Vol-22, No. 2
Magh - Phalgun 2073 **February 2017**

EDITOR
Ajey Bharti

PRINTED AND PUBLISHED BY:
Ishwardas Mahajan on behalf of **Swadeshi Jagaran Samiti,** 'Dharmakshetra', Sector-8, R.K. Puram, New Delhi-22,

COVER & PAGE DESIGNING
Sudama Bhardwaj

EDITORIAL OFFICE
'Dharmakshetra' Sector-8, Babu Genu Marg. R.K. Puram, N. D.-22
E-MAIL : swadeshipatrika@rediffmail.com
WEBSITE : www.swadeshionline.in

CONTENTS

Double standards of Leftist liberals exposed yet again

Leftists may claim whatever they like but they stand exposed again and again everywhere in the world for their double standards. In India it is worst of all. They have gone to extreme limits and have not hesitated even in joining hands with anti nationals and Islamic Jihadis. All these anti social and anti national activity are done under cover of secularism that has reached levels of mental sickness and moral degradation. So shameless are they that instead of accepting facts they defend distortion loudly. Even though their double-facedness is visible every day, yet two recent incidents made them a laughing stock. Zaira Wasim, a 16-year-old Kashmiri girl who earned a name for herself with her portrayal of the younger version of Geeta Phogat in Bollywood film Dangal. She was trolled by for meeting Chief Minister of J&K Mehbooba Mufti. Such was the level of her criticism that she was forced to apologise. But irony of ultra liberals who vehemently came out together to speak against flimsy premise of growing intolerance was displayed in this regard as they were found wanting to support the young girl. These barefaced went into shell to come out only when Sanjay Leela Bhansali was stopped from distorting history in his next venture. Lies were spread to condemn the protestors.

The perverted secularism touted by these worthless morons does not conform to universal ethical standards nor does it incorporate the basic tenets of fair play, equality and justice. It is a partisan ideological inquisition characterised by selective moral indignation, biased criticism and targeted unsubstantiated allegations- in effect an orchestrated witch-hunt sans morals, logic or legality. It is ironical that this Left Liberal secular lobby which effectively suppressed the nationalist voice by shutting it out of the English language media for over 50 years should raise a hue and cry about freedom of speech. Editorial prerogative has been used as an excuse to deny nationalist advocates a space. Thanks to social media these useless fellows are getting a befitting reply.

– **Rakesh Dubey,** *Faridabad*

EDITORIAL OFFICE

SWADESHI PATRIKA

'Dharmakshetra', Sector-8, Rama Krishna Puram, New Delhi-22

■Tel. : 26184595, *E-Mail*: swadeshipatrika@rediffmail.com

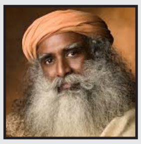
For subscription please send payment by A/c payee Cheque/Demand Draft/ Money Order in favour of 'Swadeshi Patrika' at New Delhi, or Deposit the subscription amount in Bank of India A/C No. 602510110002740, IFSC: BKID 0006025 (Ramakrishnapuram)

Annual Subscription : 150/-
Life Membership : 1500/-

Kindly write your full name and address in capital letters.

If you do not receive any issue of Swadeshi Patrika, kindly e-mail us immediately.

Quote-Unquote



At least 95% of the human energy is wasted because most human beings cannot hold anything in their focus.

Sadhguru
Spiritual leader

Elections are celebrations of democracy. They communicate the will of the people, which is supreme in a democracy.

Narendra Modi
Prime Minister, India

Islamize yr soul Muslim; not your country. Put a Hijab over yr ego; not your head. Cover yr good deeds in a Burqa, not your face.

Tarek Fatah
Canadian author & journalist of Pakistan origin

Is the AMU campus leading, once again, a campaign for another partition of India?

Tufail Ahmad
Author & commentator on South Asian affairs

As your President, I have no higher duty than to protect the lives of the American people.

Donald J. Trump
President, USA

E D I T O R I A L

Thwarting China's expansionist ambitions

Despoiled aspirations of China, known for its expansionist ambitions, are clearly visible in the first white paper on its positions and policies on Asia-Pacific security cooperation released on January 1, 2017. Elucidating its position on Asia Pacific security through this white paper, it has virtually warned small and medium countries in the region that they "need not and should not take sides among big countries". Even though the white paper is considered largely positive about India, which has been recognised among the four major powers in the Asia Pacific, the fact remains that China has continuously undermined Indian interests, both at local and global level. China considers its partnership with India has deepened since the signing of the China-India strategic and cooperative partnership in 2015. The white paper recounts high level bilateral visits and the frequent interactions between Prime Minister Modi and President Xi. Coordination and collaboration between India and China on various issues, including in the WTO and on Climate Change, has helped to safeguard the common interest of both countries as well as of other developing countries, it asserts. Relations between the Indian and Chinese militaries have also been considered as healthy and stable. In spite of China and India having interaction with each other since ancient times on cultural as well as economic fronts; relations between contemporary China and India have been characterised by disputes, resulting in even military conflicts. However, since the late 1980s, both countries have tried to rebuild diplomatic and economic ties. India has helped China at crucial stages yet China failed to reciprocate in appropriate manner. In 2008, China became India's largest trading partner. Despite perceptibly growing economic and strategic ties, there are several significant stumbling blocks that hinder a mutually beneficial healthy and equitable relationship. India, even in trade, faces imbalance heavily in favour of China. Reasons whatsoever; India's trade deficit with China increased to $52.69 billion in 2015-16 from $48.48 billion in the previous financial year. India's import of bulk drugs from China stood at $1.63 billion in 2015-16, which constitutes 64 per cent of India's total bulk drug imports. Not only over all trade figures the trade basket also depicted disadvantageous picture for India. While Chinese imports from India amounted to $16.4 billion (mere 0.8% of its overall imports, and 4.2% of India's overall exports) in 2014. Chinese exports to India amounted to $58.4 billion (2.3% of its overall exports, and 12.6% of India's overall imports) in the same period. Commodities exported from India to China are like; Cotton, Gems, precious metals, coins, Copper, Ores, slag, ash, Organic chemicals, Raw hides excluding furskins etc and things exported from China to India are like: Electronic equipment, engines, pumps, Fertilizers, Medical, technical equipment etc. Government response to queries regarding steps taken to address widening trade imbalance is typical bureaucratic like "India is negotiating trade agreement keeping in view "its offensive export interests" as well as sensitivities with respect to all participating countries including China", and as "India and China are WTO members, any restrictions imposed on trade needs to be WTO compliant" or "No blanket ban can be imposed on China or any other member country under the WTO framework".

Swadeshi view point is clear and has been pleaded repeatedly on various occasions including through the columns of SwadeshiPatrika. Firstly it needs to be emphasised that WTO has sufficient provisions to protect the local industry and trade against dumping. secondly environmentally harmful and Hazardous to health imports can also be blocked under WTO regulations almost instantly. India has been subjected to such restrictions on flimsy grounds on various occasions by different countries. But the most important aspect is that No WTO regulation applies to consumer. No law can force them to buy commodities from China that is consistently behaving as an enemy. It blocks our entry to NSG. It immorally supports Pakistan and known terrorists like Masood Azhar. Every penny that we spend on purchasing Chinese low quality goods arms Pakistan and its sponsored terrorist and is used in attacking India. It is therefore responsibility of every Indian to a) stop purchasing inferior items of Chinese made and, b) pressurise government by mobilising public opinion to stop imports from China.

An Appraisal of NITI Aayog's contribution and difference it has made in 2 years

A brief report of the Round Table Conference on Two Years of NITI Aayog, its role & contributs on by
– Swadeshi Samvad

Swadeshi Jagran Manch (SJM) organised a one full-Day Round-Table conference to evaluate the role and two-year contribution of government's policy think-tank NITI Aayog. As a conclusion of the day-long round table of its review meeting on the performance of NITI Aayog in New Delhi, SJM asked, "What differences has NITI Aayog made in these two years?"

While reviewing NITI Aayog's work in different areas in particular in agriculture, GM seed, health care and poverty alleviation, the participant that included several well known economists, media persons, retired bureaucrats, farmer's organisations and social activists made scathing remarks.

"There seems no synergy between the political leadership and the Aayog. The pro-poor approach that Prime Minister Narendra Modi emphasised upon while announcing the setting up of NITI Aayog, is nowhere visible in Aayog's functioning," SJM national co-convener Ashwani Mahajan remarked.

Besides raising red flag over NITI Aayog's handling of core issues like agriculture, health and poverty, participants also questioned whether the Aayog had succeeded in honouring the spirit of its basic principles as laid down by Prime Minister Narendra Modi while forming the policy think tank.

"The prime minister replaced Planning Commission by NITI Aayog, as he wanted to bring in innovative and out-of-the-box thinking, cooperative federalism, bottom-to-top approach, rather than having an outdated bureaucratic system, where decisions were taken inside air conditioned chambers, divorced from reality. This roundtable was a stock-taking of the working of the Aayog and after the initial reviews, it seems that NITI Aayog is living in the shadow of erstwhile Planning Commission and globalisation," Ashwani Mahajan pointed out.

Prominent speakers who raised serious questions about the role of NITI Aayog include Sanjay Baru, RamGopal Aggarwal, Shubasish Ghosh, Dr. Sachin Chaturvedi, Dr. Vandna Shiva, Mohini Mohan Mishra, Dr. Krishanbir Choudary, Dr. RK Tyagi, MR Venkatesh, dr. Dinesh Abrol, Meera Shiva, Dr. Vijay Koul and several others.

National convenor of SJM sh. Arun Ojha, Rashtriya Sangathak Sh. Kashmiri Lal and National Con-convenors sh. Saroj Mitra and Sh. R Sundaram were also present.

Sh. RamGopal Aggarwal said that while erstwhile Planning Commission was largely replicating what he termed as Moscow consensus, NITI Aayog that was mandated to evolve swadeshi model of development is replicating 'Washing Consensus' which is dead in Washington itself.

Dr. Sanjay Baru urged to have a better understanding of former Planning Commission which was forced to become a super Ministry by . He was of the opinion that to down approach has not changed even after conversion of planning commission into NITI Aayog.

NITI Aayog in its paper has blindly supported the use of GM Mustard seed.

Arun Ojha rued the continuation of overall policy thrust based on western flawed concept of Globalisation that has in effect become Globalisation of Markets (भूमंडीकरण). cosmetic facelift in the name of 'Globalisation with Human face' was not going to change the essential character of guzzling blood of poor and disadvantageous sections of people, He emphasised.

Reciting a shloka (अकृत्वा परसन्तापम् अगत्वा खलनम्रताम्; अनुत्सृज्य सतां मार्गं यत्स्वल्पमपि तद्बहु) from Mahabharat Arun Ojha stressed to follow native model based on the dictum Without tormenting others, without putting forth false modesty, without giving up the path of the noble, any little (achieved) is more.

Round Table conference concluded with the remarks of Kashmiri Lal who besides summing up the day's proceedings stressed for regular interaction to formulate what was termed as Swadeshi NITI Aayog to provide valuable inputs to the government. and policy planners.

Key takeaways

On GM seed: SJM observed that the policy think tank in its paper had mentioned that use of GM Mustard seed won't have any adverse impact on health and environment.

"BT Cotton farmers committed suicide, which led to a debate about the suitability of BT Cotton and GM technology in India. It is expected that the GM technology should be banned, but, surprisingly, Aayog has suggested that India should adopt it," SJM observed.

"NITI Aayog in its paper has blindly supported the use of GM Mustard seed. Not a single state has supported it and it's still under discussion. Parliamentary Standing Committee has already opposed it and the matter is in the court. Scientific findings have proved GM mustard as bad for human health, environment and for the farmers. Are we subservient to multi-national companies (MNCs) pushing for GM seeds?"

On healthcare: 'NITI Dialogue Paper on Health Sector shows the NITI Aayog is not in favour of free healthcare and strongly recommends dismantling the price control of essential medicines, higher role of private sector and insurance-based model to be offered by private players for health services to the people'.

