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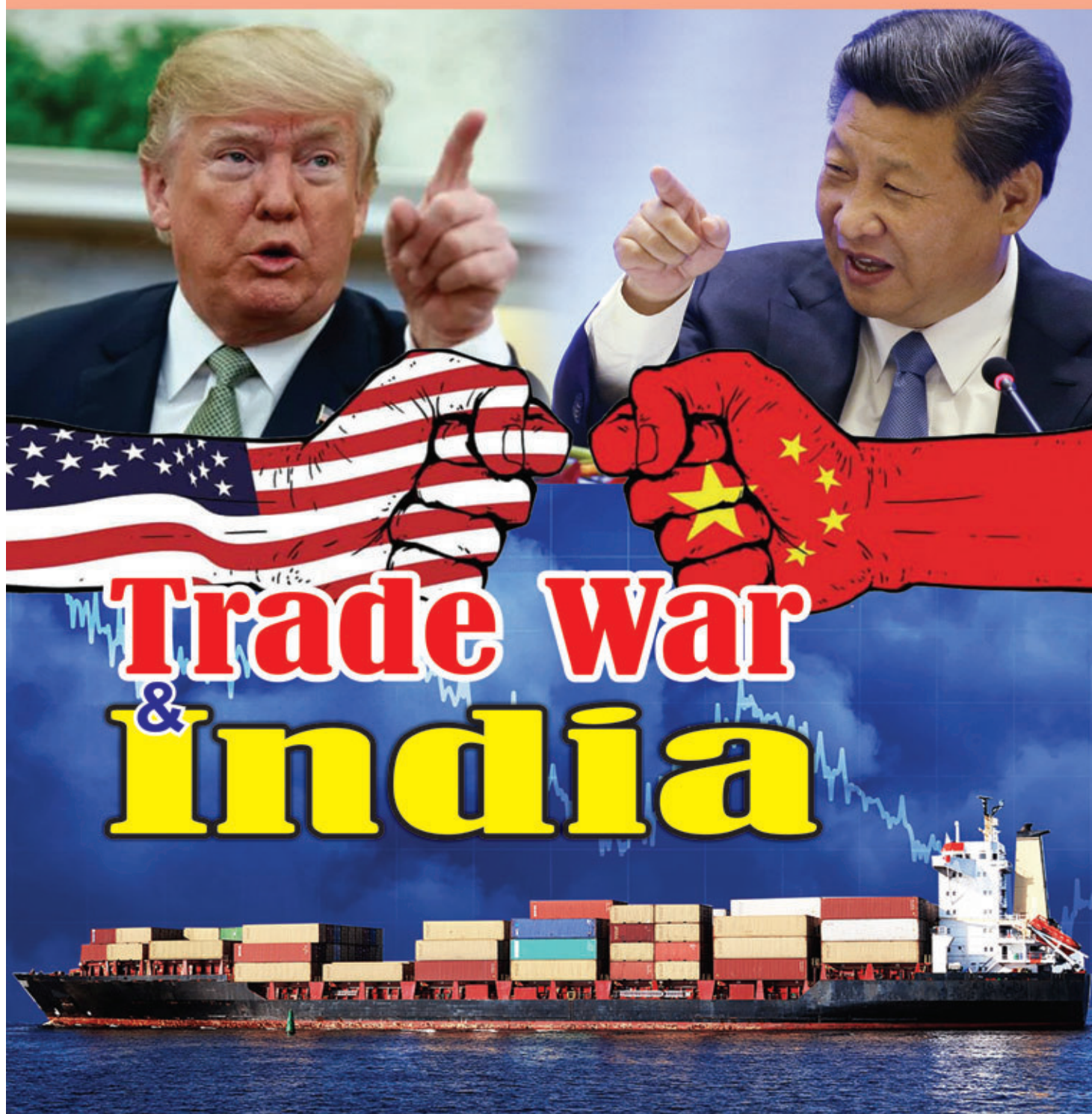
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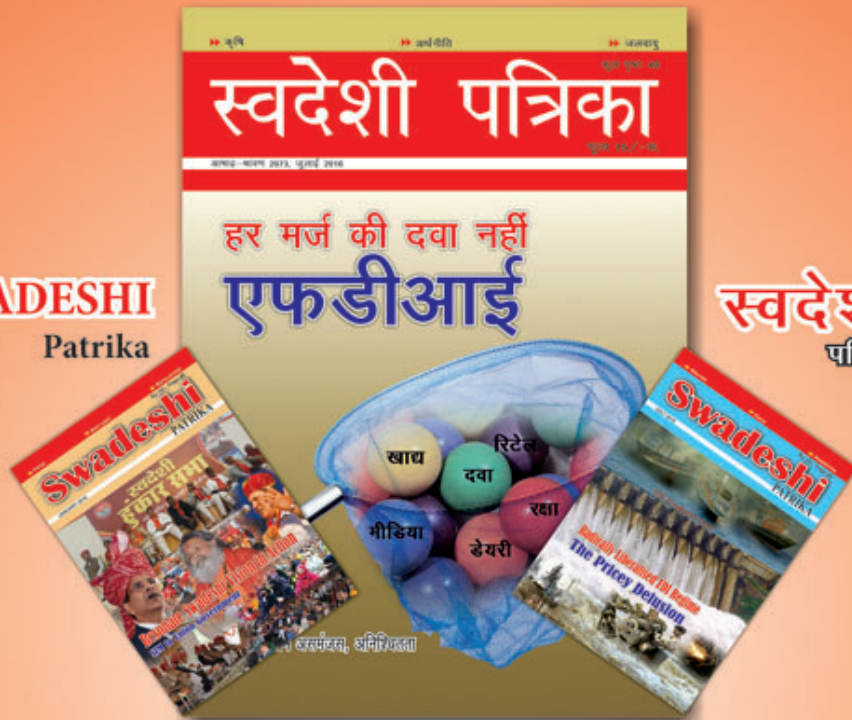
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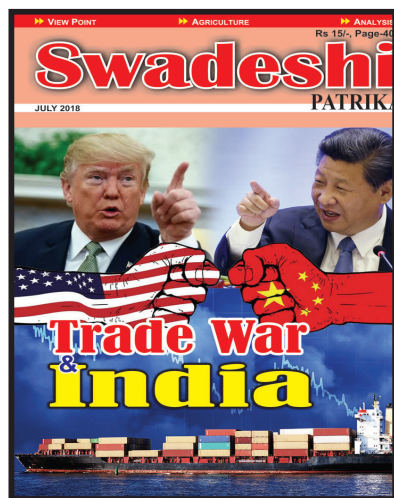
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Swadeshi Patrika is spreading all the true and fair views

Swadeshi Patrika June 2018 edition titled; 'Is Flipkart-Walmart Deal Legally Tenable' talked about the reality and the depth of this unholy deal. The Patrika contained lots of articles and views from prominent experts. Cover story of the patrika by Dr. Ashwani Mahajan. Write-up aware us about the expected consequences on our retail business from the Flipkart-Walmart deal.

'Natural farming is the future, Andhra shows the way' by Devinder Sharma illustrates importance of Organic farming. Andhra Pradesh by increasing crop productivity without using chemical fertiliser and pesticides has increased the net income of farmers. Other states of India should follow Andhra Pradesh in following organic farming for the betterment of environment as well as health.

The depreciation of Indian Rupee is dangerous for Indian economy is illustrated by Dr. Bharat Jhunjhunwala. In his article he explained the causes for the depreciation of rupee to be fall in export and decline in FII (Foreign Institutional Investors) equities; he says the rupee may rise if we shift from manufacturing to services which may lead to low demand of oil and hence will put some restriction on the outflow of rupee.

Sandhya Jain's article 'Rohingya: A threat to Jammu' introduces us to the emerging threat due to Rohingya. The government should pay attention in such a way that the danger must end. Swadeshi Patrika is spreading all the true and fair views on different events, and hence policy decisions that have a direct impact on the society.

— Ms. Archana Dixit, Baghpat, UP

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Quote-Unquote



Urge you to promote financial literacy among young people, especially among women. Education of women is a game-changer for any country and any civilisation. Greater financial literacy among women will help make us a more prosperous and a more equal society.

Ramnath Kovind

President, Bharat



Violence & cruelty can never solve a problem and it is peace & non-violence which always win.

Narendra Modi

Prime Minister, Bharat



India is the highest beneficiary, Fair trade is to be called Fool trade if it is not reciprocal.

Donald Trump

President, USA



There has been consistency in India's view on dairy and farm products for decades. India will not provide any space to any countries around the world which intended to hurt the farmers.

Dr. Ashwani Mahajan

National Co-convenor, SJM

Growth is not everything

Policy makers often consider GDP growth to be the most important objective. In India whenever GDP growth reaches 5 percent policy-makers start grieving, as if heaven is going to fall and economy will doom. It is true that more GDP growth means more production of goods and services. Policy makers think that with growth, production and therefore supply of goods and services will grow and quality of life would become better. Generally national income growth exceeds population growth, which means per capita income also increases. However, increase in capita income is no guarantee for improving lives of the commoners. Statistics reveals that with growth, inequalities have also been increasing. We find that ratio between rural and urban population is nearly 1:9. This means that if villagers' per capita income is Rs. 1000 per month, for urbanites its Rs. 9000. Also in the country the gap between the rich and the poor has also widened significantly. Famous economist Thomas Picketti has concluded that between 1980 and 2014, 66 percent benefit of the growth have gone to the upper 10 percent people, and 29 percent benefit have been snatched away by top one percent of the population. It can be said that in 34 years 90 percent of the population has almost remained deprived of the benefits of growth. That is, the growth's benefits could neither reach poor nor villages. We can say GDP growth benefits were confined to a few rich and that too in cities.

Well being of people doesn't depend merely on availability of more goods and services, it also depends upon environment protection. Environmental data show that the greenhouse gas emissions has constantly been causing depletion of ozone layer of atmosphere, global warming has been rising fast and it is said that it would be a great achievement if are able to limit rise in temperature of the globe to less than 2 percent by 2050, as compared with what it was at the beginning of the century. Glaciers are melting and sea level is rising, and people living at the surrounding of the sea are being displaced from their homeland. Climate change is resulting in unseasonable rains, excessive and deficient rains, thunder storms etc. Increasing use of plastic and resulting damage to the environment is endangering existence of human race. GDP growth which is considered to be the sole criterion of development for the welfare of the humans, itself is working towards extinction of humans themselves. Disparities and unemployment have been rising not merely in developing countries like India, they are troubling developed countries like United States, Canada, Europe, Japan as well. In India, to somehow keep unemployed poor calm, employment schemes like MNREGA are being financed from public exchequer, while in developed countries government has been footing the bill of social security schemes and unemployment allowances. Rising unemployment around the world has been a major drawback of the growth in the past four decades.

Simon Kuznets who analysed the growth in the past few centuries, concludes that out of GDP growth occurring in the modern history only 15 percent has been due to the growth of the resources, while 85 percent of it has been due to technological advancement. Though, constantly improving technology has multiplied the production of good & services, employment has been the worst sufferer in the process. This has been due to use of labour replacing technology. Whereas such technology was welcomed in the developed countries initially, as these countries were faced with shortage of labour force, replication of same technology in developing economies became the major cause of unemployment there. Now, globalization has made the life difficult for most of the developed countries and developing countries, because China has started capturing the markets. Industry was the worst sufferer in the game. Developing countries, in an attempt to somehow increase economic growth, took to foreign direct investment. But this further worsened their problems, as big corporate including MNCs continued to use labour replacing technologies. Due to apathy of the policy makers, agriculture suffered because of slow growth in agriculture and lack of employment generation in the sector.

Policy makers must start thinking that along with high rate of growth, rising inequalities and unemployment may become a cause of social unrest and political upheavals. Therefore we need to adopt a growth model which takes care of employment, distribution and also environment. For this it is imperative to promote small scale & cottage industries, in place of big industries, wherever possible. If in place of big corporate in retail sector small shopkeepers are allowed to continue we can save their employment. If production system does not allow fair growth for all, development cannot be sustainable. While doing all this if we save our environment, we will be able to avert extinction of humanity. Today economic analysts are debating that weather maximum production, maximum consumption, maximum energy consumption etc. should be the criterion of development; or contended consumption, employment oriented production system and equality in the distribution of income and wealth should be the criterion of development.

Trade War and India

With the formation of World Trade Organisation (WTO), establishment of rule based trading system, progressively led to removal of tariff and non tariff barriers on imports. Protectionism not only became history, it was also being considered as a curse. Whenever a country tried to impose tariff or non tariff barriers to imports, the affected countries may submit petition to the dispute settlement body of WTO and invariably the countries imposing tariff and non tariff barriers were made to bend, as they faced prosecution by way of sanctions and penalties.

