launched ‘Operation Radd-ul-Fasaad’ across the country on 22 February stated the released of Inter Services Public Relations (ISPR) release. It outlined the aim at, “indiscriminately eliminating residual/latent threat of terrorism, consolidating gains of operations made thus far and further ensuring security of the borders. Pakistan Air Force, Pakistan Navy, Civil Armed Forces (CAF) and other security/Law Enforcing Agencies (LEAs) will continue to actively participate/intimately support the efforts to eliminate the menace of terrorism from the country”. Double standards and denying its past is visible in the campaign. ‘Radd-ul-Fasaad’ is Arabic word and is supposed to be elimination of terrorist troubling Pakistan. It is not covering those terrorists which Pakistan exports to India and other countries.

MoS MEA visits Maldives

The visit of Minister of State for External Affairs Shri M.J. Akbar as Special Envoy of the Prime Minister Shri Narendra Modi to the island nation comes against this backdrop as well as the ongoing political turmoil in the country where the opposition is blaming the President Mr. Abdulla Yameen for his authoritarian ways with a view to gain a clean run in the Presidential elections in the country in 2018. Local council polls are also being held in Maldives in April which is seen by the main political parties the ruling Progressive Party of Maldives and the opposition Maldives Democratic Party as a referendum for their leadership and programmes.

India-China Agree to Disagree

Reading through the transcripts it is evident that both sides have, “agreed to disagree,” while at the same time are willing to discuss the contentious issues openly. The openness of the discussion denotes hope for the future. It is not clear if Indian concerns on the Chinese encroachment in Pakistan Occupied Kashmir (POK) through the CPEC route. India has opened up a number of fronts against China playing the Tibet and the Taiwan card openly while its concerns on the terrorism front are not been addressed by China thus leading to an impasse in strategic engagement. Has this been broken during the Strategic Dialogue, unlikely, but the meeting has paved the way for more meaningful interaction in the future.

Pol. issues can't be resolved easily

Political issues prevailing in the country for over 30 -40 years based on the differences in religion and nationality cannot be resolved overnight and the progress of discussions recently initiated in this regard is visible at present, Sri Lanka’s Prime Minister Ranil Wickremesinghe said. Prime Minister Wickremesinghe addressing the 29th commemoration ceremony of late artist, politician Vijaya Kumaratunga at Bishop College in Colombo, said the end of the war did not bring the peace as expected and could not create a Sri Lankan identity.

Indian techie murder

Hundreds gathered in Kansas city for a peace march and prayer vigil for slain Indian engineer Srinivas Kuchibhotla and two other victims of a US bar shooting. Alok Madasani, the Indian injured in an apparent hate crime, attended the march for peace and a prayer meeting at the Ball Conference Centre in Olathe . The vigil was sponsored by the India Association of Kansas City. “I wish it was a dream,” Madasani said of the Austins Bar & Grill shooting that left Kuchibhotla dead. American Ian Grillot was also shot when he tried to intervene. He is still in a hospital. Adam W Purinton, 51, a former US Navy veteran, is charged with first-degree murder and two counts of attempted first-degree murder. Purinton reportedly got into an argument with the victims and hurled racial slurs. He yelled “Get out of my country” and “terrorist” before shooting them.

China to build underwater platform

China will build its first long-term underwater observation platform in resource-rich South China Sea, where it has territorial disputes with many south-east Asian countries including Malaysia, the Philippines and Vietnam. The platform aims to observe underwater conditions in real time. “Construction work on the long-term observation platform covering key areas in the South China and East China seas will be done with the help of Shanghai’s Tongji University and the Institute of Acoustics,” Wang Pinxian, an academic at the Chinese Academy of Sciences (CAS) said.

Building the observation network showcases that China is actively joining in the international competition, Wang told scientific forum in Shanghai last Saturday, state-run Global Times reported. Institute of

Acoustics refused to reveal the exact location and further details of the researches on the platform due to its sensitive nature, it said. China has maritime disputes in the South China Sea and East China Sea. It claims almost all the waters, which carry a third of the world's maritime traffic and has huge amounts of oil and natural gas. The waters are also claimed by the Philippines, Vietnam, Malaysia, Brunei and Taiwan. China also contests Japan's hold over the islands in the East China Sea.

India, Oman to enhance defence ties

India and Oman explored ways to enhance co-operation between their navies during talks Navy Chief Admiral Sunil Lanba had with top defence brass of the strategically important Gulf nation. Lanba, who arrived in Oman on the second leg of his two-nation tour, called on Oman's Defence Minister Bader al Busaidi and held extensive discussions with Commander of Royal Navy of Oman, Rear Admiral Abdullah bin Khamis Al Raisi.

The two sides deliberated on ramping up cooperation between their navies in the backdrop of the fast evolving security scenario in the region, government sources said. The Chief of Navy Staff also held talks with Chief of Royal Air Force of Oman Mattar Al Obaidani on issues of strategic interests to both the countries. Lanba, during his two-day trip to the country, is also scheduled to visit the Sultan Qaboos Naval Academy and the Said Bin Naval Base. On the first leg of his trip, Lanba visited UAE where he met top echelons of the country's defence establishment and discussed ways to bolster strategic partnership between the two countries.

Pak created terror 'monster'

Pakistan created terror outfits against India and the "monster" is now devouring its own creator, India's Ambassador and Permanent Representative to the UN in Geneva. Addressing the 34th Session of the Human Rights Council (HRC), Ambassador Ajit Kumar hit out at Pakistan for destabilising the situation in Jammu and Kashmir by promoting infiltration and cross-border terrorism, inciting, promoting and glorifying violence.