"The views in the paper are in contrast to the redrafted National

Health Policy, which proposed free healthcare. On the one hand, we talk about reducing prices of drugs, and on the other, the Aayog says take away drug price fixing powers vested in the National Pharmaceutical Pricing Authority. Of the total Indian population, 30% still can't buy a low-priced *Paracetamol* tablet. Should we allow our medical and healthcare system to be completely market-oriented, so as to get more FDIs and let people die in the name of growth?" the participants asked.

On poverty alleviation: Speakers alleged that NITI Aayog has defended Tendulkar Committee's benchmark to define poverty, rather than working out afresh.

"It's like old wine in new bottle. NITI Aayog has defended Planning Commission's poverty determinant. Earlier, the BJP had strongly opposed the then Planning Commission under UPA II that pegged the 'Below Poverty Line' at Rs 32 per capita per day, but now Aayog is speaking like Montek Singh Ahluwalia. There is no novelty in their approach and those who're into policy formulation are unable to feel what poverty is," it was observed.

On agriculture: NITI Aayog has no roadmap on 'doubling farmers' income.

"They have no roadmap for doubling farmers' income or on how we can have agricultural growth. Instead the way they are pushing for the GM seeds, shows them as supporters of globalization," observed the participants.

On employment generation: Question was raised, as to "Why the SD Gupta committee report prepared during Atal Bihari Vajpayee government on employment generation and mentions in detail about industrialization to bring growth in jobs, hasn't yet been implemented? What's the role of NITI Aayog in this direction?"

The roundtable

Besides SJM, the roundtable was participated by former CAG VN Kaul, noted economists, policy analysts, environment activists, BJP leaders, Bharatiya Kisan Sangh and NITI Aayog representatives.

"NITI Aayog stands for National Institution for Transforming India, but its 7 Pillars of Effective Governance approach seems to be a failure, as it couldn't yet bring the required transformation. The body has failed to live up to expectations towards India's economic planning by making it more indigenous," the SJM observed.

NITI Aayog has no roadmap on 'doubling farmers' income.

What Niti Aayog says?

While, NITI Aayog member Bibek Debroy briefly attended the pre-lunch session, its vice chairman Arvind Panagariya in a mail expressed his inability to participate in the wake of budget preparations. "I look forward to meeting you in the future to hear about the deliberations," he said in his mail.

"Besides, a task force preparing a report on poverty alleviation, various stakeholders have been consulted in preparing the draft of a land leasing policy, and a farmer friendly Bill, which will be tabled in the next session of Parliament. NITI Aayog will come up with a comprehensive digital economy initiative soon," a NITI Aayog representative said.

What's next?

The Swadeshi Jagran Manch will send the performance review report to the PM and organs of the government. It was suggested that the RSS affiliate should have quarterly meetings with NITI Aayog to review its working and Aayog's members should be present.

"Nobody is talking about the working vis-à-vis performance of NITI Ayog. This is the duty of the political class, but they are talking about other things like demonetisation. Our review meeting was not to criticize the Aayog, but to find a way forward through a democratic process of discussion," added Mahajan.

SJM on its part distributed some papers to the participants one of which was a backgrounder on two years of NITI AAYOG.

It is reproduced for the benefit of our readers.

A paradigm shift took place in the policy frame work of the Indian economy, with the formation of NITI (Nation Institution for Transforming India) Aayog. In pursuance of his promise to the nation, Prime Minister of India replaced the erstwhile behemoth, Planning Commission, by a new commission called NITI Aayog.

The Planning Commission was set some 67 years ago by an executive decision of the Union Cabinet and the same mechanism was adopted to disband the same and create its replacement. The earlier body was, initially, entrusted with the task of preparing development plans for the entire country. It was vested with dignity and aura by making the Prime Minister its Chairman (non-executive). The National Development Council was the instrument of enhancing its prestige and acceptability. It also created an impression that Five Year Plans were formulated in consultations with the States of the Indian Union. In addition to preparing plans, this commission, over time assumed responsibility of devolution of development grants to the states, in the name of allocating funds for the Central Plan Schemes, Centrally Sponsored Schemes, and the grants in aid for State Plan Schemes. Gradually, this funds allocation function of the commission became the dominant instrument of transfer of funds from the centre to the states. It overshadowed the constitution mandated institution known as the Finance Commission. It created a near anomalous situation where a simple executive order was dominating the mandate of the constitution of the country.

The planning commission, by its very nature, could not shake off the political interference in its functioning. So long as the national polity was dominated by a single political party, this anomaly was never realized, much less questioned. However, as different regional parties/groupings gained importance in different states/regions, the political aspects of the planning commission's functioning became more prominent. The states ruled by parties other than the one ruling at the centre, were increasingly feeling frustrated. Their perception was that they were getting short shrift at the Yojana Bhawan, their developmental needs were being ignored and political expediency was being projected as the wider national interest. PM Modi has come to the Centre with long and rich experience at the state level and he decided to rectify the anomaly and create a new policy making regime which shall function in consultation with the states to help formulate development policies for them, coordinate with them to develop programmes with inter-state dimensions.

As per a press statement issued by Cabinet Secretariat, Government of India on January 1, 2015." The Government has replaced Planning Commission with a new institution named NITI Aayog (National Institution for Transforming India). The institution will serve as 'Think Tank' of the Government-a directional and policy dynamo. NITI Aayog will provide Governments at the central and state levels with relevant strategic and technical advice across the spectrum of key elements of policy, this includes matters of national and international import on the economic front, dissemination of best practices from within the country as well as from other nations, the infusion of new policy ideas and specific issue-based support."

> ***It is hoped that NITI Aayog would play a major role in India's development.***

The structure of NITI Ayog

NITI Aayog has Prime Minister as its Chairman, one Vice-Chairman and a CEO, five fulltime members and two part time members, apart from four central government ministers. At the time of replacement of Planning Commission with NITI Aayog, Prime Minister said, "Through NITI Aayog, we bid farewell to a 'one size fits all' approach towards development". New structure would respect country's plurality and diversity. It is hoped that NITI Aayog would play a major role in India's development, it was said.

India has 29 states and 7 Union Territories, and all these entities are different from each other. If some states are rich in minerals, others are not; many are agriculture dominated and only a few are industrialised, some are near sea and others are not; some have very high per capita income, others have much less, so much so that Maharashtra's per capita income is nearly 5 times that of Bihar. In some states infrastructure is not much developed, others have very developed ones. Some states have 100 percent literacy, and others have literacy rate of less than even 70 percent. With these diversities in the country, how can the same policy be applicable to all the states? Therefore, we need to respect these diversities and make policies accordingly. Government said that NITI Aayog will do this.

Empowerment of States

Prime Minister says that his past experience of Gujrat's Chief Minister makes him aware of the

Role of domestic and foreign corporate (private) has been expanding.

importance of states' role in policy making. What was expected from NITI Aayog is that, it would take state government into confidence in policy making. To find solution to the India's Development issues of a group of states, or a region, 'Regional Councils' would the constituted, comprising of Chief Ministers and Lt. Governors as members, Chairman of NITI Aayog or his representative would chair these Regional Councils.

Planning in the era of Privatisation?

Indian economy, till date is defined as 'Mixed Economy' in which, there is a co-existence of public and private sector, whereby public sector is primarily guided by the objective of social welfare and there is no reason to mend the mixed character of Indian economy. In our country there is a vast public sector, which includes enterprises in Iron and steel, petroleum, machinery, oil, coal, banking, insurance, civil aviation etc. Apart from this, there are Departmental Commercial Undertakings like Railways, ordinance factories, Post and Telegraph etc. Public sector undertakings play a significant role in implementing government policies. For example, role of public sector banks in flagship program such as opening of more than 24 crore zero balance bank accounts under Jan Dhan Yojna is well known. Public sector insurance times play a leading role is Public Health Insurance, crop insurance etc.

However in the age Liberalisation, Privatisation, Globalisation (LPG), role of public sector vis-a-vis private sector has been shrinking. Role of domestic and foreign corporate (private) has been expanding. Roads, Airports, Schools, Colleges, Hospitals are being made by private sector. Public-Private Partnership (PPP) model is emerging as a rule for future development of infrastructure. Therefore need was being felt about having a structure of policy making, which may encourage investment is these projects. From this perspective, NITI Aayog can play an important role.

Good Concept, But?

It is said that soul of India lives in villages. After agriculture, most of our employment comes from small and cottage industries and small business. Next most important sector is that of artisans, craftsmen, weavers etc. However, after independence, reign of power was in the hands of those, who were over whelmed by the superiority of western culture, western life style and western economies. Therefore, they wanted to take India on the path of western economies. Nationalisation, prior to nineties and Liberalisation, Privatisation and Globalisation (LPG) model after 1990s were both, not the models according Indian ethos and requirements; therefore they have failed in finding long term solutions to the problems of Indian economy. In fact, majority of our people, occupations and areas remained untouched by the so called development. Villages continued to lag behind the cities, Art and skills of our traditional craftsmen, artisans, weavers etc. are vanishing. End of poverty and miseries of our majority population is nowhere in sight. Despite tall claims of our policy makers, nearly half of our population of our country continues to suffer from undernourishment.

Ill effects of the last two decades of globalisation are now clearly evident. Fast declining real wages of the workers, rising wealth of our billionaires clearly indicate at inequalities in the country. There is hardly any doubt that this is the result of the policy of globalisation. Under these circumstances, what worries is the fact that whether expectations from NITI Aayog will get fulfilled and aspirations of the people would be met, as everything would depend on the leadership at the level of NITI Aayog. Under these circumstances, major challenge before the government would be how objective of all inclusive development could be achieved (SabkaSath, SabkaVikas). ❑❑

NITI Aayog and Health Sector

NITI Aayog, having advisory role, has been taking decisions without legal powers and in the most arbitrary manner. The Chairman of NPPA has revealed that his office was not consulted on the issue and NPPA was not party to the meetings held for taking the decision to dismantle the Authority, finds **Anil Sharma**

Health is on State list in the Constitution of India. However, Central Government has regulation of drugs, medical education and medical profession in the Concurrent List. In the NDA government's manifesto, the most important healthcare reform promised was an assurance of healthcare assistance to all Indians, and reduction in the out-of-pocket spending on healthcare with the help of state governments. 65%- 70 % out of pocket expenditure by population in India is on health and to reduce the only way is to ensure availability of cheaper medicines to the poor.

Ministry of Civil Supplies which administer the Essential Commodities Act, 1955 (ECA) is also responsible to make essential drugs available to the poor people at affordable prices. In the process it has issued under section 3 of the ECA, the Drug (Price Control) Order, 2013 (DPCO). Ministry of Health and Family Welfare is responsible to implement health and family welfare initiatives of the Government. The Ministry has devised a National List of Essential Medicines of India, 2011 (NLEM) which contains name of drugs required in treatment of serious ailments such as cancer and AIDS.

Ministry of Chemical and Fertilizers- Department of Pharmaceutical administers drug and pharmaceutical related statutory provisions. The Drug and Cosmetics Act, 1941, which was last amended on 30.6.2005 is the governing Act. The Ministry administers it through the Drug & Cosmetics Rules, 1945 (as amended from time to time).

The National Pharmaceutical Pricing Authority (NPPA) was established in 1997 as an independent body of experts under the Ministry with the task of price

fixation/revision of the scheduled bulk drugs and formulation containing any of the scheduled drugs under the DPCO as well as monitoring and enforcement of prices. NPPA also provides inputs to the Government for policy formulation and on other specific issues concerning affordable medicines to the consumer.

In December, 2012, the Department of Pharmaceuticals notified the National Pharmaceutical Pricing Policy, 2012(NPPP) with the objective to put in place a regulatory framework for pricing of drugs to ensure availability of essential medicines at reasonable prices. Under the new Policy, the regulation of prices of drugs was made on the basis of prices of formulations through Market Based Pricing (MBP). This was different from the earlier principle of regulating the prices through Cost Based Pricing (CBP) under the Drug Policy 1994.

However, all the medicines under NLEM (Nearly 680 formulations, spread over 27 therapeutic categories including HIV, diabetes, heart diseases, cancer etc.) that take care of the healthcare needs of the majority of the population of the country, are now under price control by NPPA.