However, in the past couple of years, the United States of America (USA), the greatest proponent of WTO and free trade, is turning protectionist. US President Donald Trump has been saying time and again, that he would stop all those imports, which are ruining US industries; and for that he would not hesitate to impose heavy import duties. During his election campaign, he repeatedly said that his first task would be to restart rusting factories of US and provide employment to unemployed Americans. American president believes that major culprit in the game is cheap imports from China. Sometime back US imposed 25 percent duty on import of steel and 10 percent on aluminum. India retaliated by raising import duties on 29 products coming from USA. A few days back USA has announced hike in import duties on imports worth US\$50 million coming from China. It is being felt that international trade which was going on unhindered, free from tariff or non tariff barriers is endangered due to protectionist policies of USA. In economic jargon it's said that international trade is like a war, and if any country imposes protective tariff on imports coming from any one or more countries, the international trade is converted into a war zone. Therefore, the protectionist policies being adopted by USA are termed 'trade war'.

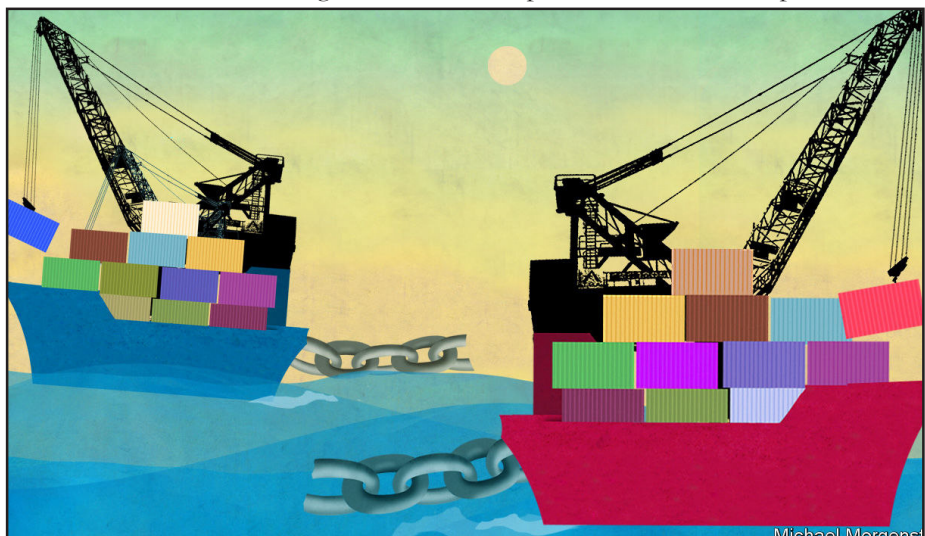


Since free trade cannot be one sided, we should not miss out the opportunity to protect our own industries such as telecom, electronics, chemicals, etc.

Dr. Ashwani Mahajan

What could be the impact of trade war?

Because of the onslaught of Chinese imports, where Chinese products are



dominating in most of the countries, US, is not the only country, whose industries are getting affected. Out of 164 member countries of WTO 130 countries are facing trade deficit with China as their imports from China are exceeding their exports. As a result industry is getting ruined in most of the countries and unemployment is on rise. However, dilemma is that all these countries have not raised the tariff on imports from China as elsewhere, it is only USA which is trying to stop imports from China by raising tariffs. USA is increasing tariff on imports coming from all countries, which is causing huge worry to the other countries of the world. This has been the general belief that to increase growth in the world, the solution lies in growth of international trade. Incentive to increase production always comes from increase in demand, of which international demand is very vital. With the help of international trade, nations can specialise in the production of commodities, which they can produce most efficiently. And with the help of foreign exchange earned from the sale of such commodities these countries can import those commodities in case of which they don't enjoy advantage of production efficiency. However, with US imposing tariff on imports coming from other countries and therefore attempting to effectively curb imports to protect its own industries, may go a long way in disturbing supply of foreign exchange to other countries, which would ultimately hurt the growth of international trade. India's export to USA is nearly 15 percent of its total exports.

In 2017-18 India exported nearly US\$48 billion to USA,

whereas its import from USA was US\$26.6 billion. USA is a big market for not only India but also many other countries of the world. Due to restrictions imposed by USA, rupee may get weakened as supply of foreign exchange would get adversely affected. In the past few years India has been fulfilling our demand for foreign exchange by way of exports of goods and services, remittances coming from Non Resident Indians (NRIs) and also by Foreign Direct Investment (FDI) and was generally saved from significant depreciation of Indian rupee. However, because of trade war initiated by USA, supply of foreign exchange may get disturbed causing payment problems resulting in depreciation of rupee. USA is even imposing restrictions on immigration of Indian people by bringing changes in their visa rules. As a result of these measures our young people working in USA are getting adversely affected, which may affect not only our youth serving in software industry, but also remittances by NRIs, coming into India.

What India can do?

War has to be seen as war only. As such if USA is trying to restrict our exports, India also needs to protect itself. We must understand that our major trade deficit comes from China. Therefore, without giving any concessions to China, we need to increase our trade relation with other countries to boost the supply of foreign exchange. We may have to impose protective tariff on Chinese imports. Renowned industrialist Anand Mahindra says that, given the size and composition of Indian economy, we need not worry from this trade war, as we do not depend upon any sin-

gle country or commodity for our exports. However, this is also true that most of our imports from America are high technology imports, such as nuclear reactors, boilers, Air Crafts etc., reduction of which may go against our development efforts. However, USA needs to understand that consumer products from India are beneficial for American consumers. Similarly, BPO and software exports from India etc. tend to reduce the cost of American companies. Therefore, it may be suicidal for USA to impose restrictions on imports of goods and services from India.

Protectionism is not always bad

It is correct that free trade, if honestly adopted, can benefit all. The argument that if we continue to protect the inefficient domestic industry, inefficiencies will creep into the system, hindering healthy industrial development, is also valid. However, we find that countries are not honestly adopting free trade. If the government is able to safeguard and promote the domestic industry while following international trade agreements and using the flexibilities available therein, it will be a welcome step. Free trade cannot be one sided. We must understand that every cloud has a silver lining. As trade war has begun in the world, countries may once again start learning self reliance, which may increase production at home and revival of domestic industries. Taking cue from USA, India can also strive to restart many of its fading industries such as telecom, electronics, chemicals, APIs and others, which slowed down due to huge inflow of Chinese imports in the name of 'free trade'. □□

Why India Needs To Learn From China's Industrial Policy ... And Better It.

Whether one likes it or not, in this new era of protectionism and domestic value capture, India needs a smart Industrial Policy to grow its manufacturing sector and exports. Exports have fallen since 2013, and our manufacturing sector is facing stress, having grown at a compound annual growth rate (CAGR) of barely over 4% since 2011. Since China implemented a successful Industrial Policy, its economy has grown to become 4.5-5 times larger than India's. Many other market economies including Japan, the United States and South Korea have implemented effective Industrial Policies at different times, all the free market rhetoric notwithstanding, and there are lessons to be learnt from each model. An Industrial Policy is not incompatible with a market economy – it, in fact, “crowds in” private sector investment and growth, as Prof. Mariana Mazzucato has detailed in her works on the role of the State in encouraging innovation and creating new sectors and opportunities for growth.

In the context of aerospace manufacturing, the recent announcements by the Commerce and Industry Minister about launching an Industrial aircraft manufacturing policy, coupled with the Draft Defence Production Policy and related reforms in defence procurement, provide an opportunity to launch a full-fledged, uniquely Indian Industrial Policy. We have one great advantage over China: a vibrant private sector whose potential we have neither fully unleashed nor exploited. By making it a full and respected partner in development, we can achieve new heights. This is something China is also realizing as it is trying to give greater autonomy to its state-owned enterprises. An Industrial Policy in tune with the market will thus yield massive dividends.



Only a very bold step forward will take the manufacturing sector to new heights, otherwise we will keep stagnating at the lower value end of the world economy.

**Smita
Purushottam**



India's manufacturing sector under stress

Merchandise exports have fallen from US\$336 bn in 2013, to just over US\$ 260 bn in 2016. Between FY12 and FY18, India's manufacturing sector saw Compound Annual Growth Rate of only 4.34%. Perhaps this is the reason behind the pessimism of recent articles and Government reports that downplay the prospects for Indian manufacturing—this year's Economic Survey even left out the chapter on manufacturing. However, despite headwinds and domestic macro-economic shocks, manufacturing—which makes up only around 16% of GDP—still accounts for 68% (or US\$ 180 bn) of total merchandise exports. Services, on the other hand, which account for around 55% of India's GDP, produce only 38% of its exports (2016). Therefore, 16% of our economy is essentially still producing more exports than 55% of our economy, underlying the higher value addition for the economy as a whole, that manufacturing still provides.

However, a mainstream website has put it like this: "India's share in global services exports stood at 3.2% in 2014-15; double that of its merchandise exports in global merchandise exports at 1.7%". But global services exports were not even 1/3rd of global manufacturing exports of US\$ 16 trillion that year. Statements like these are often misleading because, like this one, they leave out important details.

The need

India's economy is not so much services-led as it is manufacturing-deficient. India cannot afford to forget that the value mul-

tiplier of manufacturing is greater than that of services. Manufacturing's role in increasing the population's purchasing power and securing better terms of trade has never been questioned by serious economists. A high-tech manufacturing sector is also crucial for the national security of a country like India aspiring to greater geopolitical status. Neglecting the manufacturing sector carries the danger of falling further behind China. And the development of high-end service industries in India is also contingent upon India's embrace of Industry 4.0 driven by artificial in-

Since India's manufacturing sector under stress, need to improve the service led growth by improving the sector such as IT, telecom, R&D etc.

telligence and embedded technologies. India may actually lose its current advantage in IT services if it doesn't keep pace with technological advances in manufacturing.

Moreover, since key services sectors such as telecom and aviation depend overwhelmingly on equipment imports, their contribution to the economy is dampened due to the concomitant negative impact on India's current account balance. We must consider imposing obligations on the services sectors to support R&D and manufacturing through direct investments or levies like the universal service obligation (USO), which,

currently, remains sub-optimally utilized. This is particularly important as India's current account deficit (CAD) is widening again due to the oil price rise, and volatile capital flows are placing the rupee under pressure.

We need an Industrial Policy to help India's manufacturing sector achieve its full potential. This will enable India to source a major part of its high-tech equipment requirements – including defence, aircraft, electronics, telecom and rail—domestically, leading to a permanent structural reduction in the CAD., maximum value addition within the country's borders, and to integrating India at the top-most end of high-value global manufacturing supply-chains. The other multipliers, including positive social, security and military spin-offs, are self-evident.

Many market economies have adopted Industrial Policies, so there is no need to be apprehensive that India is in danger of reverting to Licence Raj. The recent Ministerial announcements on an Industrial Policy and an aircraft manufacturing policy and the draft Defence Production Policy provide the perfect opportunity for action.

China's Industrial Policy

China realises that Technology is the Key to Comprehensive National Power. It has adopted a well thought out Industrial Policy to grow its own economy, the aim of which is to gain dominant market share in high value sectors by developing and acquiring advanced technologies. Its strategy can be summarised with the following acronyms— (i) TOT, (ii) FDI, (iii) APE, (iv) CMI & (v) ODI (Transfer of Technology; Absorb, Pro-

duce & Export; Civil Military Integration and Overseas Direct Investment), with technology-driven growth being the overarching goal of Industrial Policy.

FDI: Contrary to prevalent assumptions, China did not hold the door wide open to FDI after 1995, the way India has done. China has been regularly revising the Catalogue of Guidance for Foreign Investments and classifying the investments it allows, encourages, restricts and prohibits, in tandem with its stage of development. The OECD listed China among the most restrictive economies for FDI, but China still received US\$ 168 bn in 2017 in FDI. China also frequently compels companies to part with technology by stipulating that FDI can enter only through JVs, or by ensuring TOT by foreign companies through administrative means. FDI policy thus reflects the dynamic changes in, and reinforces the technological upgradation, of its economy.

Our indiscriminate welcome of FDI, on the other hand, has led to most of it coming into the services and brownfield manufacturing sectors instead of the more advanced greenfield manufacturing areas. However, the draft industrial policy now seems to recognise that FDI hasn't led to domestic value addition and has instead had "minimal positive externalities... Benefits of retaining investments and accessing technology have not been harnessed to the extent possible. FDI policy requires a review to ensure that it facilitates greater technology transfer, leverages strategic linkages and innovation".

The Chinese realised this when they first started controlling FDI, after an initial period of indiscriminately welcoming FDI inflows.

Yet we hesitate to tailor FDI to our national requirements because our domestic industry is not investing, rendering India dependent on FDI.

But a few tweaks—such as adding greenfield investment and TOT requirements in sectors where we want technology, encouraging greenfield, high-tech manufacturing investment and removing the automatic FDI brownfield investment route in sensitive and high-value areas like defence and pharma—will achieve the necessary impact. Otherwise, we shall continue to see our crown jewels in sensitive fields like pharma and e-com-

Unlike India, the OECD listed China among the most restrictive economies for FDI, but China still received US\$ 168 bn in 2017 in FDI.

merce slowly slip into Chinese and foreign hands. The accompanying trend of excessive financialization of our economy may pander to neoliberal ideologies, but it spells disaster for balanced development.