Asserting that terrorism is the "grossest violation of human rights", he said members will recognise the irony of a nation that has established a well-

earned reputation of being a "global epicentre of terrorism holding forth on human rights". "Pakistan has created terrorist outfits against India. This monster is now devouring its own creator," Kumar said, adding that in the last two decades, the most wanted terrorists of the world have found "succour and sustenance" in Pakistan. The fundamental reason for disturbances in parts of Jammu and Kashmir is cross-border terrorism aided and abetted by Pakistan, he said, noting that for many years now, Islamabad has been carrying out an intense campaign to destabilise the situation in Jammu and Kashmir.

Tunnel threat

An Israeli state inquiry accused Prime Minister Benjamin Netanyahu and top army brass of being unprepared for the strategic threat of tunnels used by Hamas militants during the 2014 Gaza war. The findings of the two-year inquiry sparked a frenzy among Israel's political establishment on their official release today, with critics of Netanyahu using the opportunity to slam the premier's allegedly flawed decision-making process.

SpaceX to fly passengers in 2018

SpaceX will fly two thrill-seeking passengers on a week-long trip around the Moon next year, the American spaceflight company has announced, marking the furthest and fastest humans have ever travelled to deep space. The unnamed passengers have already paid a "significant deposit" to do a Moon mission aboard the company's Dragon spacecraft.

British-era 'traitors' turn heroes

Sri Lankan President Maithripala Sirisena declared as national heroes 82 people who had been described as "traitors" nearly 200 years ago for rebelling against the British rule. Sirisena signed a gazette notification to rescind their names from the list of "traitors" at Kandy, the erstwhile British capital of the country. Keppetipola Disawe, a local leader, and his men were declared "traitors" over the 1818 rebellion against the colonial rule.

Keppetipola was captured by the British and he and his associates were charged with treason and sentenced to death. "This is a moment that we all could be proud of," Sirisena said. Sri Lanka, then known as Ceylon, won freedom in 1948, a year after British quit India. □□

WTO

India complains against US

India has complained against the US for illegal subsidies and domestic content requirements for the renewable energy sector in eight American states. In 2016, the WTO's Appellate Body struck down India's local content requirements for solar cells and modules. New Delhi's has called for establishing a WTO dispute settlement panel to adjudicate over the subsidies and domestic content requirements worth tens of billions of dollars in Washington, California, Montana, Massachusetts, Connecticut, Michigan, Delaware and Minnesota. US, as expected, blocked India's first time request for the panel as defendants invariably do at the WTO. Washington, however, will not be able to prevent the panel's establishment when India makes a second request on the same issue. In the first stage of their dispute in November, India and the US held consultations for an amicable outcome. But the two sides failed to reach an agreement, following which India opted for the panel.

In its 11-page request, India argued that the dispute with the US arose "from certain measures in the form of incentives which are granted and/or maintained contingent upon the use of domestic over imported goods in the renewable energy sector by various States of the US at sub-federal level."

India protests against WTO

India has strongly protested against an assessment provided by WTO's Roberto Azevedo on a proposal aimed at protecting millions of resource-poor farmers in developing countries. India along with members of the G-33 farm coalition had called for amending the WTO's agreement on agriculture. India's trade envoy Anjali Prasad told a closed-door meeting of trade envoys that the director general must not make "value-loaded" statements even before the launch of negotiations for the 11th ministerial meeting in Buenos Aires later this year, according to people familiar with the development.

Azevedo, who is also the chair of the trade negotiations committee, gave his assessment on outstanding issues in the Doha agriculture dossier, including the possible outcomes for the Buenos Aires meeting. He said several issues such as the permanent solution for public stockholding programs for food security, the Special Safeguard Mechanism (SSM) to curb unforeseen imports of agricultural products in devel-

oping countries, and export restrictions had been discussed in the run-up to the WTO's 10th ministerial meeting in Nairobi, Kenya, over two years ago. But on SSM, which has been a major demand from developing countries led by Indonesia and India since 2008, DG said there "were wide divergences" among members in the run-up to the Nairobi meeting, said a trade envoy. Azevedo also said there was "lot of interest" in export restrictions—a proposal made by Japan to ensure that countries did not place barriers on exports of farm products. India defended the SSM proposal, suggesting the director general had failed to provide an accurate assessment.

India discards push on e-commerce

India has rejected a push to set multilateral rules on e-commerce and decided to send a team of trade officials to WTO headquarters in Geneva to find a permanent solution to the long-pending issue of public procurement of food grain. Indian view is that discussion papers have been floated on e-commerce, mostly by major industrialized countries should not be part of the agenda at the 11th WTO ministerial.

"I am ready to join the talks, but it is not part of my agenda for the upcoming ministerial. Because every country is having a big churn in e-commerce and technology is fast-moving. A final understanding on the matter is yet to be reached. Therefore, it will not be proper to regulate or define e-commerce at present," Commerce Minister Nirmala Sitharaman told reporters. The next WTO ministerial is scheduled to be held in Buenos Aires between 11-14 December.

Indonesia, Russia file appeal

Indonesia and Russia have filed separate appeals on different issues at WTO against Dispute panel ruling. Russian Federation has filed a notice of appeal in the case brought by the European Union in "Russia — Anti-Dumping Duties on Light Commercial Vehicles from Germany and Italy". Appeal was filed on On 20 February 2017. Indonesia on the other hand filed appeal against WTO panel ruling on agricultural import measures. Indonesia filed a notice of appeal on 17 February 2017 in the cases brought by New Zealand and the United States in "Indonesia – Importation of Horticultural Products, Animals and Animal Products". Further information will be available within the next few days. □□