A countrywide campaign for ensuring availability of generic medicines at affordable prices to all, a project in the name "Jan Aushadhi", was initiated by the Department of Pharmaceuticals way back in 2008 as a direct market intervention strategy by opening Jan Aushadhi Stores (JAS) in the country. A revamped Jan Aushadhi Scheme was launched in 2015 to achieve the objectives set by the Government of availability, acceptability, accessibility and affordability of all lifesaving drugs to the patients. Five Central Public Sector Pharmaceutical Enterprises, under the administrative control of the Pharmaceutical Department formed the Bureau of Pharma PSUs of India (BPPI)to make available at Jan Aushadhi Stores all the commonly used generic drugs covering all the therapeutic groups. As on end March 2015, only 99 functional stores could be opened with basket of products and services reaching a level of 500+ medicines and 150+ surgical and consumables. The Government has an ambitious target of opening 3000 Jan Aushadhi Stores by the end of 2016-17.

India's progress in health outcomes has been slower in comparison to other countries.

These Central public sector enterprises, though majority of them declared 'sick', have also been supporting Government in meeting emergent situations arising due to National calamities like Cyclone, Flood & Earthquake etc. Recently in Odisha, Uttrakhand & J&K floods, IDPL contributed significantly by providing lifesaving medicines at short notice in bulk quantities.

NITI Aayog & Health Sector

1. NITI Aayog's activities[1] in the Health Sector are to be reviewed in the background of the following two functions which are parts of its mandate:

i To pay special attention to the sections of our society that may be at risk of not benefiting adequately from economic progress and

ii To actively monitor and evaluate the implementation of programmes and initiatives, including the identification of the needed resources so as to strengthen the probability of success and scope of delivery.

2. NITI Aayog has created 'Health Division' as one of its 16 verticals. In 2015, the Division, under its Working Paper Series 1, came out with a Paper under the title "Health System in India: Bridging the Gap between current Performance and Potential". The Paper highlighted that:

i India's progress in health outcomes has been slower in comparison to other countries with comparable incomes and at a similar stage of development and despite impressive gains in per capita income,

ii India's Human Development Index rank stagnated since 2008, having risen by only 1 unit,

iii Out of pocket expenditure in India are high (at 69.5% of total health expenditure), these are catastrophic for the poor and push an estimated 37 Million into poverty every year,

iv A deeper analysis reveals that 66.4% of OOP is on medicines, which could have been grossly reduced if access to medicines have been prioritised,

v Despite having one of the most expansive publicly provided networks of health facilities, regional disparities, access, quality and affordability to basic care remain serious issues. Efficiency of public service delivery has been uneven across states,

vi Issues related to the six building blocks of the health system, i.e. service delivery, financing, human resources for health, health information, governance and accountability mechanisms limit the efficiency of the health system.

vii Inadequate engagement with communities or attention to prevention, and the near absence of Public Health regulation or enforcement machinery are some other challenges facing the system.

viii Enormous challenges facing the sector with limited funds at hand press the question on how to maximize returns from available resources, and also increase investments in health.

Through this Paper, NITI Aayog also invited comments and suggestions on the two key themes facing the sector, efficiency and resources to guide a future action. Till date no further development on the part of Health Division is visible in this regard.

3. Ministry of Health and Family Welfare , through DO letter dated 8th July, 2015, invited comments of NITI Aayog on the Draft National Health Policy, 2015. NITI Aayog responded through letter dated 10th August, 2015 written by Advisor (Health) & Member Steering Committee. Some of the comments made by NITI Aayog on draft NHP, 2015 are as under:

i There is universal agreement on the need for the Government to step up expenditure on health, so in addition to an unambiguous commitment to increasing Government Spending on health, we also need to address ourselves to the question of how these additional resources will be deployed. The draft document approach is funnelling this additional expenditure on further augmenting public sector health facilities, though it does make a concession for tapping the private sector filling up critical gaps.

ii Isn't it ironic that the same NHP document that conceptualizes free care from Public providers as tax financed Pre-Paid care does not even articulate the need for initiating efforts to pool in health expenditures incurred by our citizens on private health care? Can our social security framework in the health sector be realised without engaging the private sector?

NITI Aayog is not in favour of free healthcare

iii ***Free care:*** A Chimera- The NHP aspires to create a health guaranteeing Assured Comprehensive Care, Free Drugs, Diagnostic, Emergency and Patient Transport Services to all in Public Health Facilities. This does not seem to be a reasonable supposition, given the budgetary and manpower constraints faced by the government system.

iv At a time when the Government is attempting to rationalize and better target the existing subsidy regime, it would be anachronistic to commit it to such an untargeted subsidy regime.

v Equitable Financing: For an equitable financing of the health care, it is necessary to mobilize resources from the households according to their ability to pay in addition to the general taxation; pool these resources together and negotiate for purchase of the health care services - both with the Private and Public Providers.

It can be observed from the above that NITI Aayog is not in favour of free healthcare and is strongly recommending higher role of private sector and insurance based models to be offered by private players for health services to be offered to the people. These views of NITI Aayog are in contrast to the redrafted National Health Policy which proposed free medi-care. In fact, the strong input by NITI Aayog on the issue has stalled the formation of New National Health Policy.

4. A meeting to discuss the issue relating to pharmaceutical sector was held on 19.10.2016 at Nirman Bhawan, New Delhi which was attended by CEO NITI Aayog and Secretaries of Department of Pharmaceuticals, Ministry of Health and Family Welfare and Department of Industrial Policy and Promotion. Some of the important decisions taken in that meeting are mentioned below:

i Process of notification of essential medicines to be revisited and revamped. Secretary,

NITI Aayog must also come out with a detailed and practical plan to encourage use of Aayush.

MH&FW to consult with CEO, NITI Aayog, Secretary DEA, Secretary (Pharma), before final decision is taken for inclusion under DPCO schedule.

ii Drug Price Control order may be delinked from the National List of Essential of Essential medicines and, the National Pharmaceutical Pricing Authority, in its present form and current function may be wound up and deployed In the D/o Pharmaceuticals with a new mandate.

iii The right of regulating prices as per need would rest with the Government.

The trade name which is also referred sometimes as brand name, whenever considered essential (for example, multiple ingredient drugs *i.e.* fixed does combinations) shall be registered by Trade Mark Registrar only after getting the clearance from the Drug Controller of GOl. Necessary changes in the Trade Mark Rules/regulations and drug Regulations shall be done by respective authorities.

iv The period of approval of any new drug shall be for 10 years in place of the present 4 years. Explanation to Rule 122 of the drug would be amended accordingly.

v Issue or renewal of licences to be re-examined in consultation with CEO, NITI Aayog and a formal notification be issued at the earliest.

It can be observed from the above that NITI Aayog, having advisory role, has been taking decisions without legal powers and in the most arbitrary manner. The Chairman of NPPA has revealed that his office was not consulted on the issue and NPPA was not party to the meetings held for taking the decision to dismantle the Authority. A NGO has issued legal notices to CEO of NITI Aayog and other participating secretaries for acting in the most undemocratic way to decide on the important issue of health.

It is interesting to note that hardly four days before the date of holding this meeting, The Apex Court has upheld the NPPA's decision to cap the prices of essential drugs. NGOs, working for affordable drug prices are alleging that such a decision has been taken at the behest of pharmaceutical manufacturers' lobby on the pretext of removing unnecessary hurdles. It was also noticed through various reports in the press that US President Mr. Obama also raised the issue with the Prime Minister of India during his visit to US in 2014.NGOs are also pointing out that these suggestions by NITI Aayog are against the Supreme Court's decision which held that the Government has a constitutional obligation to ensure the affordability of essential medicines.

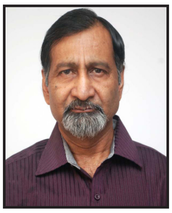
It is also very interesting to note that almost two months before the referred meeting was held at the behest of NITI Aayog, Union Minister for Ministry of Chemicals And Fertilizers has announced that DPCO, 2013 would be amended in the next 15 days to enable the NPPA to fix prices of about 350 medicines whose market data is not available or in not being submitted by the manufacturers.

NITI Aayog and way forward

In Oct, 2016, PMO has instructed NITI Aayog to find ways to reduce the country's dependence on China for active pharmaceutical ingredients (APIs). It is worthwhile to mention here that India imports 80% of its bulk drugs out of which 58% is from China. Indian APIs are four times costlier than those from China. If increasing trend of imports from China is not checked, it may disrupt India's dominance in generic drug manufacturing. One section of observers is also suspecting a conspiracy in it by referring to the low quality APIs being exported by China to India so as to impact the efficacy of generic drugs being manufactured in India resulting in rejections and ultimately losing business. So PMOs instructions in this regard are very timely and NITI Aayog must come out with a practical solution to address the issue.

NITI Aayog must also come out with a detailed and practical plan to encourage use of Aayush and other traditional medicinal methods to make medical treatment more reliable and affordable to all the section of the society. ❑❑

Crucial Budget Period for BJP



BJP is still not able to draft its budget with its long-term vision. Last year's budget indeed had some directions. This year's budget need to cross the borderline thinking and shape its vision with its core thought of Swadeshi model, recommends **Anil Javalekar**

This year's Budget may be a crucial for BJP government. Last two-three months of demonetisation has changed many things and important among is slowing down of Indian economy. It has also helped opposi tion to unite. Slowing down of economy need push and poses a challenge to this budget exercise. Indian entrepreneurial and business community looks apprehensive about frequent announcements at the Prime Ministerial level about the likely action against the corrupt and black money holders and that is affecting their economic performance. Last so many years, easy generation of black money and its easy usage was normal and even helped accelerate the growth rate of Indian economy after economic liberalisation. Therefore, any efforts to control corruption and black money may affect the core of Indian economy. As it is, more rules and frequent changes in policies and procedures empower corrupt governance system, curb the freedom of citizens and hamper the smooth running of socio-economic activities. Simplifying revenue structure and its compliance procedures is thus important. Simply making new rules will only empower corrupt governance system. More important will be working towards the objective of minimum governance for it alone will ensure the stable growth of Indian economy. Action against corrupt and black money holders in any case should not result in harassment of honest tax payers and harm economic activities of Indian commons.

Cashless economy that may benefit more to foreign companies than Indian economy.

Present scenario

Present scenario of Indian socio-politico-economic system is not that encouraging. **First**, most valued Indian institutions are not doing well. The great Indian parliament, NIti-Aayog, and Reserve bank of India are important among. Indian Parliament has become non-functional and this non-functionality may likely to continue in the budget session as well seeing the trend and stand of opposition parties. This has weakened the democratic set-up of India. Niti-Aayog another institution that replaced Planning Commission, is advising lucky draw schemes instead of giving some creative and fruitful policy ideas to government. Reserve Bank of India that looks after financial sector and manage Indian currency, has lost its credibility as it failed to manage demonetisation. This failure forced Government to promote helplessly the idea of Cashless economy that may benefit more to foreign companies than Indian economy.

Second, the World has not remained same. With the win of Mr Trump, America may be protective in its policies and World's important countries may follow suit. This will affect Indian economy. **Third,** World prices of important commodities are again on rise. The oil prices are important to Indian economy and increase will affect Indian trade balances.

Fourth, the neighbourly relations with Pakistan are at tense and there is military tit for tat on western border almost on daily basis. This may increase defence spending and pressure this budget.

Fifth, Indian politics is of vote banks and many parties and their sponsors are interested in keeping India disturbed internally. True, the secular debate is slightly calmed down and there is no recent instance of pseudo secularist returning any award. However, Indian Courts are talking of common civil code and election reforms and it will be a test of BJP government how best it can deal these issues.

This budget and its proposals will be judged on following grounds.

Nullifying effects of Demonetisation

There is no denying that the demonetisation of high valued currency notes of Rs 500 and Rs 1000 had its impact on the economic activities as the volume of currency withdrawn from circulation was much more than that can be put in circulation immediately. The major suffering caused to Indian commons consisting of small consumers, small farmers, small producers and small retailers, who are dependent on cash for their daily usage. True, Indian commons supported government's intended measure against black money and corruption though they suffered lot and lost their business, income and survival kits in the process. Government has recognised this loss and announced some concessions mainly in the form of extending due dates of loan repayment instalments, waiver of interest payable on loans, extended additional loan facilities and guaranteed certain loans. However, this may not be sufficient as there is no consideration for loss of business. The need is to rebuild lost businesses and lost income sources and directly help these commons. Budget's success will depend on doing something substantially in this direction.