Also, domestic reluctance to invest needs to be tackled on a war footing.

APE: The Chinese reportedly call their technology indigenisation policy—IDAR (Introduce, Digest, Absorb, and Re-Innovate), but years ago I came up with the acronym APE— or Absorb, Produce, & Export (pun intended). This policy encourages the Chinese to copy, reverse engineer and re-innovate imported technology.

CMI: This is the Civil Military Integration strategy, which has helped the Chinese divert technology acquired through the civilian sector, to the military. CMI also helps synergise the two sectors, as the increasing complexity of high-tech production means that there are no clear-cut lines between the civil and military sectors. Moreover, according to Prof. Tai Ming Cheung, modern economies witness a spin-on effect—the civilian sector is spinning on more technology to the military, than vice versa. In less advanced economies, it is the public-sector which has generated more technology. India is still witnessing mostly the spin-off stage.

ODI: Related to APE and CMI, is ODI, through which China unleashed a wave of high-tech acquisitions, leading to a sharp reaction. US Presidents cut off access to key technologies, and the Committee on Foreign Investments has placed Chinese high-tech ODI under greater scrutiny, with even Europe waking up to the dangers of China buying up its crown jewels, something I had anticipated in 2011.

Through these single-minded, techno-nationalist policies, China has succeeded in growing its economy, generating world-class beating technologies and companies, and capturing value within its borders. The surpluses at the State's disposal has ensured funding for successive S&T and Industrial development plans.

If our goal is to become the No. 1 Technology Superpower, India needs to move forward aggressively to implement an Industrial Policy. It can do this without ruffling too many feathers if it fashions it in tandem with the mar-

ket, because we retain one crucial advantage over China that has not been fully exploited: our private sector. In partnership with the public sector and the State, it can help free up India's manufacturing potential and create an R & D intensive, technologically advanced economy.

New Industrial, Defence & Aircraft Production Policies

In this context, the Minister for Commerce, Industry and Civil Aviation's announcement, Shri Suresh Prabhu's announcement of manufacturing passenger aircraft and drones being one of his top priorities in 2018, is very timely. The announcement in March also outlined his vision to make India an aviation and cargo hub. He stated, "We do not want 1,300 planes to be bought from abroad. We will make them in India". He also declared that *a new Industrial Policy* is being framed after 25 years and it is being designed to "equip Indian industry for the future", The Ministry will hopefully "work together with its defence counterparts to look at civilian and defence aircraft requirements and [use] high end technology like artificial intelligence and robotics in the airlines industry will be another priority area for the ministry".

Civil Military Integration—Indian style

Meanwhile, the Ministry of Defence drafted the Defence Production Policy 2018 and listed leveraging "mutually beneficial links between military and civil aviation for expansion and, importantly, indigenisation". It further stated: "Government will develop civilian aircraft of 80 to 100 seats over the next 7

A big push in the aviation sector can be the basis for the launch of a new Industrial Policy to impart dynamism to India's manufacturing sector.

years" and "Global majors will be encouraged to set up manufacturing capabilities of their platforms in India, both to cater to domestic needs and export from India."

As a result, four key Ministries (Defence, Civil Aviation, Commerce & Industry) have announced their intention to work towards the common goal of building civilian and defence aircraft. This is unprecedented in India, in the context of the silo-based Indian ecosystem – it mirrors the Chinese practise of Civil Military Integration, a concept particularly apt for aviation, the technologies for which span the civil and military sector.

Aerospace Manufacturing Policies and Industrial Strategies of other countries

A big push in the aviation sector can be the basis for the launch of a new Industrial Policy to impart dynamism to India's manufacturing sector.

China has a well-funded civil aerospace program. It has deployed the instruments detailed above but has been unable to match the capabilities of Boeing and Airbus. According to reputed analysts, aviation majors and component suppliers alike are withholding the latest technologies to forestall having these acquired or stolen. Hence,

a policy based on coercion has not worked optimally for China. But this does not call for complacency: China has achieved several milestones in aerospace manufacturing, and is increasingly integrated in global manufacturing supply chains, leveraging its vast market in return for access to technology.

Japan also had an Industrial Policy to re-grow and restore its war devastated high-tech sectors, including its aviation industry. It has had greater success in integrating itself into global supply chains created by Boeing and Airbus: today, Japan supplies 35% of the Boeing 787, and more than 25% of Boeing, equipment. The US Industrial Policy is also worth examining – the US aviation industry could not have developed without applying the full might of the State's resources, including funding, technology support and massive procurement. The current drive to reshore high-tech manufacturing pursued robustly by President Trump is in realisation of the efficacy of Industrial Policy.

The critics in India who scoff at Industrial Policy and deem it incompatible with the market, need to consider the benefits of such strategies. These strategies are followed by market economies across the world, including countries like Brazil, South Korea and Turkey who use a more stringent Offsets policy than India.

Going for the Sky

India must seize the opportunity presented by its burgeoning aircraft and aviation related market to promote its own companies and impart a strong growth momentum to its manufacturing economy. We have a huge market opportunity in civil and military

aircraft (with Airbus projecting a demand for 1750 civil aircraft in the next 20 years), airport infrastructure and the MRO sector. We can leverage market access in each of these to help India advance high-tech aerospace manufacturing, and further integrate into global supply chains as a start, following a hybrid Japanese-Chinese-Brazilian model. For this, the Government must move forward with the Industrial Policy where the Indian Industry is an equal and respected partner.

India must realise that our one advantage over China is that we have a strong private sector, with many patriotic companies willing to do their bit to make India stronger. Undue suspicion of our own companies hurts only ourselves. India's Industrial Policy can succeed if it relies on Indian Industry, including the private sector, in partnership with the State. The Industrial Policy should consist of the following:

1. A strong Offsets policy for civil aviation (at present it is subsumed under Defence Offsets): Our offsets policy is one of the weakest in the world, as pointed out in our report, with the highest thresholds and the lowest percentages (30%, against some countries' 100%).

2. A Buyers Consortium: It would be politic to retain Air India as a PSU after a thorough overhaul of its finances and business practices, so that it can lead the Buyers Consortium together with another PSU – HAL. Market access should be leveraged for technology pay-offs with aviation majors. **As Dr Ajay Kumar, Defence Production Secretary says “a strong public sector presence and strong private industry presence in various verticals of defence production would create healthy**

competition. We are working towards it”. This applies to civil aircraft manufacturing as well.

3. Leverage the competition: China played off Boeing against Airbus and extracted many concessions for its domestic aerospace manufacturing program. And as Saurav Jha, Chief Editor of Delhi Defence Review has suggested, if India starts its own aircraft production program, there is every possibility that we will be courted with better offers for transfer of technology by aircraft majors.

4. FDI, ODI and CMI: These instruments must be deployed for maximum technology absorption.

5. A genuine PPP: We must dismantle all the obstacles the Indian industry has been facing and treat the patriotic Indian private sector as a respected partner in development.

6. Proactive Science State: Industrial Policy can be fully compatible with the market, but given the scarcity of investible funds, the State must take the lead in opening new areas with investment in high-tech manufacturing and R&D, and share it with the private sector as a spin-off.

7. PMA: The PMA must be extended to the Aerospace & Defence sector. This would be fully compatible with the proclaimed aims of the Government and the draft Defence Production Policy.

8. Adopt US SBIR model for SMEs: Subventions should be given directly to SMEs along the highly successful US SBIR model, not routed only via incubators or Universities.

9. Reorient CBI, CVC and CAG attitude to indigenous production: It must remove the

culture of fear and vigilance by educating the CBI, CVC and CAG that patient finance is required to develop indigenous, high-tech products.

10. Issue a modern Defence Production Policy subsuming procurement: The Defence Procurement Policy is an anomaly and must be subsumed under a modern Defence Production Policy. No serious defence manufacturing country has such a Kafkaesque and elaborate procurement policy which defeats its own ends, severely penalising domestic producers; it should be made subordinate to indigenous production once and for all so that the accent is on production, not on procurement, which betrays an importing mindset.

11. Services sectors like telecom and aviation to invest in R&D and manufacturing: We need to impose obligations on services sectors to invest in manufacturing, R&D and supporting innovative SMEs.

Going high-tech in the manufacturing sector is going to take patience with capital, in seeing outcomes, et cetera. We cannot afford to give up this quest even before it has begun by succumbing to defeatism. **Only a very bold step forward will take the manufacturing sector to new heights, otherwise we will keep stagnating at the lower value end of the world economy.** □□

<http://www.delhidefencereview.com/2018/06/26/why-india-needs-to-learn-from-chinas-industrial-policy-and-better-it/>
Smita Purushottam has served as Indian Ambassador to Switzerland and Venezuela in the course of her career in the Indian Foreign Service. In the past, She also cut her teeth on India-China trade and investment issues while serving as Counsellor (Economic & Commerce) in the Indian Embassy in Beijing. After her recent retirement from the Indian Foreign Service, she has founded SITARA, a science & technology accelerator committed to aiding the commercialization of domestically developed technologies in India.

Promoting Contract Farming in India

Honourable Prime Minister Sri Modiji has recently interacted with Indian farmers and assured them that government is doing everything possible to help them double their income by 2022. He added that the effort is to ensure that farmers receive help during all steps of farming, from preparation of crops to its sales including of ensuring minimal cost of raw material, providing of fair value for the produce, stopping of wastage of the produce and ensuring alternate sources of income for the farmers. Listing his government initiatives, he mentioned doubling the budget provision for agricultural sector (2014-2019) to Rs. 2,12,000 crore compared to Rs. 1,21,000 during the past five years of the previous government; providing of Soil Health Cards; credit through Kisan Credit Cards; quality fertilizers through the provision of Neem coated Urea, crop insurance through Fasal Bima Yojana and irrigation through Pradhan Mantri Krishi Sinchai Yojana. Government also started the e-NAM, an online platform, enabling farmers to sell their produce at the right price. With all these efforts, Indian farmers are however, still to get the remunerative price for the crop. One more recent addition in government initiatives is the proposed Model contract Farming Act.

Contract farming is one initiative

Contract is an agreement between two parties on certain terms and conditions and failure to observe the same may cost the failing parties. Contract farming is the contract between farmer and other parties who are ready to purchase the crop so to benefit mutually. The farmer is interested in getting a good price, at least a remunerative one, for his/her crop and other party, consumer or processor or simply marketeers, is interested in good quality product at reasonable price. Both parties interested in avoiding the future market uncertainties and enter into contract for assured supply and at assured price. New model contract Farming Act 2018 intends to smoothen the process of contract.



Doubling the farmers income by 2022, Modi Government has proposed the model of contract farming through contract farming act.

Anil Javalekar



Will contract help Farmers?

Indian system of farming is owned and operated by small and marginal farmers and not by large farmers. The crops these small and marginal farmers take are small in quantity and many times of traditional variety that is not much use for processing. For these farmers therefore, contract farming is not of much use. Large farmers with comparatively large farms can benefit from this contract farming. The problem of Indian farmer, however, is that even Indian small farmers intend to sale their non-marketable surplus produce and like to earn some income. For such farmers also this contract farming can be useful. Desirable to remember that all market reforms and assurances of good remunerative price have not helped Indian farmers so far. Contract farming is one alternative that may help Indian farmers if they use this contract system judiciously.

Model contract farming Act can only facilitate

The model contract farming Act 2018 basically intent improve the efficiency of input and output management at farm level and give the benefits scale of operations. It expects mobilizing of small farmers so to form a collective operational unit and benefit from contract FARMING. Contract farming is a pre-production season agreement between farmers (either individually or collectively) and sponsor(s) so to transfer the risk of post-harvest market unpredictability from the former to the latter. While market risk cover constitutes the fulcrum of contract farming, it also enjoys the latitude of greater partnership between the two parties, whereby, the sponsor agrees to professionally manage

inputs, technology, extension education, pre and post-harvest infrastructure and services, etc. as per mutually agreed terms. So the Act will facilitate the contract farming and will not assure any direct financial benefit to farmers.

Model Contract Farming Act 2018

Union Finance Minister in the budget for 2017-18 announced preparation of a “Model Contract Farming Act” and circulation of the same to the States for its adoption. Indian agriculture ministry has thus recently (May 2018) released the Model Contract Farming Act, 2018. The Act is expected to provide adequate confidence to farmers and incentives to the sponsors to enter into a contract. The ministry says that it is a promotional and facilitative Act and not regulatory in its structure. The Act lays special emphasis on protecting the interests of the farmers, considering them as weaker of the two parties entering into a contract. In addition to contract farming, services contracts all along the value chain including pre-production, production and post-production have been included. The Contract framing is to be outside the ambit of APMC Act and Contracted produce is to be covered under crop/livestock insurance in operation. Important is that no permanent structure can be developed on farmers’ land/premises and no right, title of interest of the land shall vest in the sponsor.

Small farmers should benefit

Indian farmers are attached to their farms and cultivate their small plots. The land is being fragmented further in small plots due to division among the owners and has

become uneconomical. The tragedy is that these Small farmers are being pursued to go for high value cash crops with costly inputs and farm practices without ensuring sufficient income generation. This persuasion is thus leading to high indebtedness as cost is met with borrowed funds and Small farmers are more vulnerable to price and income volatility. The agro-processing and market reforms are more favourable to large farmers and high yielding crops than traditional crop varieties and are excluding small farmers from new prosperous liberalized economy. The chances are more that these farmers will be excluded from this contract farming system because of their large numbers and lack of united approach. Therefore, any promotion of contract farming should result in some consolidation of small farmers for some collective approach for common benefits.

Collective wisdom will help farmers

The most important aspect of Indian agriculture is its small land holdings and small farmers and there will not be much change in this agriculture ownership pattern. Attachment to land due to ancestral ownership and land being the only asset, Indian farmers rarely dare to sell it or part with the ownership rights. Intensive farming required high investments and without government support this may not be possible. The organized efforts to bring farmers under the collective farming by onward contract system by farmers clubs, co-operatives or producers’ organization and companies may help to resolve some of the issues. Leasing land on contract basis for farming purpose to corporate and agro

processors will also help to some extent. It is however needs to be remembered that any efforts to detach farmers from their land may lead to serious socio-economic conflict in Indian society. This Model Contract Farming Act 2018 has taken care of this aspect and therefore useful. This is more important because more women are undertaking farm activities.

Contract farming is the future of agriculture

Indian economy is changing and so the role of agriculture. The aspiration and expectations of Indians are also becoming global. Future agriculture therefore will have to cater to the needs of future globalised Indian. The future demand will be more for instant and processed foods and Indian agriculture will have to participate in agro-processing in a major way.

The marketing will be important aspect of future agriculture and Indian farmers need to understand the contract farming, its terms and conditions and its price discovery system apart from disciplinary approach required to benefit. Indian agriculture research, agriculture education and agriculture extension systems therefore will have to play a major role reaching to needy farmers particularly those who are entering in to such contract farming. Indian government will remain important facilitating agency.

One important caution to Farmers

With all praise to market efficiency, its system of price discovery and accommodative policies of big companies, Indian system of governance and justice rarely stand by poor farmers. Most of the time government system is corrupt and

interpret the law differently benefiting the powerful. Indian poor, particularly small farmer cannot afford to legally challenge the powerful companies for breach of contract and loose in the process. Therefore, Indian farmers may not be able, even collectively, to insist for terms and conditions beneficial to them and may have to accept every condition framed by big companies in the hope of some additional benefits. True, this Act protect land ownership and crops with insurance. But this contract system may fail to give the remunerative price farmers are expecting under this or that plea. Government need to understand the vulnerability of Indian farmers and search solutions beyond market systems possibly by extending direct financial benefit to farmers so to fill the gap of cost of cultivation and income realised. □□

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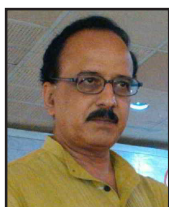
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Forced to cultivate losses

Fearing escalation in violence after a number of clashes between protesting farmers and milkmen and vegetable sellers were reported, the decision to cut short the 10-day 'Pind Bandh' in Punjab is a welcome step. Avoiding a repeat of the unfortunate incident that led to police firing in Mandsaur in Madhya Pradesh last year resulting in the death of five farmers was paramount on the minds of the leaders of various factions of farmer unions, who decided on Monday to withdraw the protest on June 6.

After the peaceful 'Long March' in Maharashtra, in which tens of thousands of farmers had walked for almost a week to reach Mumbai, the decision to call for a #VillageShutDown in some parts of northern and central India was primarily aimed to draw the attention of the governments to the problems being faced by farmers. That the farm sector is reeling under a terrible agrarian distress is known, but every protest in the form of a dharna, demonstration, road block, rail roko and jail bhara has drawn urban disdain. 'Gaon Bandh', therefore, was considered to be a novel and peaceful way to express farmers' anger, but perhaps the farmer unions leading the protests didn't undertake the enormous spadework that was required to first take the message to the villages. The entry of rowdy elements, which many believe is politically sponsored, led to milk and vegetables being forcibly thrown on the streets, thereby escalating tension and bringing hardship to fellow farmers.

Like the 'Long March', 'Gaon Bandh' too will perhaps remain largely symbolic in nature. Agriculture Minister Radha Mohan Singh has already dismissed the 'Gaon Bandh' as an effort being made by small farmer organisations to hog



Indian agriculture is reeling under a systemic crisis; farmers are being deliberately kept impoverished to keep the economic reforms viable. They have to be paid less for their produce to keep food inflation under control.

Devinder Sharma



media limelight. Haryana Chief Minister Manohar Lal Khattar finds no justifiable reason why farmers should be protesting. On TV channels, ruling party spokespersons invariably put up a brave front as if all is well on the farm front. If there is nothing going wrong, I wonder why the farmers should continue to commit suicide and why should farmers be protesting every other week in some or the other part of the country.

Farm crisis in India

Living in denial comes easy to politicians. Indian agriculture in reality is reeling under a systemic crisis; farmers are being deliberately kept impoverished to keep the economic reforms viable. To illustrate, instead of emphasising on the need to make farming an economically viable enterprise, Raghuram Rajan, economist, had earlier said that the biggest reform would be when farmers are pushed out of agriculture to the cities, because the cities are in need of cheaper labour. The agrarian crisis that we see today, therefore, is the outcome of an economic design. Farmers have to be paid less for their produce to keep food inflation under control. In other words, by denying them the rightful income, farmers are in reality being punished to grow food. Farmers don't realise that when they undertake crop cultivation, they actually cultivate losses.

Take the latest figures. According to the Central Statistics Office (CSO), agricultural prices have remained subdued in the fourth quarter, rising by a mere 0.4 per cent. An earlier report by Niti Aayog tells us that in the five-year period, between 2011-12 and 2015-16, real farm incomes have



Indian agriculture in reality is reeling under a systemic crisis; farmers are being deliberately kept impoverished to keep the economic reforms viable.

risen by less than half a per cent every year, by 0.44 per cent to be exact. An UNCTAD report some years back had clearly established that farm gate prices globally had remained static in the 20-year period, between 1985 and 2005.

If farm prices are adjusted for inflation, what farmers received in 2005 was almost equal to what they received in 1985. With prices remaining frozen, what do we expect farmers to do? How long will they continue to live under the false pretence of being called the nation's annadata?

No wonder, every third farmer in Punjab, the country's food bowl, lives in poverty. Despite recording the highest crop productivity in cereal crops in the world, and with 98 per cent assured irrigation, Punjab has turned into a hotbed for farm suicides. Between 2000 and 2017, a house-to-house survey by three public universities has shown that roughly 16,600 farmers have committed suicide. There is hardly a day when farmer suicides are not reported from somewhere in Punjab. While a number of reasons can be ascribed to the continuing farm distress, denial of a rightful income certainly is the major cause. But

then, if 88.36 per cent of the state's revenue is to be spent only to pay salaries, pensions, interest payment on loan and power subsidy, what is left for farmers' welfare is only a pittance.

In 45 years, farmers' income has remained frozen, others' soared

In 1970, the minimum support price for wheat was Rs 76 per quintal. Forty-five years later, wheat prices rose to Rs 1,435 per quintal. This showed an increase of 19 times. In the same period, the basic salary plus dearness allowance (DA) of government employees increased by 120 to 150 times; of college/university professors by 150 to 170 times; of schoolteachers by 280 to 320 times. While the prices farmers get have remained almost frozen in the 45-year period, the salaries of other sections of society have galloped. In addition, under the Seventh Pay Commission, employees receive a total of 108 allowances. When was the last time we heard any demand from farmers to include at least four allowances – house rent allowance, medical allowance, education allowance and travelling allowance – in the MSP calculations?

Let us deal with competitiveness, not Walmart

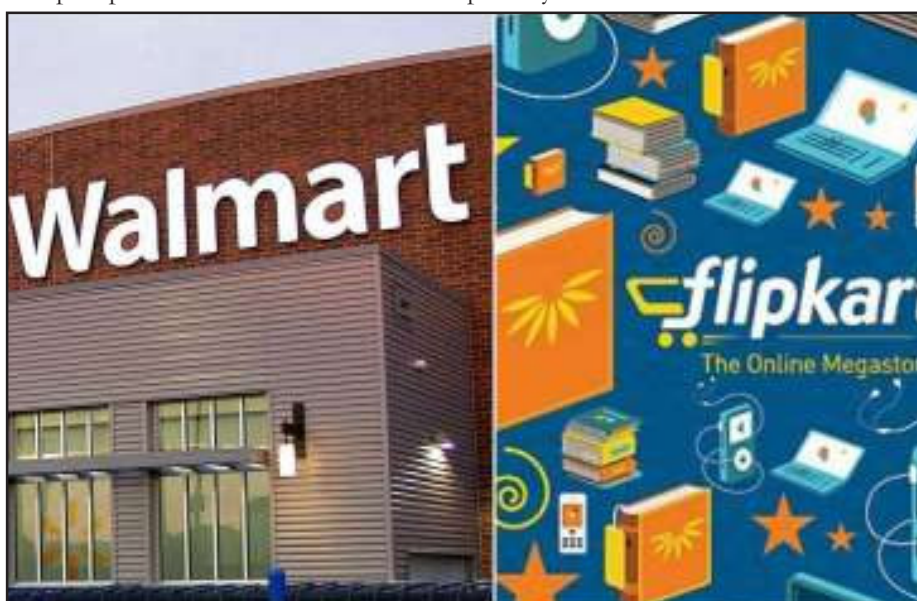
American megastore Walmart is engaged in bitter battle with American mega e-retailer Amazon. The battle between the two giants underscores the changing technological landscape. Walmart has emerged as the major retailer of low-cost goods in physical stores, very often procured from China. On the other hand, Amazon has emerged as the major retailer of the same goods on the electronic platform. The two are competing with each other in the same market but with different weapons. This is like the competition between the postman and email. So far there has been no winner. Many customers continue to buy from Walmart since they can see the product before the purchase and also make instant return in case of a faulty product. On the other hand, many prefer to make e-purchases sitting in the comfort of their homes. Both platforms are coexisting.

The same competition is taking place in India. Street corner Kirana stores are the major retailer of goods. On the other hand, Flipkart and Amazon have emerged as the major retailer of the same goods on the electronic platform.

Walmart has been wanting to open its megastores in India. However, the policy of the Government of India prohibits the opening of “multi-brand” retail stores by Foreign Investors. Walmart falls in this category because it sells goods of many brands such as Nike shoes, Apple phones and Hershey’s chocolates. This is different than single-brand retail stores that sell products of a single brand like Samsonite baggage or Harley Davidson motorcycles. Walmart has not been able to open its megastores in India because of this policy. This has provided some protection to the Kirana stores. They only have to compete with domestic multi-brand retailers like Big Bazar, Spencer’s, SRS and More. They are protected from cheap imports from China that are the specialty of Walmart.



It is important to strengthen the Indian small industries to face Chinese imports thought imposition of high import duty and reduction in ground level corruption.
Dr. Bharat Jhunjunwala



Walmart has found a roundabout way to enter the Indian market via its acquisition of Indian e-retailer Flipkart. Flipkart is like Amazon USA. It does not procure goods from suppliers, including those from China, and then sell to the customers. It only provides a platform where various suppliers can sell their goods. Flipkart will continue to provide this platform to various sellers after its acquisition by Walmart. Thus Walmart will change places in India. It is the megastore in America competing with e-retailer Amazon. In India it will become an e-retailer and compete both with the e-retailer Amazon and the Kirana stores.

Walmart buys goods from China and sells in its American megastores. It is almost certain that Walmart will use its control of Flipkart to push the cheap Chinese goods that it is already procuring for sale in its American megastores. Therefore, the acquisition of Flipkart by Walmart will become a pathway for the entry of cheap Chinese goods in the Indian market. The acquisition of Flipkart by Walmart, therefore, hides within it the growing challenge of Chinese goods in the Indian markets. It is meaningless to oppose the Chinese imports by opposing the acquisition of Flipkart by Walmart. It is like opposing the use of tractor trailer to carry the bricks. The same bricks will then be carried by a truck. We have to catch the bull of Chinese imports by its horns.

The first reason for the surging imports from China is that the Chinese Government allows the industries to pollute the air and water. Chinese industries do not have to invest in pollution control. Consequently, their cost of pro-

duction is less. China had closed down these polluting industries for a few days during the visit of President Trump, and the air in Beijing had cleared up. The Government of India should respond to this by increasing the import duties on goods being imported in large quantities from China. The import tax, for example, on footballs can be increased if footballs are being imported from China in large quantities. I understand that our import duties on many goods being imported from China are lower than those permitted under the WTO. We will not face problems in the WTO for this.