Preparing for strong Defence and internal security

Indian border with Pakistan is seeing tit for tat on daily basis. Desirable to remember that Pakistan is preparing for a big decisive war against India for it knows that that alone will settle the Kashmir issue. True, Indian military is strong enough and is considered 4th in the world based on 50 important factors that determined the ranking. Indian military has a good record of defending Indian borders victoriously by defeating Pakistani military and their sponsored terrorist attacks. Important, Pakistan is sure of China's support in its adventures and confident of its capabilities to provoke and manipulate mindset of Indian Muslims so to divide Indian communities on religious lines so to destabilise Indian political governance. Indian pseudo secularists are also support of this divide. On the other hand, international situation is not supportive to India as many of powerful countries seems more interested in keeping Indian development in check and under control as can be seen from their subjective definitions of terrorism, human rights violations, liberal democracy and secularism. Therefore, India need to be cautious about its policies. The need is to realise that peace talks are fruitful only when other side is interested in settlement.

It will be self-defeating when others are preparing for war. India should therefore, prepare itself for decisive war with Pakistan. Indian defence and internal security arrangements need modernisation apart from equipping it with new technology and weapons. This budget should care more for defence expenses.

India should therefore, prepare itself for decisive war with Pakistan.

Supporting Indian farmers

It is desirable to realise early that the problem of Indian agriculture is serious and loosing farmers cannot ensure food security nor will help build a strong economy. True, Indian agriculture has progressed over the period and improved its production and productivity. These improvements and all other market led reforms have however, not helped small and marginal farmers. Instead, these efforts made farming a commercial unit and 'cultivation' a profit venture without ensuring viability and profitability. As is known, the supportive systems of government and its sponsored institutions work better till the harvesting of crops and miserably fail thereafter. A good price discovery and resultant surplus income to farmers is still a distant dream. Insurance system is also not reaching to farmers nor helping them to become risk free. This Budget therefore, need to do something more to assure farmers of certain income.

Generating employment opportunities

Unemployed youth is more dangerous when frustrated and Indian story is the witness. Therefore, there is a need to focus all economic policies towards creating more jobs to Indian youth. The budget should link all its tax and other incentives including subsidies to the employment generation. As is known, automation is real danger that is killing jobs and world's entire manufacturing sector is preferring automation. It is not that manufacturing sector is not growing; it is growing but not providing jobs. Government need to address this issue and this budget need to recognise this problem. Emphasizing only on skill development without employment generation will not help.

Building Infrastructure

Indian infrastructure is still weak and public private partnership model is failing. Making infrastructure investment viable and profitable is a false idea and public -private partnership model in fact rest on public shoulders. It is desirable government understand this early and take steps to build infrastructure on its own. There is no need to be extra cautious of budget deficit and internal public debt. Failing in infrastructure development is costlier than these concerns. Therefore, this budget need to switch over to public sector model in large infrastructural projects which cannot be profit ventures.

This apart, the currency management need to be improved by making appropriate currencies available in circulation. The high value note of Rs 2000 has no circulation value and need to be withdrawn. Instead Rs 1000 note can be reintroduced. The tempo of promoting cashless economy need to be continued and cashless transaction should be incentivised. It should basically be cheaper, easy and convenient.

This is BJP's fourth Budget. BJP is still not able to draft its budget with its long-term vision. Last year's budget indeed had some directions. This year's budget need to cross the borderline thinking and shape its vision with its core thought of Swadeshi model. ❑❑

A wish list for Budget 2017

The challenge for the Finance Minister in 2017 is to improve the quality of government expenditures. Demonetization and cashless economy will lead to more transactions coming into the tax net leading higher tax burden on the people meaning Lesser money in their hands , suspects **Dr. Bharat Jhunjhunwala**

The challenge for the Finance Minister in 2017 is to improve the *quality* of government expenditures. The present drive of demonetization and towards cashless economy will lead to more transactions coming into the tax net. This will lead to a higher tax burden on the people. Lesser money will remain in the hands of the people and more money will come in the hands of the government. A person with an income of Rs 10,000 per month was, say, paying tax of Rs 2,000 earlier. He will now pay taxes of Rs 2,500 because more of his purchases will be of tax-paid goods. He will be poorer by Rs 500. The reduction of money in hands of the people will lead to a reduction in demand for goods in the market. This will have a negative impact on the economy. However, the final impact will depend upon how the government uses the additional revenue that is collected. This money can be used by the government in two ways: for increasing government investments in infrastructure such as railways and highways, or for increasing government consumption such as by providing higher salaries to government servants.

The implementation of the recommendations of the Seventh Pay Commission and One Rank One Pension has led to increased consumption by government servants. This will lead the economy into the dumps because government servants are well paid and will not spend their incomes in buying goods from the market. They will buy gold from part of this income. The money will go to South Africa or Russia from where we import Gold. Indian economy will deflate like air being leaked from a balloon. There will be less demand in the economy. The Finance Minister must instead use this additional revenue for the develop-

ment of roads, sewage, electricity supply and net connectivity in villages and small towns. These investments will help the people earn more and neutralize the impact of the higher tax burden. A person with an income of Rs 10,000 per month previously will now earn Rs 12000. He will still be richer after paying higher taxes due to demonetization. The increased income in hands of the people will lead to an increased in demand for goods in the market. They will also generate demand for cement and steel because people will pay higher toll tax for the use of highways. This demand will neutralize the negative impact of bringing more transactions in the tax net.

The small industries were undertaking most transactions in cash until now. They will come under the tax net. Their cost of production will increase. They will find it difficult to compete with large industries. The small industries generate most employment in the country. Therefore, there is a need to neutralize the additional tax burden imposed upon them. The basic Income Tax slab at present is Rs 2.5 lakhs. The Finance Minister should provide an exemption of, say, Rs 7.5 lakhs in income tax for self-employed incomes. The exemption from excise duty should also be raised substantially from the present 1.5 crores to, say, 5 crores. The requirement of maintaining accounts for small businesses must also be loosened. This will make it possible for small industries to survive in a cashless economy. It will also provide encouragement to professionals to start their own businesses such as providing tuition to foreign students over the internet. These steps will undo the problem faced by small businesses due to demonetization.

The Non-Performing Assets of the public sector banks are a drag on the economy.

The increase in the price of crude oil will lead to higher outflow of monies from India and dampen our economy. The way out is to move towards less energy intensive modes of earning and living. Investment in public transport like Metros must be increased substantially. The import tax on crude oil must be increased so as to reduce consumption. Let petrol be priced at Rs 125 per liter. Those using bikes and scooters should pay more. We must develop the services sector, which consumes less energy, as the main engine of economic growth. We must go slow on manufacturing, which consumes about ten times the energy as compared to the services sector. This approach will help contain our oil import bill. Therefore, we must reduce the rates of service tax and increase the rates of excise duty. The GST seeks to move in the opposite direction. The rates of excise duty are high at present. They are set to be lowered. The rates of service tax are low at present. They are set to be increased. There is a need to provide a lower rate of tax for services under the GST.

The Indian economy has been driven by foreign investment in the last 25 years since Manmohan Singh unleashed the economic reforms. However, the globalization juggernaut is slowing down now. Brexit and Trump are the flag bearers of the anti-globalization movement. Therefore, we must go into reverse gear proactively. We must scrap or modify all double tax avoidance agreements as we have done with Mauritius, Cyprus and Singapore. We must also re-impose restrictions on outward flows of money from the country that have been liberalized in the last two years. The Finance Minister must take Indian businessmen into confidence and try to keep Indian capital within the country. Running after foreign capital will not do when our own businessmen are trying to exit India and invest abroad. Foreign investment will come only if domestic investment is strong.

The Non-Performing Assets of the public sector banks are a drag on the economy, as are a host of other public sector undertakings. The NDA-I Government had taken a bold step towards strategic disinvestment. NDA-II must follow that approach instead of trying to revive the PSUs. The Finance Minister should go for strategic disinvestment of all PSUs including banks. Only PSUs in sensitive areas must be kept under government control.

The five steps I would like the Finance Minister to take are. 1. An increase in the use of government revenues for improvement in infrastructure in small towns 2. Provision of a hefty exemption from income tax for self-employed persons. 3. A reduction in the rates of service tax. 4. Reduction in the limits for outward remittances. 5. Strategic disinvestment of all PSUs including banks. These measures will surely lift the economy. ❑❑

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 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 eva-

While some commentators have hailed the Budget as 'change making' and 'game is changing', an in-depth comment on the Budget will have to await scrutiny of the budget papers. Yet, the Budget aims for a financially clean polity and economy, believes **S Gurumurthy**

Renewed impetus to manufacturing and Make in India

Commerce and Industry Minister Smt. Nirmala Sitharaman has welcomed the Union Budget 2017-18 presented by Finance Minister Shri Arun Jaitley which provides renewed impetus to manufacturing and Make in India, export infrastructure and Government e-marketplace.

Several measures have been announced in the Budget 2017-18 to provide impetus to commerce and industry . The key initiatives include

1. A Special Scheme for creating employment in leather and footwear industries is proposed to be implemented, on the lines of the scheme in textile and apparel sector.
2. The long standing demand of startups has been accepted and the profit (linked deduction) exemption available to them for 3 years out of 5 years is changed to 3 years out of 7 years. For the purpose of carry forward of losses in respect of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues.
3. Further liberalisation of FDI policy is under consideration and the Foreign Investment Promotion Board (FIPB) to be abolished in 2017-18.
4. In order to make MSME companies more viable, income tax for companies with annual turnover uptoRs. 50 crore is reduced to 25%. About 96% of companies will get this benefit of lower taxation. This will make our MSME sector more competitive as compared to large companies.
5. MAT credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present.
6. For creating an eco-system to make India a global hub for electronics manufacturing a provision of Rs. 745 crores in 2017-18 in incentive schemes like M-SIPS and EDF. The incentives and allocation has been exponentially increased following the increase in number of investment proposals.
7. Inverted duty has been rectified in several products in the chemicals & petrochemicals, textiles, metals, renewable energy sectors. Duty changes to improve domestic manufacturing of medical devices, those used for digital transactions and capital goods have also been announced.
8. Infrastructure – a key pillar under the Make in India programme has been strengthened with a large budgetary allocation. The total allocation for infrastructure development in 2017-18 stands at Rs. 3,96,135 crores. A specific programme for development of multi-modal logistics parks, together with multi modal transport facilities, to be drawn up and implemented.
9. Tourism is a big employment generator and has a multiplier impact on the economy. Incredible India 2.0 is proposed to be launched to promote tourism and employment. Five Special Tourism Zone, anchored on SPVs in partnership with the States would be set up.
10. Modernisation and upgradation of identified corridor, railway lines of 3,500 kms will be commissioned, 25 stations are expected to be awarded for station redevelopment and 500 stations will be made differently abled friendly by providing lifts and escalatorsduring 2017-18. These provide large opportunities under the Make in India initiative
11. Initiatives in Skill Development provide essential support for the Make in India sectors to thrive. Launch of SANKALP scheme to provide market relevant training to 3.5 crore youth and STRIVE scheme to improve the quality and market relevance of vocational training.
12. A new and restructured Central scheme with a focus on export infrastructure, namely, Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18.
13. The Government e-market place which is now functional for procurement of goods and services, has been selected as one of the winners of the South Asia Procurement Innovation Awards of the World Bank. ❑