The second reason for the import of goods from China is that the cost of production of small industries in India is high because of the bribes that have to be paid to the government officials. My talks with small industrialists indicate that the rate charged by the officials at the lower levels have been increased many times during the Modi Government.

The two steps required to enable Indian small industries to face Chinese imports are imposition of high import duty and reduction in ground level corruption. We must face these issues instead of opposing the acquisition of Flipkart by Walmart.

The second dimension of the acquisition is the ongoing competition between the megastores and e-commerce. As said above, Walmart and Amazon are engaged in a bitter battle in the American market. The same battle is taking place in India between the Kirana shops on the one side and Amazon and Flipkart on the other side. We do not know how this battle will be finally resolved. Perhaps a hybrid

model will be developed. One possibility is that large e-retailers will integrate with small local shops. The order of goods placed on a national e-platform like Amazon could be transferred to the local shop, who can deliver the goods. Such a model could enable a customer to see the product before the purchase and also make instant return in case of a faulty product. At the same time it could enable the customer to make the e-purchase sitting in the comfort of her home.

Another model could be that of aggregation. A number of local shops could be aggregated into one system just as Ola used to aggregate a number of stand-alone taxi owners into a large network. A customer could log into the aggregator website and place an order that would automatically be transferred to the shop closest to the customer having the said product. For example, a customer could order a one-liter pressure cooker of 'X' brand. The aggregator website will check all the shops where the said item is available and transfer the order to the shop located closest to the customer. Such aggregation websites could be established without support of large players like Amazon and Flipkart-Amazon.

We must face the emerging e-world frontally. It will not be useful to oppose the acquisition of Flipkart by Amazon. We must push for the imposition of higher import tax on goods imported from China; we must take steps to reduce the extraction of bribes from small businesses; and we must develop home grown combinations of e-platforms and local shops. □□

Formerly Professor of Economics at IIM Bengaluru

World trade –WTO - is changing

Sharp negotiations needed to outdo Trump, increase India's world reach

The world trade is changing fast. It is a unilateral direction. The US President Donald Trump is deciding the course. He raises the pitch, shouts at his G7 colleagues, reprimands India and to the surprise of all flies in to Singapore long before the talks were to begin with Supreme Leader of North Korean President Kim Jon Un and waves olive branch to the enemy number one.

No one knows what denuclearization Kim has done.

A war that had begun in 1953 certainly has come to an end. The supposed unpopular Trump has done what a popular former US President Barack Obama could not do. He used his tariff hike against China, South Korea and Japan to kowtow his line, help him in negotiations with Kim and the ultimate solution. Would it also force China to change its tack in South China Sea? Not unlikely.

The White House is likely to use the summit to frame Trump as a daring peacemaker as he heads into troublesome midterm elections. He is emerging as the biggest negotiator and at his terms. It puts all multilateral dialogues including World Trade Organisation in shadow.

Is the US undoing what the Dunkel Draft, Marrakesh agreement and GATT replacement had done to establish World Trade Organisation (WTO) On January 1, 1995? The US had many reservations. It had never agreed to many issues, including on agriculture, pollution and now steel.

India has benefited from the multilateral organisations be it GATT, WTO or others. It has effectively used WTO to impose anti-dumping duties on exports from China, Malaysia, Korea, Thailand, South Africa and the US. After the March hike on duties on steel and aluminium by Trump, India moved the WTO for 100 percent duties on 20 products like almonds, apple and specific motorcycles im-



India has to look for a new strategy in view of Trump's attempts at undoing of WTO, rise in current account deficit trade gap and adopt to new world diplomacy and protect its Swadeshi Policy.
Shivaji Sarkar



ported from the US from next month.

India hoped if it hit the small farmers there it would pressurise the US government. Trump instead of rolling back the duties on steel hit out at India at G7 meet in Canada. Trump said, "This isn't just G7. I mean, we have India, where some of the tariffs are 100 percent. A hundred percent. And we charge nothing. We can't do that." He even went out to threaten to stop doing trade with countries "who are being unfair" to the US. He was specific and asked why India should levy 100 percent tariff on Harley Davidson imports and zero on Indian bike exports to the US.

Indian never faced such situation before. It has to invent new strategies. It has certainly put New Delhi in a piquant situation. Trump has projected India as the highest beneficiary of American largesse. It was sharper than what Obama did to stop Indian ingress in the Silicon Valley. Trump did not leave anyone. He was caustic with Canada, France and Germany. The world's richest country is today non-accommodative. India has to look for a new strategy. India is the largest beneficiary of the US generalized system of preferences (GSP). It allows 3,500 Indian products, including chemicals, textiles, engineering, gems and jewellery, access to US markets at zero or very low tariffs. Through GSP, India exports \$ 5.6 billion every year.

Trump has questioned Indian *swadeshi* and sought the relevance for "Buy American". He says, "Fair trade is to be called Fool trade if it is not reciprocal". An answer to this is not easy to find. Every country wants to increase its access to the richest US. Trump's shrill cry that the

US is the piggy bank for everyone has now made the world rethink.

India's immediate concern is not merely Trump's ante but its exports, rise in current account deficit (CAD) to \$ 13 billion or the trade gap that has risen to 1.9 percent of GDP from 0.6 percent.

The rise in oil price, fall in rupee value and not so bright other activities are a matter of concern. India is not in a position to make sharp criticism as the French President Emmanuel Macron did at G7 after Trump left for Singapore, "in-

India has benefited from the multilateral organisations be it GATT, WTO or others. It has effectively used WTO to impose anti-dumping duties on exports from China, Malaysia, Korea, Thailand, South Africa and the US.

ternational co-operation could not be dictated by fits of anger and throwaway remarks". Or make a remark like German Chancellor Angela Merkel who said, "Mr Trump's decision to reject a joint communique was "sobering" and "depressing". But finally at G7 there was a joint communiqué. So Trump disagrees to agree. This possibly is his winning style. India has to learn from it. It is just not making friends that international diplomacy is but also calling the spade a spade.

Trump has successfully done that to shed his image of being a war monger as Macron would like

to say but to extract the maximum from the world community. It is a different negotiating process.

The world has to realise that 23-year-old WTO has seen many changes since 1995. The voice against GATT was being raised before 1970s. The WTO may have outlived its life. It cannot be a mere distress resolving mechanism for the downtrodden. The world may have to rethink how to maintain multilateral organisations, not only for dispute resolution but also continuing the dialogue.

Trump has exhibited that he can blow hot or cold but he takes to a solution – of course that is to his liking. He is shrill but gets to his point through negotiated settlement as did with Kim and nobody knows that he has really given up his nukes. Kim has been sharp enough to agree to talk and get away with it. This is the new world diplomacy. Countries would have to adapt to the new situation. As the world economy is in turmoil, conflicts are natural. However, these cannot turn into a bloody brawl. Diplomacy is becoming sharper, subtler and swift. The WTO may have to be replaced or renegotiated but simultaneous dialogues – track two or three diplomacy – have to continue.

The world with NAFTA, ASEAN, EU, BRICS and SCO is becoming more regionalized. *Swadeshi* is the global theme causing conflict and regional comfort. The world is integrating and ghettoized. Interests are overlapping. There has to be more give and take. The countries who understand it would be the winner. Changing the tack, however, is a must, including for India for leading the process of world intergration and progress. □□



After running around like headless chickens in the run-up to the function, Congress leaders heaved a sigh of relief at the largely bland presentation and skirted the potentially ex-

Pranab*da* nixed decades of calumny heaped upon the RSS and subtly included it among the venerable national institutions. This could, but need not, hamper efforts to forge opposition unity against the Bharatiya Janata Party in the run-up to the Parliamentary elections. But Pranab*da*, reputedly in the thick of the exercise, will now be excused. It would be unfair to say he has “positioned” himself as a possible candidate for Prime Ministership if BJP’s tally falls below 200, as some suggest. But he has gently stirred the political cauldron and we can only wait to see the broth.

Pranab^{da} punched a hole in the Westphalian model of nationhood, asserting that India was a state long before the European Nation State rose after 1648, based on the notion of a defined territory, single language, shared religion and a



*Mukherjee's
reference to
foreign invasions
emphasised that
Non-Hindus
should explain
why they cannot
accept the
nation's
civilisational and
foundational
ethos.*
Sandhya Jain

common enemy. Indian nationhood rests on the universal philosophy of *Vasudhaiva Kutumbakam* (world is family) and *Sarve Bhavantu Sukhinah, Sarve Santu Niramayah* (may all be healthy and happy). We may highlight here the difference between Indian and Western notions of 'universal'. The Hindu meaning is that which is applicable or can be adopted voluntarily by all (e.g. Yoga, mutual co-existence without strife, etc.). The monotheist concept is that which should be imposed upon all (religion, culture, thinking, et al).

Simply put, Hindus celebrate multiplicity in culture, faith, language, everything. In fact, contrary to the popular slogan, we do not believe in 'unity in diversity' as that intrinsically suggests potential strife. We believe in 'Diversity in Unity', because everything emerges from Oneness. Indian pluralism, or '*sarv dharma sambhav*' (all faiths are harmonious) and '*ekam sat, vipra bahudha vadanti*' (truth is one, the wise call it by many names) is rooted in this awareness. Mukherjee cited Vincent Smith, "India beyond all doubt possesses a deep underlying fundamental unity, far more profound than that produced either by geographical isolation or by political superiority. That unity transcends the innumerable diversities of blood, colour, language, dress, manners, and sect".

It must have riled the Marxists and secular fundamentalists that the former president observed that large parts of India fell to Muslim invaders from the twelfth century onwards, till the East India Company won the Battle of Plassey in 1757 and quickly brought large tracts under its control; the British Crown took charge in 1858.

Throughout this political and cultural upheaval, however, India's "civilisational continuity remained unbroken". To Indians of my generation, this is probably the first time such an exalted public figure has openly stated that Delhi was captured by Muslim invaders. It could pave the way for a more honest articulation of historical facts and their cultural impact, in future.

British rule compelled Indian nationalists to articulate the concept of the Modern Indian State; all Congress Presidents upheld a Nation comprising the territorial areas of British India and the terri-

Mani Shankar Aiyar has lamented that Pranabda had lent respectability to the RSS, which represents the anti-thesis of the Indian tradition.

tories of 565 princely states. When Bal Gangadhar Tilak said "Swaraj is my Birthright and I shall have it", he meant the Indian People, encompassing various castes, creeds, and religions, across British India and the Princely States. Pranabda made special mention of Sardar Vallabhbhai Patel's statesmanship in securing the merger of the Princely States and thus ensuring the consolidation of India. Is there an unstated admonition regarding the continuing problems in Jammu and Kashmir?

Mani Shankar Aiyar has lamented that Pranabda had lent respectability to the RSS, which represents the anti-thesis of the Indi-

an tradition of "welcoming to new ideas and thoughts, absorbing, assimilating and synthesizing what comes our way, *whatever its provenance and however associated in historical memory with assault, invasion and political turbulence*" (*italics mine*). This is preposterous. It bears stating that Mukherjee did not exonerate any 'assault' related with 'invasion'; he would be aware of contemporary realities in Assam, West Bengal, and many other Indian States. Nor did he touch upon "Islam and evangelical Christianity". Readers may note that Aiyar emphasised 'evangelical Christianity', indicating overt support for the conversion agenda. Obviously, he regards Hindus who resent or resist as intolerant.

Critics have rightly concluded that the former President's presence (and the rage of the all-India Lutyens Brigade) catapulted a routine function into "a national event and the message of the Sangh reached all corners of India thanks to our curiosity over what India's former president was going to do there". Some have noted the Sar-sanghachalak's assertion that the RSS works for the whole society (often first responder during natural calamities), but resented his contention that "Hindus are answerable to questions about India's fortunes" (*uttardayi*). This is a fundamental truth, underlined by Mukherjee's reference to foreign invasions. Non-Hindus should explain why they cannot accept the nation's civilisational and foundational ethos. A political party and an intelligentsia that do not blink when a former Vice President of India attends a function of the terror-linked Popular Front of India cannot baulk at Hindus who are comfortable in their own skins. □□

Innovation of Farmers Scientist Deserves Wide Support



It is said all the time by governments that the work of rural innovators and farmer innovators should be encouraged. Mangal Singh from Lalitpur district (Uttar Pradesh) is an outstanding example of a highly accomplished rural and farmer innovator whose work in the form of Mangal Turbine could get a patent and the admiration of many highly placed scientists and officials of the Government of India. Despite this during the last 30 years or so he has been badly harassed and exploited by several government authorities who implicated him in false allegations to harass him.