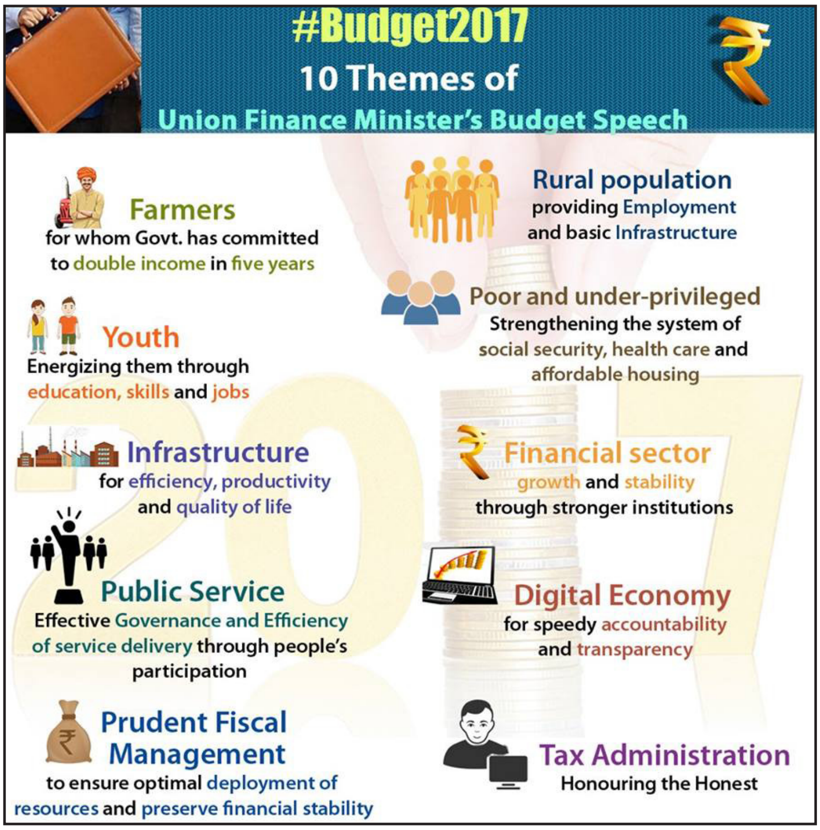
Political Parties cannot receive donation above Rs. 2,000 in cash from one person

The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitely while presenting the General Budget 2017-18 in Parliament today said that the political party can receive maximum donation up to Rs. 2,000 in cash from one person. Proposing steps towards transparent funding of political parties, the Finance Minister Shri Jaitley proposed that banks will issue Electoral Bonds to enable donations to political parties.

In his Budget Speech, the Finance Minister Shri Jaitley further said that the political parties will be entitled to receive donations by cheque or digital mode from their donors. Every political party will have to file its Income-Tax Return within the prescribed time limit, he added.

In a significant step to cleanse the system of funding of political parties, Shri Jaitley said that donations to political parties can soon be made by purchasing electoral bonds from authorized banks. The Finance Minister said that the Government will soon frame a Scheme in this regard and an amendment is being proposed to the Reserve Bank of India Act to enable the issuance of electoral bonds. He said that a donor could purchase bonds from authorised banks against cheque and digital payments only. These bonds shall be redeemable in the designated account of a registered political party within the prescribed time limit from issuance of bond, he added.

The Finance Minister said that these steps have been proposed as the political funding for elections couldn't become transparent though attempts were made to cleanse the system. Despite amendment to the Representation of Peoples' Act, the Companies Act and the Income Tax Act to incentivise political donations by individuals, partnership firms, HUFs and companies, political parties continue to receive most of their funds through anonymous donations which are shown in cash. He said that the situation has only marginally improved since the provisions were introduced, such as granting exemption from payment of tax to both the donor and the donee, provided a list of donors is maintained, who had contributed more than Rs. 20,000. ❑



sion. 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

Budget 2017-18 at a Glance: Key Figures

(Figures in ₹ crore)	2015-16 Actuals	2016-17 Budget Estimates	2016-17 Revised Estimates	2017-18 Budget Estimates
Revenue Receipts	11,95,025	13,77,022	14,23,562	15,15,771
Capital Receipts[1]	5,95,748	6,01,038	5,90,845	6,30,964
Total Receipts	**17,90,783**	**19,78,060**	**20,14,407**	**21,46,735**
Scheme Expenditure	7,25,114	8,01,966	8,69,847	9,45,078
Expenditure on other than schemes	10,65,669	1,17,6094	11,44,560	12,01,657
Total Expenditure	**17,90,783**	**19,78,060**	**20,14,407**	**21,46,735**
Revenue Deficit	3,42,736	3,54,015	3,10,998	3,21,163
Fiscal Deficit	5,32,791	5,33,904	5,34,274	5,46,532
Primary Deficit	91,132	41,234	51,205	23,454

1: Excluding receipts under Market stabilisation Scheme

Source: Budget 2017-18 documents

Press Information Bureau

those with non-business income of Rs 5 lakh and below makes compliance easy for the middle class.

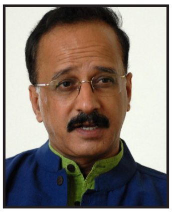
Third, the beneficial impact of internal structural reforms achieved by the government before and in the Budget have not been fully grasped in the Budget discourse. The merger of the Railway Budget, a colonial continuity, in the General Budget has made integrated policymaking possible and efficient allocation 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, 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 reclassification 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 micro 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.❑❑

The author is Chartered Accountant and eminent commentator on political & economic affairs.

A framework for an assured income for farmers.



Farmers are dying because they have been denied their legitimate income. They are being deliberately paid less to keep food inflation low. Farmers are being knowingly kept impoverished, says **Dr. Devinder Sharma**

I am back from a two-day workshop held at the Kerala Agricultural Universi ty. Why I am keen to share the outcome of this workshop is because of the tremendous implications it is expected to have in formulating a mechanism to provide an assured income to farmers every month.

Take for instance the hit farmers have received by way of a severe drop in incomes, mostly in the range of 50 to 70 per cent, from notebandi. While farmers are suffering silently, the impact demonetisation will have on the livelihood security of small farmers will last for several months, if not years. Comparatively, the income of employees in the government and the private sector are not impacted just because they get an assured monthly salary package. Come what may they keep on getting the monthly salary.

Nothing wrong. But if employees can get an assured monthly salary package, why can't we put in a mechanism whereby farmers too get an assured monthly income, a kind of a take home income package every month? After all, they produce food for the country, and the final price of their produce is fixed by the government. This is exactly what we, a group of ten economists and researchers, were trying to figure out at the recent workshop in Kerala.

It isn't as easy as many of us think. Ever since I started demanding a Farmers Income Commission which works out the assured monthly income a farmer must get, there have been a lot of questions by policy makers. While most people agree on the need to provide farmers with an income package, what remains unanswered is how to do it? I have been asked this question time and again.

The Kerala workshop was second in the series of attempts I have made to

ascertain a mechanism or a formula by which a minimum income for farmers can be assured. It was in the month of November last year that I brought a team of researchers, economists and key leaders from NGOs together for a three day brainstorming session at Hyderabad. The good news for farmers is that the Hyderabad workshop came out with very positive outcomes. We were able to broadly identify the contours under which a farmer's income can be calculated and have made some projections. I am hoping by the end of March we will be able to provide a definite framework for working out the farmer's income.

The Kerala workshop was an effort to value the ecosystem service farmers provide. The concept of ecosystem services is relatively new and includes the monetization of ecological services of natural resources. While the monetary calculations have been broadly worked out for forests, wetlands and even rivers, the Kerala workshop for the first time has been able to provide an economic value to the kind of ecosystem services farmers provide when they take to cultivation. Payments for these ecosystem services have been denied to farmers so far.

Before we go any further, let's first look at the prevailing levels of farm incomes. Economic Survey 2016 tells us that the average income a farmer gets from farming activities, including what he keeps for his family consumption at home, in 17 states of India is Rs 20,000 a year, the government has promised to double farmers' income in the next five years. This is much below the poverty line, and by all standards is not even a living income – an income on which a farm family can survive. But we are told increasing productivity and bringing down the cost of production is what the government intends to do. Expanding irrigation is a necessary input for raising productivity, too has often been emphasized. Everywhere I go I find the ministers, policy makers and economists repeating this.

I am not denying that crop productivity is low in several parts of the country. But productivity alone is not the factor that has brought India into the grip of a terrible agrarian crisis. If crop productivity alone was the factor, I see no reason why Punjab farmers should be committing suicide. In 2015, as many as 449 farmers have committed suicide in Punjab, the food bowl of the country. This is getting worse with a new gory trend I am witnessing in Punjab. Indebted farmers are killing their children before killing themselves. Their argument has been that even the children will not be able to get out of the debt cycle.

Punjab has 98 per cent assured irrigation. This is the best any country can think of. Even such a high percentage under irrigation has not been able to stem the suicide tide. With assured irrigation, and a wheat productivity level of 45 quintals/hectare, which is equal to that in the US; and a productivity level of 60 quintals/hectare for paddy, almost matching with the paddy productivity levels in China; I find no reason why Punjab farmers should be ending their lives.

My argument has been that farmers are dying because they have been denied their legitimate income. The Minimum Support Price (MSP) they receive for wheat and paddy has been deliberately kept low. In the past 4 years, the average annual increase in MSP has remained in the bracket of 3.25 to 5.0 per cent on an average. This is not even able to offset the inflation increase.

Farmers are therefore being penalized to grow food. They are being deliberately paid less to keep food inflation low. In other words farmers are being knowingly kept impoverished. Let's be clear. While crop insurance is a necessity, the Pradhan Mantri Fasal Bima Yojna cannot be game changer unless more farmers get the price for out which they genuinely deserve.

For nearly four decades now, I have heard economists repeat the same prescription year after year – use technology to raise productivity, reduce cost of production, go for crop diversification, improve irrigation efficiency – per drop more crop and shift to electronic trading to bypass the hoard of middlemen who squeeze farmers income. Listening to all these suggestions most people genuinely believe that the agrarian crisis is primarily the doing of farmers. Because they have not adopted latest technology, new crop varieties, do not know how to use bank credit, and are therefore not able to reduce the cost of production as a result of which their outstanding debt keeps on mounting.

Doubling the farm income by raising crop productivity is the policy thrust. This is where the entire prescription being doled out for improving farm incomes goes wrong. Agricultural economists had so far blamed farmers. But I wonder whether it is farmers who have failed or is it the economists and policy makers who have failed farmers. ❑❑

Globalisation in Reverse Gear

US Administration under President Trump is about to make all out efforts to restrict imports from China and strengthen production structure of USA. India also has an opportunity, to reconsider its economic and trade policies, pleads **Dr. Ashwani Mahajan**

Donald Trump took oath to the office of 45th President of United States of America on January 20, 2017. From the beginning of his campaign for presidential election, Donald Trump has been saying in unequivocal manner that since the advent of globalisation, Americans have been losing jobs and facing deprivation. Data shows that between 1999 and 2011, 2.4 million jobs were lost due to Chinese imports only and workers have been worst off.

Immediately after taking oath, President Trump said, "For too long, a small group in our nation's capital has reaped the rewards of government while the people have borne the cost. Washington flourished, but the people did not share in its wealth. Politicians prospered but the jobs left and the factories closed. The establishment protected itself, but not the citizens of our country. Their victories have not been your victories. Their triumphs have not been your triumphs. And while they celebrated in our nation's capital, there was little to celebrate for struggling families all across our land."

He further said, "Mothers and children trapped in poverty in our inner cities, rusted out factories scattered like tombstones across the landscape of our nation. Education systems flush with cash but which leaves our young and beautiful students deprived of all knowledge."

US has been Advocating Globalisation

In the last more than 25 years, US and European countries, who had been ferociously advocating globalisation, and used to argue that globe in like a village and therefore there should be no restrictions on the movement of goods, services and capital between nations, they only seems to be most wary of globalisation.

President Trump says, "For many decades we've enriched foreign industry at the expense of American industry, subsidized the armies of other countries while allowing for the very sad depletion of our military. We've defended other nations' borders while refusing to defend our own. And we've spent trillions and trillions of dollars overseas while America's infrastructure has fallen into disrepair and decay."

He further said, "One by one, the factories shuttered and left our shores with not even a thought about the millions and millions of American workers that were left behind. The wealth of our middle class has been ripped from their homes and then redistributed all across the world. But that is the past, and now we are looking only to the future. From this day forward, it's going to be only America first, America first. Every decision on trade, on taxes, on immigration, on foreign affairs will be made to benefit American workers and American families. We must protect our borders from the ravages of other countries making our product, stealing our companies and destroying our jobs."