This matter was investigated by a committee headed by Dr. Maithani and appointed

by The Rural Development Ministry of Government of India. The Maithani report has clearly established that allegations against Mangal Singh (and hence all victimisation based on this) were completely wrong and unjustified.

This report was submitted in 2012. Six years have passed but justice has still not been done to Mangal Singh. The rural innovator with great potential has been reduced to a broken man by bureaucratic apathy and vindictiveness. This is just not a personal tragedy, as due to the neglect of Mangal Singh's work the potential of saving billions of Rs. worth of diesel and electricity, reducing costs of farmers as well as reducing GHG emissions is being lost.

Mangal Singh has created the potential of saving millions of litres of diesel per year and the accompanying reduction of greenhouse gas emissions, apart from helping millions of farmers to irrigate their crops at a low cost. This can become a reality very soon if the government takes the necessary steps for installing Mangal Turbines wherever these are useful. But the cruel reality is that Mangal Singh is still a victim of official apathy and injustice.

Mangal Singh is a farmer of Bundelkhand region who was known at a very young age for his enterprising and innovative farming methods. He used to see regularly that small farmers with low resources have a lot a difficulty in buying diesel for lifting water from streams and rivulets. He started thinking a lot about the possibilities of lifting water from small rivers, nullahs and canals without having to depend on diesel or electricity. After a lot of thinking and experimentation, he came up with a device which could lift water using the energy of flowing streams without depending on diesel or electricity.

This invention was named Mangal Turbine. It was first demonstrated in 1987. Mangal Singh was 40 at that time. Later it was patented as "Mangal Water Wheel Turbine Machine" (Patent No. 177190 dated 13-11-1997) as per Govern-



The recommendations of Maithani Committee should be adopted as soon as possible at a police level to spread Mangal Turbine at suitable locations.
Bharat Dogra

ment of India gazette Notification dated 30th November, 1998.

This technology is described by Mangal Singh in the following words, - “The water wheel turbine machine consists of a water wheel which is firmly mounted on a steel shaft and supports on two bearing blocks fixed on foundation supports. The shaft is coupled with a suitable gearbox through universal couplings for stepping up speed of rotation. Output shaft of the gear box is coupled on one end with a centrifugal pump for lifting water and the other end is mounted with a suitable pulley for deriving power for operating any machine. Design of the water wheel turbine is simple. It is available in different size to meet the varying requirements. Operation of water Wheel Turbine Pump-cum-P.T.O. Machine is very easy as anyone can operate the machine by opening the wooden or steel gate valve, the machine is stopped by stopping the flow of water through the gate.”

Thus apart from lifting water the Mangal turbine can also be used for several additional tasks. In the words of Mangal Singh, “This is used for pumping water from the rivulets and water streams on which it is installed. The machine can be used for several rural works such as operating atta chakki, sugarcane, crushing, threshing and winnowing, oil expelling, chaff cutting, etc. The machine provides a clean alternative (non-conventional) source of energy in remote rural areas for increasing agricultural productivity, income and employment”. By linking it to a generator, this machine can also provide electricity.

The Maithani report has explained the idea and functioning of

Mangal Turbine. Shri Mangal Singh of village Bhailoni Lodh, Block Bar, district Lalitpur UP invented a fuel less water lifting device in 1987. This device is known as ‘Mangal Turbine’. There are several variants of the Turbine but the standard device contains a water wheel of 2 meter diameter with 12 blades radially fixed to the rim. The shaft is coupled with a suitable gear box for stepping up of rotation to 1500-1800 rpm. The output shaft of the gear box is coupled on one end with a centrifugal pump for lifting water and the other end is mounted with a suitable pulley to operate any other machine like crusher, grinder etc. By using the energy of flowing water in a stream, Mangal Turbine enables lifting of water for irrigation/drinking purposes and also produces mechanical power that can be used for various other purposes.”

The Maithani Report says about Mangal Turbine, “it is undoubtedly unparalleled in its simplicity and utility. Its cost benefit cannot be restricted to the extent of area irrigated and increase in production and income on account of that. Its benefits are multiple and multidimensional.

“Bundelkhand is a drought prone area and its main problem is lack of irrigation. Unfortunately our policy makers and planners prefer big and extravagant projects which allow pilferage and splurge. Mangal Turbine offers the low cost, environment friendly and sustainable solution to the irrigation problem of Bundelkhand.”

Apart from making a very useful invention at a relatively young age (40 years) Mangal Singh has since then distinguished himself by his tireless work and great

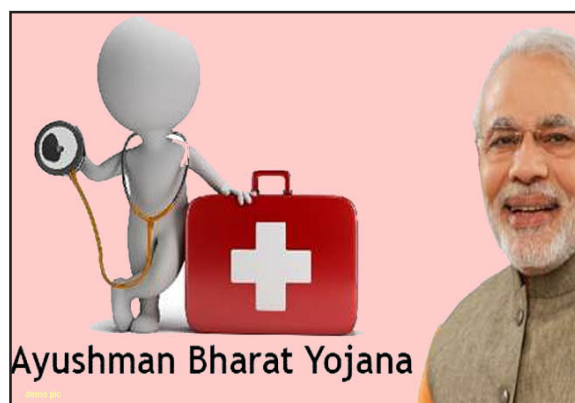
commitment for spreading this work, making improvements in it and trying to experiment at various sites to improve the location specific effectiveness of his invention. This work he has continued in very adverse conditions and with great financial constraints for nearly 30 years till now (1987-2018).

The Maithani Committee concluded, “Shri Mangal Singh needs to be suitably rewarded for his invention and contribution for the betterment of society.”

“...Mangal Turbine should be embraced by not only CAPART but all other agencies of the Government be it Ministry of Rural Development, Ministry of Agriculture, Ministry of Panchayati Raj, Ministry of Water Resources Development, NBARD, Horticulture Board, Rajiv Gandhi. Drinking Water Mission, Department of Alternate Energy Sources, Department of Land Resources, DRDA's, PRIs etc: CAPART need to shed all reservations about Mangal Turbine and being pioneer in its promotion, should adopt it as a scheme to be promoted through NGOs. The Ministry of RD should also adopt it as a scheme to be implemented under Livelihood Mission. Agriculture Ministry should be in the fore front of its propagation under its NFSM, NHM, NWDPR and RKVY. Similarly, Department of Land Resources can adopt it under IWMP and Ministry of Water Resources Development under AIBP and Minor Irrigation etc.”

There should be no further delay in immediately taking steps for justice to Mangal Singh. Also at a policy level the Government should take a decision to spread Mangal Turbine at suitable locations. □□

Ayushman Bharat: Handle With Care



In the budget for the fiscal year 2018-19, when Finance Minister Arun Jaitley announced that the government will bear up to Rs 5 lakh for the expenditure on the health of 500 million, that is 50 crore people, it sounded like a dream. In his budget speech, the finance minister announced 'Ayushman Bharat' scheme under which two types of health plans were announced. First, the establishment of Primary Health and Wellness Centres across the country and second, the National Health Security Scheme. Recently, the Central Government has issued a notification, in which the 'Ayushman Bharat' scheme has been enumerated.

It is well known that today, hospitals and dispensaries are worst condition. In the last more than 3 decades, the central and state governments spending on health couldn't increase proportionate to the rising health needs of the people. Though in many states, All India Institute of Medical Sciences (AIIMS) have been opened, but they are proving to be extremely insufficient compared to the rising burden of disease. Barring few, in all the remaining states, government health facilities are in very bad shape. In view of the huge increase in the burden of both infectious and non-infectious diseases and the lack of government facilities, there has been huge expansion of hospitals and nursing homes in the private sector. At the same time, clinics and poly clinics are also opened by doctors and experts for a large number of general and specialised treatment. That is, though it is difficult to get treatment in government hospitals at low or zero cost, but in the private sector, treatment and investigation facilities are available in abundance for a high price. These facilities are also fast expanding. But one of the major problems associated with them is that this treatment is expensive and this cost is increasing day by day. According to a report of National Sample Survey Organisation, the average cost of hospitalization in rural areas increased from Rs 5695 to Rs 14855 between 2004 and 2014, During the same period, it has increased from Rs. 8851 to 24456 rupees in urban areas.

A ray of hope for the poor

While for 1354 types of treatment costs, caps have been fixed under the 'Ayushman Bharat' scheme, on the other hand, an announcement has been made that the list of beneficiaries of 'Ayushman Bharat' scheme would be made on the basis of Social Economic Caste Census, 2011. On August 15, 2018, this plan will be duly rolled out all over the country. Significantly, the condition of the poor is getting worse due to the increase in the burden of diseases and the increased cost of treatment. In this regard, many government reports have stated that expenditure on health is one of the major reasons for the increase in poverty in the country. Anybody would be willing to do anything to get treatment for their

Government should not allow the private companies to get the full benefit of this scheme and also let nation to loss precious foreign exchange in the name of reinsurance by private companies.

Swadeshi Samvad

nears and dears, even if he/she has to mortgage his/her property or sell it.

The impact of increasing health cost and reduction in government expenditure is that private spending on health is increasing. The total expenditure on health in India is less than 4.0 percent of GDP, while the government's health expenditure is just less than 1.3 percent of GDP. That is, the expenditure of people on health (out of pocket expenditure) has reached 2.7 percent of GDP. To save poor from getting poorer it's imperative to raise public (government) expenditure on health.

'Ayushman Bharat' scheme, in which initially 10.74 crore households i.e. about 50 crore people have been included, is destined to be made universal ultimately. In the 'Ayushman Bharat' scheme, there is a provision for treatment of up to 5 lakh rupees under National Health Security Scheme for tertiary health facilities and apart from this, Primary Health and Wellness Centres would be developed for general health facilities for the masses. With the implementation of this plan not only will the treatment of the poor for even serious and deadly diseases would be possible, pauperisation of masses could be avoided, as they would no longer be forced to borrow and sell or mortgage their assets to fund treatment of their nears and dears.

How will this plan work?

Ayushman Bharat is being considered a highly ambitious scheme. Not only about 40 percent of the population will benefit from this scheme, the government will have to earmark huge expenditure for this scheme.

It is worth noting that almost similar plan was envisaged in USA, by the then American President Barack Obama, which is known in the world as 'Obama Care'. On the same pattern, this scheme is being termed as 'Modi Care' in the name of Prime Minister Narendra Modi.

NITI Aayog and other government think tanks are involved in preparing details of this scheme. At present, maximum charges of 1354 types of treatments have also been fixed by the government. There are some examples of this, which show that these charges are less than the ones charged by hospitals generally and even less than the 'CGSS' tariffs for treatment of present and retired government employees. For example, knee replacement will cost only rupees 80 thousand, which costs rupees 3.5 lakh in good hospitals at present. The total cost of stenting in the cardiovascular arteries which is 1.5 to 2 lacs at present will come down to 50 to 65 thousand rupees now. Similarly, the maximum limit has been fixed for the cost of different other treatments. If the claim is more than 120 percent of the premium amount, then the state governments will bear 50 percent of the amount and if it less than 120 percent of the premium, then they will not have to pay any additional amount.

In this regard, either claims for treatment would be paid through insurance companies or through Trusts constituted at the state level. In the Trusts, the Central Government will contribute an amount equivalent to premium amount and the claims will be paid from that trust. In this regard, the question arises that which insurance

companies would be entrusted this task and what will be the premiums for the sums assured? It is worth mentioning that recently the per family premium amount as suggested by the NITI Aayog at rupees 1082, has been rejected by the insurance companies and this premium is being calculated again. Government's expenditure on the scheme will depend upon the agreed premium of insurance companies. As far as insurance companies are concerned, there are two types of insurance companies in the country, one public sector, Indian and second private sector (mainly MNC insurance companies). If private-MNCs companies are given this work, then there could be two kinds of threats, one low ratio of claim settlement in which case many needy people will be deprived of the benefit of this scheme. Secondly, these companies don't have appetite for risk taking and as per their business model, they go for reinsurance, to reduce their risk. Due to lack of any reinsurance company in India, reinsurance premium would flow out of the country. Therefore, naturally it would be appropriate for the government to entrust the work to only Indian companies. Many advisers, including the NITI Aayog, advocate insurance from private companies. Their argument is that public sector insurance companies charge more premium, which can lead to increased cost of this scheme. But the big question is that if we entrust this task to private companies, then people will not be able to get the full benefit of this scheme, and nation would lose precious foreign exchange in the name of reinsurance by private companies. □□

Making Certification Mandatory for Organic Foods is Going to Hinder the Spread of Organic Farming in India

With effect from July 1, 2018, Food Safety & Standards Authority of India (FSSAI) is making certification mandatory for organic foods, and hence effectively for organic farmers. While it might limit fake organic to an extent, it will also throw out common consumers and small farmers from the organic market, which will have deleterious effect on the health of the public and the environment.