In terms of solution, Trump favours protectionism and says "Protection will lead to great prosperity and strength. I will fight for you with every breath in my body, and I will never ever let you down. America will start winning again, winning like never before. We will bring back our jobs. We will bring back our borders. We will bring back our wealth, and we will bring back our dreams." For Trump there are only two rules, "Buy American and Hire American"

During his election campaign, Trump had said that free trade with China has caused huge loss to America. Factories closed down and jobs vanished as a result. Interesting thing is that Trump, got maximum victory from those counties which were worst affected by China imports, in terms of loss of employment. Though his opponents maintained that trade with China has benefitted America more than the losses caused by the same. They have been counting the benefits reaped from trade with Japan and Mexico. However, Trump could feel the problems of the people and made election promises, accordingly. People of US believed Trump more than Hillary Clinton and despite heavy election campaign and media bias, Trump could win elections.

2.4 million jobs were lost due to Chinese imports only between 1999 and 2011.

Significance of trade deficit with China is proved from the fact that USA not only consistently had trade deficit with China, the deficit increased in leaps and bounds and reached \$367 billion in 2015 from mere \$83 billion in 2001. Though, it declined to \$319 billion in 2016, important point is that today, 63 percent of China's trade surplus comes from USA's trade deficit. Therefore, reducing trade deficit with China is the top agenda of Trump's USA.

Globalisation in Reverse Gear

The very first decision, taken by President Trump, has been to dump Trans Pacific Partnership (TPP) agreement. It is notable that TPP agreement came into existence on the insistence of US Administration. The logic behind dumping TPP, given by Trump is that this would help US to impose heavy tariff on imports from other countries, including China, if they refuse to accept conditions imposed by USA. Indications are that USA might impose hefty tariff duties on Chinese imports, on the pretext of labour standards and trade distorting subsidies. Trump administration is expected to circumvent multilateral trade agreement and also Regional Trade Agreements. Protectionism will increase; and globalisation may go in reverse gear.

It is clear now that US Administration under President Trump will make all out efforts to restrict imports from China and strengthen production structure of USA. There may be a rethinking about technology too, in order to increase jobs. Strict action on illegal migrants is also on cards. Efforts are also expected to be made to correct inequalities caused by of globalisation. Trump may not bring riches to US companies; however, condition of poor, unemployed and deprived is definitely expected to improve.

India Should Take a Cue

India also has an opportunity, to reconsider its economic and trade policies, as Indian people and economy have also been a sufferer of globalisation; whether we look at high trade deficit, depreciating rupee, rising unemployment, worst condition of industry (both big and small) and labour. Can't we take a cue lesson from protectionism preached by Trump to safeguard our economy? ❑❑

Round one seems to be Modi's,
2017 can be landmark for Indian Economy

The note-ban is to change the course of economy and politics in 2017. It has raised aspirations further and Prime Minister Narendra Modi will have to deliver at a more feverish pitch. The hype on demonetisation has also overshadowed many of the credible performance of the Modi government. While many problems everyday are highlighted on the travails of people at bank counters, business stagnation, loss of wages, RBI's forecast of 0.5 percent GDP fall; the performance of the government on international front, highway construction, dole denial or decision making remains in the backdrop.

An overloaded media and government publicity machinery simply chose to ignore the most significant assault on the US and China. It also ignored whether the tough demonetization can change the future economics and diplomacy.

The US Congressional Research Service (CRS) has virtually conceded that the hike in US visa fees, that affect employability of Indians in the US, is inconsistent with General Agreement in Trade and Services (GATS) obligations, evolved in the Uruguay round in January 1995.

The CRS has come out with its study as the Modi government in March 2016 dragged the US to World Trade Organisation's (WTO) dispute settlement body for increasing fees for H1B and L-1 visa categories. India has stated that the move would impact India IT professionals. India has alleged that the US is violating internationally binding agreement, GATS.

The CRS says that one potential outcome could be a WTO determination that disputed statutes are inconsistent with GATS. It is a simple admission that despite friendship with Obama, Modi is correct and can change the WTO paradigm.

Digitalisation has its problems. It is expensive. Security is lax. But it is fast. Overnight it has catapulted India into digital age. Prudent Modi is expected to make it inexpensive, secure and people friendly, hopes
Shivaji Sarkar

The broad CRS hint may lead to intense diplomatic dialogue by the new Donald Trump administration and pursue India to move out of the WTO dispute resolution in lieu of cut in visa conditions for Indians. If the US loses the case in WTO, it would have to open up its doors to everyone including the Singaporeans, Chileans and other disliked Latin Americans.

India along with Indonesia has also sent strong messages to China for resolving disputes in the South China Sea. The message calls for utmost respect to the convention establishing international legal order of the seas and oceans (UNLOCS).

India also opposed China's rail-road cargo service with Nepal as it hits sale of Indian goods. No wonder China has also protested India's $ 1 billion aid to Mongolia and termed it "bribe". It even went on to tell India that if it opposed Nepal link, it could face endless trouble. China's support to Pakistan-backed terrorists like JeM chief Masood Azhar is an international irritant.

Modi has tried to ensure energy security through deals in Saudi Arabia, the United Arab Emirates, and Qatar, Mozambique and the US by his whirlwind tours.

The Modi government's steps are considered bold and strategic by international experts. His move at making India a partner in US defence strategy is to boost critical production.

This may help India gradually o get into the Nuclear Suppliers Group (NSG). It may be recalled that in July, 2016 India became the member of the Missile Technology Control Regime (MTCR), considered a precursor to the entry to NSG. His government's rescue missions in West Asia – Operation Rahat – exemplified that bold initiative can change perceptions about India.

Nobody possibly knew that choking terror funding was so easy. Jammu and Kashmir and Chhattisgarh see unprecedented solutions. Terrorists are on the run, stone pelting stopped and Naxalites take the safe route of surrender as their cash evaporates. It would not only change the development discourse but would also reduce expenses on policing – possibly equal to the cost of printing new currency notes and destroying the old ones – almost Rs 30,000 crore.

Yes, the cash crunch has thrown new challenges to the rural economy. Agricultural markets saw a sharp drop in trading volumes. Small farmers who require funds sold their kharif produce at a discount. Modi has started thinking in terms of farmers and kisan credit cards but the latest National Sample Survey (NSSO) says that 52 percent farm families have an average debt of Rs 47,000.

Note-ban certainly is a bold decision to move away from 1991Manmohanomics. It is an experiment that is likely to become the **anchor for future discussion** on Indian economy. Modi is accused of changing rules over 60 times in 50 days (Nov 8 - Dec 30). The detractors see it as flip-flop while others view it as the adaptability of a non-rigid government to suit the practical needs.

That has prevented the opposition cash on the supposed discontent over note-ban. Delhi's Times of India on Dec 29, 2016 headline says, "Round one seems to be Modi's". This is proven by the "joint" opposition's rejection of Congress as the automatic leader of the anti-BJP campaign. The political circles still are apprehensive of the scam tainted Congress, or "which", to quote Rajmohan Gandhi (Indian Express, Dec 27), "did not or could not fight corruption… Modi seems closer to cultural revolutionaries of the Right and Left".

Digitalisation has its problems. It is expensive. Security is lax. Even Infosys chief Nandan Nilakeni says that each transaction costs Rs 5 to 15 or more on e-wallet and much more on debit and credit cards.

But it is fast. Overnight it has catapulted India into digital age, a promise the 2016-17 budget made, a big leap since computerization by Rajiv Gandhi. Prudent Modi is expected to make it inexpensive, secure and people friendly.

Modi has to bring farms and farmers into focus in the budget. He has to ensure when production rises farmers investments are protected and middle men do not thrive in difficult situations. Note-ban is a great gamble. Modi has to win it for all - rural folks, urban workers, and the industry. He has to send banks on feverish pitch after large lenders to end bad loans.

People want to see him succeed in a globally challenged economy. They want him to take care of their travails, decide on floor deposit interest rates at 9 percent so that their money value remains intact, do away with income-tax, highway tolls, make people cash rich and cut bank transaction costs.

More money into people's hands is the panacea for pacing up economy. Many hints are there that Modi wants to do. The country expects that 2017 becomes a landmark in Indian economy. ❑❑

Report on Black Money more secret than Black Money

Why is our FM so much worried about releasing the report of the Committee, Headed by Chairman, CBDT that" elaborates on the various estimates of black money by different expects, asks **Prof R. Vaidyanathan**

Finance Minister of India Arun Jaitley declared that "No estimation of black money either before or after Nov 8". Being a lawyer and in the new Avatar of FM has its own pitfalls. He does not seem to have knowledge of history of work done by his own department.

Report of the Committee, Headed by Chairman, CBDT titled "Measures to Tackle Black Money in India and Abroad 2012" elaborates on the various estimates of black money by different expects.

Wanchoo Committee's estimate

Direct Taxes Enquiry Committee19 followed the method adopted by Kaldor with suitable modifications. It estimated assessable non-salary income for the year 1961-62 at Rs. 2,686 Crore and non-salary income actually assessed to tax to be of the order of Rs. 1,875 Crore. Accordingly, the income, which escaped income tax, was of the order of Rs.811 Crore. This estimate of tax-evaded income required some adjustments because of exemptions and deductions allowed under the Income Tax Act. After making the rough adjustments, Wanchoo Committee found that "the estimated income on which tax has been evaded (black income) would probably be Rs.700 crore and Rs.1,000 crore for the years 1961-62 and 1965-66 respectively". "Projecting this estimate further to 1968-69 on the basis of percentage increase in national income from 1961-62 to 1968-69, the income on which tax was evaded for 1968-69 can be estimated at a figure of Rs.1,800 crore."

Rangnekar' s estimate

Dr. D.K. Rangnekar, a member of the Wanchoo Committee, dissented from

the estimates made by the Wanchoo Committee. According to him, tax evaded income for 1961-62 was of the order of Rs.1, 150 crore, as compared to Wanchoo Committee's estimate of Rs. 811 crore. For 1965-66, it was Rs.2,350 crore, against Rs.1,000 crore estimated by the Wanchoo Committee. The projections of 'black' income for 1968-69 and 1969-70 were Rs.2,833 crore and Rs.3,080 crore respectively.

Chopra's estimate

Mr. O.P. Chopra, a noted Economist, published a series of papers20 on the subject of unaccounted income. He prepared a series of estimates of unaccounted income (black income) for a period of 17 years, i.e., 1960-61 to 1976-77. Chopra's methodology marked a significant departure from the Wanchoo Committee approach and as a consequence, he found a larger divergence in the two series from 1973 onwards when the income above the exemption limit registered a significant increase. The broad underlying assumptions of his methodology are:

- Only non-salary income is concealed;
- (ii) Taxes other than income-tax are evaded and the study is restricted to only that part of income which is subject to income-tax. Thus, tax evasion which may be due to (a) non-payment or underpayment of excise duty, (b) sales-tax,(c) customs duties, or (d) substituting agricultural income for non-agricultural income, is not captured;
- The efficiency of the tax administration remains unchanged;
- The ratio of non-salary income above the exemption limit to total non-salary income has remained the same; and
- The ratio of non-salary income to total income accruing from various sectors of the economy remains the same.

The crucial finding of Chopra's study is that after 1973-74, the ratio of unaccounted income to assessable non-salary income has gone up, whereas the Wanchoo Committee assumed this ratio to have remained constant. As a consequence, after 1973-74, there is wide divergence between the estimates of Wanchoo Committee and those of Chopra. Chopra also corroborates the hypotheses that tax evasion is more likely to be resorted to when the rate of tax is comparatively high. His findings also support the hypothesis that increase in prices leads to an increase in unaccounted income. Further, he has given a significant finding that funds are diverted to non-taxable agriculture sector, to convert unaccounted (black) income into legal (white) income. Chopra's study estimated unaccounted income to have increased from Rs.916 crore in 1960-61, i.e. 6.5% of Gross National Product (GNP) at factor cost, to Rs.8,098 crore in 1976-77 (11.4% of GNP).

Study has made use of a range rather than a single figure of under-estimation.

NIPFP Study on Black Economy in India

National Institute of Public Finance and Policy (NIPFP) conducted a study under the guidance of Dr S. Acharya (1985). The study defines 'black' money as aggregate of incomes which is taxable but which is not reported to tax authorities. The study, however, gives a broader definition of 'black' income and calls it as "unaccounted income" for purposes of clarity. As there is lack of sufficient data, the NIPFP study follows "the minimum estimate approach" that is to say, not being able to ascertain the most probable degree of under-declaration or leakage, the study uses a degree of under-declaration which could safely be regarded as the minimum in the relevant sector. In several cases the study has also made use of a range rather than a single figure of under-estimation. 4.14 While preparing the estimate of 'black' income, the study excludes incomes generated through illegal activities like smuggling, black market transactions, acceptance of bribes, kickbacks, etc. To prepare a global estimate of black income, the study confines itself briefly into six areas:

- factor incomes received either openly or covertly while participating in the production of goods and services;
- 'black' income generated in relation to capital receipts on sale of asset;
- 'black' income generated in fixed capital formation in the public sector;
- 'black' income generated in relation to private corporate sector;
- 'black' income generated in relation to export; and
- 'black' income generated through over-invoicing of imports by the Private sector and sale of import licenses.

NIPFP Estimate of Black Money in India 1975-1983		
Year	Estimate for Black Money (Rs. in Crore)	GDP %
1975-76	9,958 to 11,870	15 to 18
1980-81	20,362 to 23,678	18 to 21
1983-84	31,584 to 36,784	19 to 21

Source: *http://www.incometaxindia.gov.in/Communications/Circular/910110000000000365.htm*

After aggregating the different components of 'black' income the study quantified the extent of 'black' money for different years as under.

The NIPFP study concluded that total black income generation of Rs. 36,784 Crore out of a total GDP at factor cost of Rs. 1,73,420 Crore was on the higher side, although it turns out to be less than 30 per cent of GDP as against some extravagant estimates placing it at 50 or even 100 per cent of GDP. The study suggested with some degree of confidence that black income generation in the Indian economy in 1983-84 was not less than 18 per cent of GDP at factor cost or 16 per cent of GDP at market prices.

While the NIPFP report estimated the 'black' economy (not counting smuggling and illegal activities) at about 20 per cent of the GDP for the year 1980-81, Suraj B. Gupta, economist, pointed out some erroneous assumptions in NIPFP study & estimated 'black' income at 42 per cent of GDP for the year 1980-81 & 51 per cent for the year 1987-88. Arun Kumar pointed out certain defects in Gupta's method as well as in the NIPFP study. He estimated 'black' income to be about 35 per cent for the year 1990-91 & 40 per cent for the year 1995-96.

Agriculture black hole

Believe it or not, income figures shared by the Income-Tax Department in response to an RTI application by a retired Indian Revenue Service official – Mr. Sharma has revealed that agricultural income recorded an exponential increase from 2004 to 2013, touching a total of almost Rs.2,000 lakh crore for individual assesses in 2011.

The agricultural income earned by the 6.57 lakh assesses who filed returns in 2011, at nearly Rs. 2,000 lakh Crore, is over 20 times the country's gross domestic product of over Rs. 84 lakh crore at the time, according to the Income Tax Department data shared under the RTI Act. Notably, agricultural earnings are exempt from Income Tax.

> ***Black money assessment reports can't be disclosed, say institutes that conducted study***

"The other possibility may be that illegal money or black money income is being laundered in a large scale and brought into the white economy. It requires deep investigation," Mr. Sharma told *The Hindu*. He said the next date of hearing on his PIL plea was in April.

The earlier Government has requested NIPFP to conduct another study in 2012 about black money and that report has not been released. But unofficial reports suggest that for the period 2008-09 to 2011-12 they have estimated that black money could constitute nearly 42 % of total GDP or 71.5 % of the "reported" GDP. They have indicated about mining /education sectors and also diversion of Kerosene etc. the have also looked at Fuel used for transport –reported and possibly actual. But the most intriguing and interesting part comes now.

Black money assessment reports can't be disclosed, say institutes that conducted study Replying to an RTI query, NIPFP and NCAER said they were not authorised to share the reports.

Quote

The reports on the quantum of black money held by Indians in the country and abroad cannot be made public, country's two premier institutes that conducted studies on the ill-gotten wealth on the Finance Ministry's directive have said. The UPA government had in 2011 asked three institutes –Delhi-based National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM), Faridabad – to conduct studies on black money.

The study reports of NIPFP, NCAER and NIFM were received by the Ministry on December 30, 2013; July 18, 2014 and August 21, 2014 respectively.

Replying to an RTI query, NIPFP and NCAER said they were not authorised to share the reports.

"Under the Terms of Reference (ToR) with the Ministry of Finance, we are not authorised to share the report without their concurrence. Such concurrence is not forthcoming and our agreement with the Ministry of Finance prohibits us from disseminating this report," the NIPFP said in reply to the RTI application.

The NCAER, in its response, said: "The primary repository of the report is Central Board of Direct Taxes (CBDT), Ministry of Finance" and the matter of sharing it should be dealt by the government.

No response has been received so far from the NIFM, which also conducted a study. Earlier, the Finance Ministry had declined to share the reports submitted to it by the institutes about three years ago.

"Information is exempt from disclosure under Section 8 (1) (c) of the RTI Act, 2005 as the study reports received from the three institutes are under examination of the government and the same along with the government's response on these reports are yet to be taken to Parliament through the Standing Committee on Finance," the Ministry had said.

The Section bars disclosure of information "which would cause a breach of privilege of Parliament or State Legislature".

There is at present no official assessment on the quantum of black money in the country and abroad.

"The issue of black money has attracted a lot of public and media attention in the recent past. So far, there are no reliable estimates of black money generated and held within and outside the country," the Finance Ministry had said while ordering the studies in 2011.

The different estimates on the quantum of black money range between USD 500 billion to USD 1,400 billion. A study by Global Financial Integrity estimated the illicit money outflow at USD 462 billion.

The Terms of Reference (ToR) for the studies included assessment or survey of unaccounted income and wealth and profiling the nature of activities engendering money laundering both within and outside the country. The purpose of study was to identify, among others, important sectors of the economy in which unaccounted money is generated and examine the causes and conditions for it.

Unquote

[http://indianexpress.com/article/business/economy/black-money-assessment-reports-cant-be-disclosed-institutes-4464555/]

As usual our MPs are ignorant about any such studies and more interested in shouting. The moot question is why is our FM so much worried about releasing the reports? Does it implicate any major leader of current dispensation or worried that his assertion about "no estimation" of black money will be disproved. Obviously the Nation wants to know. ❑❑

Prez favours joint polls

Lauding the demonetisation decision and the surgical strikes across Line of Control (LoC) as "bold" decisions in the interest of the country, President Pranab Mukherjee has favoured a constructive debate on simultaneous elections to Lok Sabha and Assemblies and funding of polls to eradicate money power. The Government, he said, is committed to combating the "grave challenge" of terrorism and to ensure that perpetrators of such acts are brought to justice. In his address to the joint session of both the Houses of Parliament, marking the opening of the Budget session, Mukherjee spoke about a host of government schemes and initiatives covering aspects .

He also talked about the issue of holding of joint elections to the Lok Sabha and Assemblies, favouring a debate on it. "Frequent elections put on hold development programmes, disrupt normal public life and impact essential services and burden human resource with prolonged period of election duty. In the speech, the President said Government would welcome any decision taken by Election Commission in this regard after consultations.

DRDO Develops Anti IED Robots

A group of scientists of Research and Development Establishment (Engineers) of Defence Research and Development has developed two new robots capable of detecting and defusing improvised Organisation explosive devices on aircraft and trains. The light robots — "Daksh Mini" and "Daksh Scout" are portable and can be used in a variety of situation.

Digitalisation not a panacea

Sounding a note of caution on government's digital push, the Economic Survey says that digitalisation is "not a panacea" and cash is not all bad and stressed the need to forge a balance between both forms of payments. The Survey, tabled by Finance Minister Arun Jaitley in Parliament, said transition to digitalisation should be gradual after taking full account of the digitally deprived. The Survey also emphasised that success of digitalisation would depend considerably on inter-operability of the payments system, and advised banks to facilitate and "not thwart" inter-operability.

The Survey further said: "But to ensure this, individual banks should facilitate not thwart interoperability." In a bid to curb corruption, the government has been pushing for greater adoption of digital payment mechanisms like debit/credit cards and mobile wallets in the country. Estimates suggest that cash accounts for about 78 per cent of all consumer payments. Based on data provided by NPCI, the Survey noted that the 'decline rates of transactions' for Aadhaar-enabled payments as of mid-January 2016 were nearly 56 per cent in case of transactions involving different banks. This is almost double that for transactions that involve the same issuing and remitting bank, it added.

Leaders Congratulate Trump

The President, Vice President and Prime Minister of India congratulated the President and Vice President of the United States on assumption of office on 20 January. The President of India, Shri Pranab Mukherjee has congratulated Mr.Donald J. Trumpon his assumption of office of the President of the United States of America. The Vice President of India, Shri M. Hamid Ansari extended congratulations to his American counterpart, Mr. Michael R. Pence on assuming office of the Vice President of the United States of America. Prime Minister, Shri Narendra Modi has congratulated Mr. Donald Trump on his assumption of office.

India-UAE Strategic Dialogue

Pursuant to the decision to elevate their relations to a Comprehensive Strategic Partnership during the exchange of the visits at the highest level between India and United Arab Emirates in August 2015 and February 2016, the two sides held the first meeting of Strategic Dialogue between the two Foreign Offices on 20 January 2017 in New Delhi. The meeting was co-chaired by Shri M.J. Akbar, MOS for External Affairs and Dr. Anwar Gargash, MOS in Ministry of Foreign Affairs of UAE.

18L people with suspicious deposits

The Income Tax department has identified 18 lakh people who have made 'suspicious' cash deposits post demonetisation, including those having deposited over Rs 5 lakh, and will send emails and SMSes seeking explanation about their source of funds. These people will have to reply within 10 days to avoid any notice from the tax department or further enforcement action. The department launched 'Operation Clean Money' project under which CBDT, with data analysis and profiling of assessees, will send e-communications to people whose cash deposits post November 8 note ban do not match their income.

Central Board of Direct Taxes (CBDT) Chairman Sushil Chandra said 10 days' time would be given to people to reply to the e-communication and replies can be filed by logging on to the e-filing portal of the Income Tax department.

Initially, this will cover 18 lakh tax payers whose data will be uploaded on e-filing portal. These people while filing reply have to explain to tax department the sources of deposit. Chandra said that tax department has compiled huge data which shows that there are over 1 crore accounts where above Rs 2 lakh money have been deposited and involves unique PAN of 70 lakh persons.

Eight core sectors grow by 5.6%

Eight core industries register a growth of 5.6 per cent in December 2016 on the back of healthy output recorded by refinery products and steel. The growth rate of eight infrastructure sectors – coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity was 2.9 per cent in December 2015. It stood at 4.9 per cent in November 2016.

The core sectors, which contribute 38 per cent to the total industrial production, expanded 5 per cent in April - December 2016 compared to 2.6 per cent growth in the same period last financial year, according to data released by the commerce and industry ministry . Refinery products and steel production jumped 6.4 per cent and 14.9 per cent, respectively during the month under review.

Demonetisation great move

The demonetisation drive undertaken by the Indian government is a "great move" in the longer term, Apple CEO Tim Cook said as he emphasised the company's strong intention to "invest significantly" in the country. Mr. Cook, in first quarter fiscal year 2017 earnings release conference call, said despite the demonetisation exercise, US-based iPhone maker performed well in the Indian market.

"Despite the demonetisation move in India that created lots of economic pressure there last quarter, despite that, we had all-time record revenue results, and so we were very happy about that," Mr. Cook said in the call yesterday when asked about the company's performance in India during its fiscal 2017 first quarter ended December 31, 2016.