These consequences will follow because both the available systems of organic certification – third party certification as well as Participatory Guarantee System (PGS) of quality assurance – are beyond the reach of a common farmer, especially those farmers who do not have any NGO, or government agency or private company supporting them. Individual certification is very expensive. Group certification is possible only if there is an external facilitator who is collectivizing the farmers. The expenditure involved is not affordable for an ordinary farmer. Governments are spending on such certification only if a farmer is covered under their schemes, that too usually for a 3-year period during which the scheme is run. There is also the tedium of paperwork and records to be maintained which is not in the capabilities of most farmers. The PGS system requires organic farmers to form themselves into groups of at least 5 farmers each, and committing to



*Government Must
Make Organic
Certification
Accessible For All,
Before Making it
Mandatory –
Other Better Ways
of Weeding Out
Fake Organic
Should Be
Adopted.*
**Kavitha
Kuruganti**



monitor each other's farms. This is not always possible, and therefore is not a solution for farmers who are plodding ahead all alone, on the path of organic farming.

Meanwhile, with only 29 accredited certification bodies in the country and hundreds of Regional Councils of the PGS-India system suspended or inactive, it is clear that there is no institutional readiness to support the growth of organic movement in India with mandatory certification.

There are other reasons why many organic farming enthusiasts

from a paradigm that is polluting and poisoning our resources, to show that it is indeed complying with regulations.

Further, it is not out of place to point out that certification is not a fool-proof mechanism to ensure that something is organic. In fact, there is an inherent shortcoming in the revenue model adopted by certification bodies, in that they need to certify more and more farmers as organic for raking in revenues – this then leaves scope for bad quality work, including willful inclusion of non-organic farmers in their

any solutions to individual farmers struggling to turn organic on their own.

In fact, PGS in India had evolved in the civil society-led organic farming movement, and a voluntary code of conduct, overseen and coordinated by PGS-OC (PGS-Organic Council) did not find any recognition in the FSSAI regulations.

We are aware that FSSAI has exempted “organic food which is marketed through direct sales by the small original producer or producer organisation... to the end



When quality assurance is being made effective through the direct relationship between farmers and consumers then it is unclear why non-small-farmers are being excluded from the exemption clause.

are concerned. Organic farming has been adopted by thousands of farmers as an uphill task they had to undertake. This did not receive much support from governments, while a destructive, chemical-and-water-intensive paradigm receives large subsidies from governments. It is indeed ironical and unfair that a paradigm that is beneficial to human beings and their environment, a paradigm that will conserve and revive our natural resources for the next generation is being forced to spend more monies to prove itself to be that, while there is no certification being asked

certification process.

It is well known that Transaction Certificates issued by certifiers are being misused, with the certifiers not ascertaining whether the amount paid by an organic food procurer is actually going to the so-called certified operation, or someone else in the open, non-organic market on the same TC. PGS, while being more facilitative, while building informal institutions of organic farmers for mutual learning and peer collateral for quality assurance, suffers from the fact that it too has a similar inherent shortcoming. It also does not provide

consumer”. However, this relief is not enough because as per usual official definition, a farmer with more than 5 acres is not considered a small farmer.

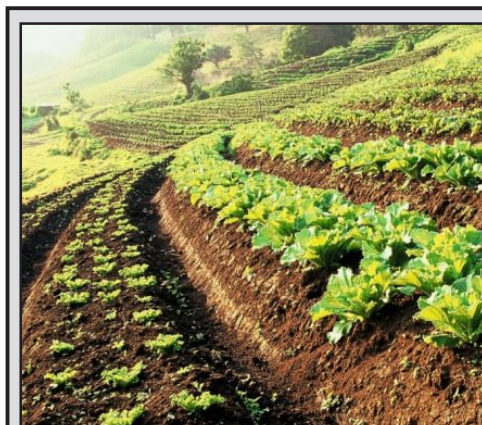
Even for a farmer owning 6-7 acres, the cost of certification is prohibitive. When quality assurance is being made effective through the direct relationship that a farmer and consumer have in a direct sales transaction, then it is unclear why non-small-farmers are being excluded from the exemption clause. Moreover, it is generally not possible for farmers to sell all their produce direct-

ly, without the help of an intermediary – whether a retail shopkeeper or an institution – to the consumer. Farming operations are adversely affected by concentrating on direct selling. Therefore, without exemptions being provided for sales that are one step away from the end consumer, through a retailer, the exemption provided to a small farmer is also meaningless.

We also believe that “fake organic” is not something that makes our food any more unsafe than the conventionally-produced food out there. There are existing laws for cheating consumers, like the Consumer Protection Act. In fact, it is worth remembering that organic food is less than 0.1% of total food consumption in India. The fact that FSSAI, which has not taken up any effective regulation of truly unsafe foods like GM foods and pesticides-laden foods is in fact worrisome, while it is over-zealous in regulating organic foods.

It is not out of place to point out that Seed, which is an “Essential Commodity” as per an Indian statute, when sold commercially, is not required to be certified, and that seed certification is only voluntary. An overwhelmingly large proportion of seed trade in India is “truthfully labeled”. If the regulatory approach to an essential and critical commodity like Seed can be that of voluntary certification, it is unreasonable that organic foods should be mandatorily certified.

It is apparent that organic farming will not spread the way it should, if marketing avenues are not available to organic farmers. It is such marketing opportunities that are directly and adversely affected by this new FSSAI regula-



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tion. Under these circumstances, by making organic certification mandatory, organic farming movement will wither away before blooming, which in turn will deprive ordinary consumers of safe food; organic produce will become all the more expensive and hence much more elitist.

Some of the best and pioneering organic farmers of India, the ones who have inspired hundreds of others to shift to organic farming, are in fact un-certified. There is no way that they can get certified by July 1st 2018, if one were to follow the rule book related to certification. The FSSAI notification did not take into consideration any of these implementation issues either.

The organic farming movement in India believes that we need win-win solutions for both organic producers and consumers, and therefore, opposes the new notification of FSSAI. The new regulations brought in do not protect the interests of organic farmers or consumers, and instead favour organic industry interests, certification bodies as well as big organic food brands. This article should not be misinterpreted as one that seeks to counter any regulation of organic foods.

Prior to making certification mandatory for all organic foods, governments should have made organic certification easily accessible by making it free, time-bound and simple. Until this happens, all organic farmers should be exempted from mandatory certification and allowed to sell directly to consumer or through one step away shopkeepers/intermediaries (who procure directly from farmer and are willing to maintain traceability of the organic produce).

When government provides adequate infrastructure for separate storage, processing units and retail outlets for organic foods, regulation will be easier in terms of ensuring traceability and therefore, verifying the organic production practices as and when needed.

FSSAI/Government should also ensure that all food products, whether they are organic or not, should be safe. All food sold to consumers, whether organically produced or conventionally produced, should meet safety standards. To ensure this, there should be facilities provided where any farmer or consumer can get any food product tested for free or at nominal charges. This will be more effective in ensuring safe food to all. □□

Agriculture in Deen Dayal Upadhyaya's Vision



Pandit Upadhyaya was rooted in Indian civilization. Because of his grounding in the Indian literature, Pandit Deendayal Upadhyaya recognized the central role of civilization and culture in national development; he believed that national development is nothing if it does not represent a flowering and rejuvenation of the national culture. In his first lecture on Integral Humanism, he strongly articulates this belief, saying, "Independence is intimately related to one's own culture. ... Independence can be meaningful only if it becomes an instrument for the expression of our culture. ..." Culture and Civilization are at the root, Independence, Swarajya, is the opportunity for the nation to begin manifesting its culture in its varied dimensions within the world of today.

Views on Agriculture are derived from the civilizational tradition

Panditji in his usual way of thinking and analyzing, he looks upon agriculture also in the perspective of the classical Indian understanding of agriculture on the one hand and a detailed appreciation of the current issues and problems facing agriculture in India on the other. Reference to agriculture are scattered widely in the writings of Panditji. But he undertakes a comprehensive analysis of agriculture in his seminal text, "Bharatiya Artha Niti: Vikas ki Ek Disha". In this book, written in 1958, he analyses the problems facing agriculture of that time in great detail. He looks into policy issues like the increasing stress on land, fragmentation and consolidation of holdings, ceiling on land holdings, redistribution of land, cooperative agriculture and fixation of agricultural prices, etc. He also looks into technological issues like changing the pattern of agriculture, providing irrigation, preventing soil-erosion, relative advantages and disadvantages of chemical fertilizers and manure, and of bullocks and tractors, arranging for improved tools and seeds and enhancing yields in agriculture. Many of these issues remain relevant and open even today, though some of them have lost the salience and urgency they had in the fifties and sixties.

Pandit Deendayal goes further than this and insists that all three of these primary economic activities belong together; the cultivator is also the animal keeper and the trader. The disharmony and inequality have arisen from the time when trade was separated from the other two, when the Vaishyas chose to indulge in only buying and selling and gave up cultivation and animal husbandry". Thus in Indian tradition and in Pandit Deendayal Upadhyaya's perception, agriculture encompasses the whole of the economic domain, the entire varta. In many Indian languages, the cultivator is referred to as vyavasayi. He is the primary economic actor; he is the producer and also the trader.

It is no wonder that Pandit Deendayal Upadhyaya also accords the same primacy to agriculture. Speaking about the basic necessities of life he says, "Food,



Perhaps the time has now come for India to reorder its priorities in accordance with the thoughts of Pandit Deendayal Upadhyaya, in accordance with the principles of Integral Humanism.

Dr. Phool Chand

Clothing, Shelter, Education and Medical Care, these are the five necessities of life that must be ensured for every individual.” But, “Among these five, Food is such a necessity that without it no living being can survive. Annam vai Pranah, Food is life. Therefore, an economy that does not provide for sufficient food can never be sustainable.” And the “primary source of food is agriculture”. Arguing thus he arrives at the conclusion that in any economy agriculture must have a higher importance than all other activities. Agriculture has to be at the first place, industry is at the second place, trade is third and services come last at the fourth place.

Reversal of economic priorities: Nehru and Upadhyaya Today, the order of priorities in Indian economy is the reverse of what Pandit Deendayal Upadhyaya had proposed. Services (including trade) and Manufacture occupy the first, second and third place in our economy and agriculture is at the last. This reversal of priorities has not happened in the recent past. This skewed order of priorities was established at the dawn of Independence. In the Nehruvian conception of economic policy, national development had come to mean largely the creation of a new middle class by absorbing people in salaried service jobs. In this scheme of things, services occupied the primary place in economy; within the services, trade had the second place and manufacture occupied the third place. The role of agriculture was only to provide cheap food and raw materials for the other sectors of economy.

Describing this approach, Pandit Deendayal Upadhyaya says, “Some are of the opinion that cul-

tivators should bear the primary burden. Coercive levies, imbalance between the prices of raw materials and finished products and tenancy rights should be so arranged that the cultivator should keep supplying the necessary raw materials and providing a market for the finished products of industry instead of raising his own standard of life.” He goes on to say, “This approach is erroneous. ...Without raising agricultural incomes, industry also cannot be sustained. The more industrial products the cultivator is able to buy from his savings, the more jobs will be created outside agriculture.” Further, he says that, “The best way to generate marketable surplus is to raise agricultural production. When the cultivator produces more than his requirement, he would purchase industrial goods to raise his standard of living and thus Agriculture and Industry shall begin complementing each other.”

Bringing together the tradition & modernity in Agriculture

Balanced approach to new technologies Deendayal Upadhyaya not only speaks about according priority to agriculture and increasing agricultural production, he also goes into the details of the arrangements and techniques required for achieving this goal. He talks about the need of providing better seeds and better implements to the cultivator. At that early stage, he also talks about arriving at an appropriate balance in the use of organic manures and chemical fertilisers. Today there is much emphasis on purely organic agriculture. But Deendayal Upadhyaya always sought a balance between the ideal and the practical. Therefore, he does not negate the need of chemical

fertilisers, but advises „balanced and appropriate use of organic manure and chemical fertilisers . Even today, such balance is considered the scientifically proven way of achieving sustained high yields.

Reversal of economic priorities: Nehru and Upadhyaya

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The Nehruvian policy was to promote services and industry by exploiting agriculture and extracting surplus from it. Pandit Deendayal Upadhyaya, on the other hand, wanted to give primacy to agriculturists, whose enhanced production and income would create demand for industrial goods and services leading to the growth of both. For long there was much debate on these two approaches to national development in India and in several other developing countries. In time, most of the developing countries chose the path advocated by Deendayal Upadhyaya. They gave primacy to agriculture and have quickly built strong industrial and service sectors riding on the back of agricultural prosperity. Today, many of the developing countries that until two or three decades ago were behind us in per capita production of food have moved far ahead of us on this parameter; now they are ahead of us in industrial production and services also. We have begun to look like laggards of the world.

Deendayal Upadhyaya had articulated his approach of national development anchored in agriculture as early as 1958. If we had accorded priority to agriculture at that stage, we would have been

among the developed nations of the world now.