Govt plans oil behemoth

The government plans to merge some of the 13 state oil firms to create an energy behemoth that can rival global giants like BP and Chevron to help meet the energy needs of the world's third largest oil consumer. Finance Minister Arun Jaitley in his Budget for 2017-18 proposed to "create an integrated public sector 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies."

There are 13 oil PSUs ranging from upstream oil producers like ONGC and Oil India to downstream oil refining and fuel marketing firms IOC, BPCL and HPCL to gas transporter GAIL India Ltd and engineering firm Engineers India Ltd. An idea was mooted a few months back to merge them to create a behemoth that cannot just compete globally but also withstand oil price volatility by using profits the refining business make in low oil prices to make up for losses in upstream and vice versa. Top eight listed state-owned oil and gas companies have a combined market capitalisation of about USD 80 billion, making it ninth largest globally. The combined entity will be larger than Rosneft of Russia and billionaire Mukesh Ambani-led Reliance Industries.

Govt to shut FIPB

In order to further improve ease of doing business, the Government has decided to abolish FIPB and form a new mechanism that could include approvals by the ministries concerned for expeditious clearance of foreign investment proposals. Finance Minister Arun Jaitley also promised to liberalise FDI policy in more sectors. He said that over 90 per cent of the total FDI is coming through automatic route and only 10 per cent has to go through the Foreign Investment Promotion Board (FIPB). Later, briefing media, he said some alternative mechanism could be in place.

Experts said that the proposal is likely to reduce M&A timelines. E&Y India said the announcement should make FDI though the approval route a smoother process especially benefiting single and multi brand retail trading. Currently, FIPB offers single-window clearance for applications on FDI in India that are under the approval route. ❑❑

China on Asia-Pacific Security Coop

China's State Council Information Office issued a white paper on China's policies on Asia-Pacific security cooperation. The Paper covers China's Policies and Positions on Asia-Pacific Security Cooperation, China's Security Vision for the Asia-Pacific Region, China's Relations with Other Major Asia-Pacific Countries, China's Positions and Views on Regional Hotspot Issues, China's Participation in Major Multilateral Mechanisms in the Asia-Pacific Region, China's Participation in Regional Non-Traditional Security Cooperation.

Social Media and Radicalization

The Internet is not just the largest easily accessed source of information but also the biggest unregulated medium of radicalization and extremism, in particular among the youths. With the coming time the nature, scope and utility of internet have also tended to change. Observing the increased cases of youth getting radicalised and claiming allegiance to the extremist groups, the role of social media become pertinent to this matter. The United Nations Educational Scientific Cultural Organization (UNESCO) launched a research proposal with an aim to provide a global mapping of the role of Social Media in radicalising youth.

PLA receives latest fighters

The Chinese military has confirmed that it received four Russian-made Sukhoi Su-35 fighter jets in late December, but noted that the Su-35 might be the last combat plane China would import thanks to its own defense advances. The People's Liberation Army's website, 81.cn, recently said that with the commissioning of the J-20, China's domestically developed stealth fighter, Russia understood that the Su-35 "will lose its value on the Chinese market in the near future", so was eager to complete the Su-35 deal. The Su-35 is Russia's most advanced fighter jet in use.

Trump taking steps to defeat ISIS

US President Donald Trump is taking decisive steps to "defeat and destroy" ISIS, the White House has said, terming the destruction of the dreaded terror group's capabilities a "humanitarian imperative". "The United States must take decisive action, and the President is taking the necessary steps," the White House Press Secretary Sean Spicer told reporters at his daily news conference. Trump has signed an executive order asking his national security team to prepare an action plan within 30 days to defeat ISIS.

This comprehensive strategy and plan must include a recommendation to changes to any rules of engagement and other policy restrictions that exceed the requirements of international law regarding ISIS; public diplomacy, information operations and cyber strategies to isolate and delegitimatise ISIS and its radical Islamist ideology, he said.

It also includes identification of new coalition partners in the fight against ISIS and policies to empower coalition partners to fight ISIS and its affiliates; mechanisms to cut off ISIS financial support, including financial transfers, money laundering, oil revenue, human trafficking, the sales of looted art, historical artifacts and other revenue sources; and a detailed strategy to robustly fund the plan, Spicer said.

RUMP FIRES ACTING AG

President Donald Trump sacked his Acting Attorney General Sally Yates after she defiantly ordered Justice Department lawyers not to defend the President's executive order in courts. The White House denounced Yates, an appointee of former President Barack Obama, for having "betrayed the Department of Justice by refusing to enforce a legal order designed to protect the citizens of the United States", adding that the ousted official was "weak on borders and very weak on illegal immigration".

Within a matter of hours, Trump named Dana Boente, US Attorney for Eastern District of Virginia, to serve as Acting Attorney General until his nominee for the post, Senator Jeff Sessions, is confirmed by the Senate. In contrast to Yates' stand, Boente said in a statement: "I am honoured to serve President Trump in this role until Senator Sessions is confirmed. I will defend and enforce the laws of our country to ensure that our people and our nation are protected." The unexpected revolt by Yates came on a day when President Obama himself voiced his criticism of the controversial Trump order

Iran warns US over missiles

Iran's Foreign Minister Mohammad Javad Zarif has warned the United States against "creating new tensions" with Tehran over ballistic missile tests. "We hope that Iran's defence programme is not used by the new US administration... As a pretext to create new tensions," Zarif said in a televised press conference with visiting French counterpart Jean-Marc Ayrault. The UN Security Council is due to hold emergency talks called by Washington on Iran's recent test-firing of a medium-range missile, which Tehran has not confirmed.

Zarif said Washington — under former president Barack Obama — and Paris had "repeatedly confirmed" that Iran's missiles are not part of a landmark nuclear deal between Tehran and major powers. Iran says its missiles do not breach United Nations resolutions because they are for defence purposes and not designed to carry nuclear warheads.

Russia makes big military push

Nearly three decades after nuclear icebreaker Lenin was taken out of service to be turned into a visitor attraction, Russia is again on the march in the Arctic and building new nuclear icebreakers. It is part of a push to firm Moscow's hand in the High North as it vies for dominance with traditional rivals Canada, the United States, and Norway as well as newcomer China. Interviews with officials and military analysts and reviews of government documents show Russia's build-up is the biggest since the 1991 Soviet fall and will, in some areas, give Moscow more military capabilities than the Soviet Union once had.

The expansion has far-reaching financial and geopolitical ramifications. The Arctic is estimated to hold more hydrocarbon reserves than Saudi Arabia and Moscow is putting down a serious military marker. Under President Vladimir Putin, Moscow is rushing to re-open abandoned Soviet military, air and radar bases on remote Arctic islands and to build new ones, as it pushes ahead with a claim to almost half a million square miles of the Arctic.

Canada mosque shooting

Six people were killed when gunmen opened fire in a Quebec City mosque during the evening prayers, the mosque's president told reporters. A witness told media that up to three gunmen fired on about 40 people inside the Quebec City Islamic Cultural Centre. The police on the scene said there were fatalities and that two people arrested.

"There are many victims ... there are deaths," a police spokesman told reporters. A witness said a heavily armed police tactical squad was seen entering the mosque. Police spokesman Etienne Doyon declined to say whether there was still a gunman inside the mosque.

Saudi, other Muslims spared ban

Gulf monarchies, notably Saudi Arabia, and other major Muslim nations have been spared the US travel ban because they are crucial allies of Washington and not "failed states", experts say.

President Donald Trump's controversial executive order on Friday singled out citizens from Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen to prevent "radical Islamic terrorists" from entering the United States. But the ban, which could still extend to other states, has exempted Muslim-majority nations associated with major attacks in the West. Out of the 19 hijackers of planes used in the September 11, 2011 attacks, 15 came from Saudi Arabia, also the birthplace of Al-Qaeda founder and attack mastermind Osama bin Laden.

Pak ends ban on Indian movies

Pakistan has allowed the screening of Indian films months after it stopped issuing letters to let distribution companies import the movies. The decision to allow import of Indian films was taken after a government committee held consultations with various stakeholders and recommended the Prime Minister Nawaz Sharif to allow screening of Bollywood movies.

After approval by Sharif, the information ministry issued a letter that the government is "pleased to continue the existing open policy to display all international movies (including Indian films) in Pakistani cinemas". According to the letter, any importers interested to get an Indian movie will make a request to ministry of information which will issues a directive to the ministry of commerce to process the same. It said that the importers will be allowed to screen movies only after approval from relevant censor boards of the province where the movie will be screened.Earlier, the cinema owners said that their businesses dipped by 70 percent since the screening of Indian films was suspended in the wake of tension due to Uri attacks and 'surgical strikes' episode last year. ❑❑

India Opposes Investment Pact

India is opposing an informal proposal made by the EU and Canada about a global investment pact with an investor-to-state dispute settlement (ISDS) provision at WTO. The issue was discussed at an "informal meeting" of key WTO members, including India, China, Brazil, Japan and Australia, in Davos. Commerce and Industry Minister Nirmala Sitharaman told reporters that she is not in favour of the "contentious" investor-to-state dispute settlement (ISDS) mechanisms, which is part of a bilateral agreement between the European Union (EU) and Canada. Under ISDS, corporates can take sovereign governments to international arbitration for resolution of disputes. Both these countries wants other WTO members to agree to this mechanism and the template to resolve investor disputes at the multi-lateral level. "The minister added that India put its view "informally" as this was an informal discussion of WTO member countries.

'New issues' only after consensus

Days ahead of a special meeting of trade ministers on the sidelines of the forthcoming World Economic Forum at Davos, India opposed attempts by some developed nations to introduce 'new issues' including e-commerce and investment into the formal agenda of WTO-level negotiations on liberalisation of global trade. "It may be alright to have informal and non-binding discussions (on these 'new issues'). But unless there is consensus among all the WTO member countries, these issues cannot be made part of the formal agenda. I don't think currently there is any consensus for such a move," Commerce Minister Nirmala Sitharaman told reporters.

G10 ministers discuss WTO issues

Ministers and officials from G10 countries deliberated upon the current WTO negotiations, including on agriculture, and reiterated their interest in having a well-functioning multilateral trading system. They expressed their support for a balanced outcome at the 11th WTO Ministerial Conference scheduled at Argentina in December this year on various issues including agriculture. The meeting, chaired by Swiss Federal Councillor Johann N Schneider-Ammann, took place on the fringes of the World Economic Forum (WEF).

G10 is a grouping of net food-importing WTO members comprising Iceland, Israel, Japan, Korea, Liechtenstein, Mauritius, Norway as well as Chinese Taipei and coordinated by Switzerland.

While reiterating their strong interest in a well-functioning multilateral trading system, G10 members expressed their support for a balanced outcome at the next ministerial conference, the release said. According to the release, G10 members recalled their sensitivities in agriculture, including with regard to domestic support.

Japan Threatens WTO Action

Japan is threatening to take India to the WTO over restrictions, a step that could trigger more trade spats as global tensions over steel and other commodities run high.Japan's defence of an industry that sells nearly half of its products overseas is getting more vigorous.Taiwan has requested WTO for permission to join Japan's consultations with India on a complaint against alleged import restrictions on certain steel products. Taiwan, in its submission said, it was dissatisfied with India's response to its queries on the minimum import price (MIP) on steel. India imposed duties of up to 20% on some hot-rolled flat steel products in September 2015, & set a floor price in Feb. 2016 for steel product imports to deter countries such as China, Japan & South Korea from undercutting local mills.

WTO IP rules amended

An amendment to the agreement on intellectual property entered into force on 23rd January 2017 securing for developing countries a legal pathway to access affordable medicines under WTO rules. The amendment to the TRIPS Agreement marks the first time since the organization opened its doors in 1995 that WTO accords have been amended.

The WTO Secretariat has received in recent days notifications from five members that they have ratified the protocol amending the WTO TRIPS Agreement. These notifications brought to two-thirds the number of WTO members which have now ratified the amendment. The two-thirds threshold was needed to formally bring the amendment into the TRIPS Agreement. Unanimously adopted by WTO members in 2005, the protocol amending the TRIPS Agreement makes permanent a mechanism to ease poorer WTO members' access to affordable generic medicines produced in other countries. ❑❑