Our Prime Minister, who comes from the party that ascribes to the ideology of Pandit Deendayal Upadhyaya, has indeed spoken about overhauling the Nehruvian policies and giving Agriculture equal, though not higher, priority than Industry and Services. But the policy does not seem to have been implemented in practice yet. The government has indeed promised to double agricultural incomes in the near future. The Niti Ayog has chosen to interpret this promise to mean that the number of agriculturists would be reduced by half. This is Nehurism with a vengeance. Deendayalji's way would be to concentrate on the doubling of agricultural production, which would lead to the prosperous cultivators diversifying into other fields and may result in reduction in the number of people engaged in agriculture. But you do not begin by uprooting people from agriculture for doubling the income of those who remain.

Ensuring Food for All is the primary role of any economy

Deendayal Upadhyaya puts such emphasis on agriculture is also because in his thinking Food is the primary requirement of all living beings and „agriculture is the main source of food for man . He is so insistent on increasing productivity of agriculture because he holds that everyone must be fed.

Like Deen Dayal ji's views on all other issues, is rooted in the Indian civilizational tradition and literature on the one hand and in a deep understanding of the current situation of the Indian economy and polity on the other. Standing on these two pillars, both of

Deendayal Upadhyaya had prioritised agriculture as early as 1958, if we had accorded priority to agriculture at that stage, we would have been among the developed nations of the world now.

which together constitute his conception of Integral Humanism, he conceives of an economy in which Agriculture would have the primary place; it would be highly developed and very productive; the income of the agriculturist would keep rising; spurred by the prosperous agriculture, the industrial and service sectors will grow and attain prosperity; and, in this milieu of general prosperity rooted in agricultural abundance, the society shall happily and easily keep discharging its primary responsibility of ensuring sufficient food for all.

These thoughts are both timeless and timely. Perhaps the time has now arrived for India to reorder its priorities in accordance with the thoughts of Pandit Deendayal Upadhyaya, in accordance with the principles of Integral Humanism. Perhaps it is now time that we begin establishing an economy that gives primacy to agriculture, generates an abundance of food that is available plentifully for everyone, and on the basis of that primary abundance creates an abundance of all kinds of goods and services. □□

SJM Blames Rupee Low on FIIs, Seeks Tobin Tax



Swadeshi Jagran Manch (SJM) has blamed the rupee's record low on Foreign Institutional Investors (FIIs), but termed it a short-term crisis. SJM national co-convenor Ashwani Mahajan said the fall in currency is a global phenomenon and that most of the currencies are depreciating the world over. The rupee's falling fortune is a "short-term crisis because of FIIs", he said. The rupee had on 28 June 2018 breached the 69-mark against the US dollar for the first time due to multiple headwinds like weak global cues and inflation concerns. It finally ended at an all-time low of 68.79, slumping 18 paise.

"The currency is depreciating while our foreign exchange reserves are booming. It is a contradiction. To stabilise the rupee value, buffer stock within the foreign exchange reserves, especially earmarked for FIIs, should be created. The RBI should at least keep the buffer stock," Mahajan said.

He suggested imposing the Tobin Tax on FIIs. Tobin Tax is a proposed tax on international financial transactions, especially speculative currency exchange transactions, on FIIs. It is said to be useful in the long run and helpful in avoiding short-term currency crisis.

"The FIIs ask for concessions like tax relief etc. My feeling is that the government should think of imposing Tobin Tax in the long run so that there is disincentive to take away the foreign exchange," he added. Calling them "fly by night people", Mahajan suggested a lock-in period for FIIs, preferably for three years. "They come for business, not to oblige us. We should make our policy stronger because FIIs lead to such short-term currency crisis," he said.

On balancing out the impact of oil prices, Mahajan said the government is on the right track, with advance buying. "But the RBI has to intervene to avoid the short-term crisis," he said.

<https://www.news18.com/news/india/rss-affiliated-swadeshi-jagran-manch-blames-rupee-low-on-fis-seeks-tobin-tax-1795271.html>

SJM wants more technical barriers to strengthen anti-dumping measures

Though the union government has put in place anti-dumping restriction for around 250 products, the SJM wants it to have more teeth like increased technical barriers. On the other hand, the SJM wants the government to promote entrepreneurship to increase employment.

"The world has started walking the path of economic nationalism what we had been talking of since 1991. The government of India too needs to take quick steps in the direction. One of the best ways would be to strengthen its anti-dumping policies with technical barriers," Professor Bhagwati Prakash Sharma, Vice-Chancellor of Pacific University Udaipur and national co-convenor of the Swadeshi Jagran Manch said here on Wednesday while speaking about 'De-globalization and revival of Indian economy'.

Professor Sharma cited the example of import



of tyres while explaining technical barriers. "Tyres being imported today come without any warranty. If a condition for warranty is introduced, it would act as a technical barrier, help domestic industry and also protect the interests of consumers," he said. When asked about the FDI, Sharma said that the SJM is opposed to FDI and added that the outbound direct investment needs to increase as that would help the domestic economy and the domestic industries to become robust. He also cited examples of Tata Motors and Tata Global Beverages to support his argument.

Prof Sharma also stressed on entrepreneurial orientation for creation of more employment as well as strengthen the economy. "Germany that is just 2% of the world population generates 7.5 lakh startups every year, while India has only around 6,000. To change this picture each of over 600 universities across India should start incubation and acceleration centres," Prof Sharma said.

Zonal head of SJM, Satish Kumar, opined that the only problem area in the India economy currently is the employment generation and SJM feels that the target of generating employment of 1.2 crore youths every year can be achieved with focused approach towards fields like Yoga and tourism. "The global market of Yoga is around \$100 BN of which, currently, the US has a share of \$35 bn," he pointed out.

<http://www.newindianexpress.com/cities/mumbai/2018/jun/28/swadeshi-jagan-manch-wants-more-technical-barriers-to-strengthen-anti-dumping-measures-1834974.html>

Next CEA must believe in Indian values: SJM

Union Minister Arun Jaitley put up a glowing post yesterday for outgoing Chief Economic Advisor Arvind Subramanian in which he disclosed that the CEA will be leaving the finance ministry because of "pressing family commitments" and will return to the US. Little did anyone foresee the brickbats following soon after. Alleging that Subramanian lacked an understanding of the country and "ignored" farmers, RSS affiliate Swadeshi Jagaran Manch (SJM) has recommended that the next economic consultant should be one "who believes in Indian ethos and values", and is not on a sabbatical.

"Subramanian lacked knowledge about India, he was obsessed with only Foreign Direct Investment (FDI) and ignored the most important aspect of our economy - agriculture and farmers," SJM co-convenor Ashwani Mahajan told PTI yesterday. He further added, "Like former vice-chairman of Niti Aayog, Arvind Panagariya, he was also speaking the language of 'Washington Consensus'. His agenda and purpose was not clear." The Washington Consensus is a set of 10 economic policy prescriptions for crisis-wrecked developing countries advocated by Washington-based institutions like the IMF, World Bank and the United States Department of the Treasury.

Mahajan, who has been critical of Subramanian on various policies, in a tweet further requested Prime Minister Narendra Modi to see to it that the next CEA is one who has "faith in farmers, workers and entrepreneurs of Bharat and is not on sabbatical." The Congress, too, did not hold back any punches. The party yesterday said that Subramanian's resignation had not come as a surprise as all. "Financial experts of Modi government are completely fed up by its colossal economic mismanagement, tepid economic reforms and financial anarchy," Congress communica-

tions in-charge Randeep Surjewala said on Twitter. "CEA, Arvind Subramanian's resignation after the stepping down of Niti Aayog's Arvind Panagariya and RBI Governor Raghuram Rajan comes as no surprise!" he further tweeted.

Subramanian is the second key economic policy adviser to quit the job mid-way to return to the US. Previously, Panagariya had quit in August 2017, nearly two years before his term was to end. He, too, had cited personal reason as the reason for resigning. But, ironically, a tribute came from an unexpected quarter, albeit tucked within a potshot at the government. Yesterday evening Rahul Gandhi tweeted that "The brightest flee the sinking ship, as the 'invisible hand' of the RSS steers it onto the rocks".

Subramanian is a senior fellow at the Peterson Institute for International Economics in Washington and was on leave from the institute during the time he has served as the CEA, beginning in October 2014. The economist had stepped into Raghuram Rajan's shoes after he took over as RBI Governor. Though his three-year term ended last October, the government had extended his appointment till May 2019.

In a statement on his resignation, Subramanian said "This is the best job I have ever had and probably ever will". Among the "satisfactions" of his tenure he listed conceptualising the JAM (Jan Dhan, Aadhar, Mobile) trinity, pushing new ideas like bad bank and subsidies for the well-off, and GST. He told the agency, "It is no secret that we are expecting our first grandchild in early September. That's a very compelling reason that takes us back to the old life that used to lead in researching, writing, teaching and reflecting above all." Asked about his last date in the office, Subramanian said, "In terms of date, the hard deadline is early September, when the baby is going to arrive. We haven't exactly finalised. It would be over the next month or two. No firm date as yet has been fixed."

<https://www.businesstoday.in/current/economy-politics/rss-affiliate-says-next-cea-must-believe-indian-values-criticises-arvind-subramanian/story/279386.html>

India braces for life without Iran oil, mulls Plan B

India appears to be bracing for life without Iranian oil and preparing Plan B after the US administration under President Donald Trump has declared zero tolerance against any country or entity that flouts its diktat to **stop buying crude from Iran after November 4** when the 180-day wind-down period ends.

Officially, India maintains it only recognizes UN sanctions and will take up the issue with the US at appropriate fora. But the sound bytes emanating from Washington leave little doubt that India may have very little room for manoeuvre and may have to stop Iranian oil flowing onto its refineries.

An indication of New Delhi's predicament came from oil minister Dharmendra Pradhan on Thursday when he told reporters in Mumbai that the government will go by "national interests". "In fact, there is not a single oil-producing country from where we don't buy crude today. So there is no threat of supply disruptions because of the latest threat of US sanctions."

Indeed, finding replacement for Iranian oil isn't a problem. Iraq, Saudi Arabia and Kuwait can fill the gap. There will be some incremental increase in costs as they may not give the kind of economic sweeteners on freight and insurance that Iran offers. Iran is India's third-largest oil supplier.

For India, the real challenge is balancing its age-old relations with Tehran and the financial/strategic stake in the Chabahar port project with the imperative of avoiding US clampdown.

Unlike sanctions under Barack Obama's presidency, when India had secured a waiver, Trump's Washington is totally unforgiving. This time even China – the single-largest buyer of Iranian crude – too may not keep India company as it is trumped by \$150-200 billion tariffs war. New Delhi may, thus, find it difficult to even operate through the rupee payment mechanism like it had done in the past. Unsure of how things will pan out, the oil ministry on Thursday told state-run refiners to ready alternative sources.

"It is not like a final decision has been taken. But as a business proposition, you don't expect refineries to wait till the last day before seeking alternative supplies. There are quantities to be contracted, logistics to be tied up, refinery feed tweaked. These take time," one executive of a refining company said.

Private sector refiners Reliance Industries and Nayara, owned by Russia's Rosneft, have already been winding down Iranian imports. State Bank of India, the country's largest bank, has said it is giving up transactions for Iranian oil. Next in line could be insurers, who may refuse cover to vessels carrying Iranian oil or units that process that oil.

https://timesofindia.indiatimes.com/business/india-business/india-braces-for-life-without-iran-oil-mulls-plan-b/articleshow/64783643.cms?utm_medium=referral&utm_campaign=iOSapp&utm_source=twitter.com

Surgical strikes video out, shows terror casualties, damage to bunkers



For the first time since India announced that it had conducted surgical strikes against terror launch pads in Pakistan-occupied Kashmir (PoK) in September 2016, video clips of these operations were broadcast on several television news channels on Wednesday night. These clips showed some terrorists being killed, besides destruction of bunkers and other military constructions. TV channels claimed these videos, which they had accessed from official sources, were taken by Unmanned Aerial Vehicles (UAVs) and Thermal Imaging (TI) cameras used by the Army to monitor the operation.

"The videos are real. I can confirm that," Lt General D S Hooda (retd), former Northern Army Commander who was directly in-charge of the surgical strikes told The Indian Express. The feed of these videos was reportedly being broadcast live during the surgical strikes to the operations room of his headquarters in Udhampur.

"When the surgical strikes happened, my view was that the videos should have been released as proof. It is good that they have come out now," Lt General Hooda added. On the intervening night of September 28-29, 2016, the Army had carried out surgical strikes on seven terror launch pads across the Line of Control (LoC) in PoK. The then DGMO, Lt General Ranbir Singh, had announced on September 29, 2016 that India had conducted surgical strikes on terror pads along the LoC using ground forces, inflicting "significant casualties" on terrorists. The officers and men of the Army's 4 and 9 Special Forces battalions, who had taken part in the surgical strikes, were later awarded gallantry medals by the government. The operation also featured in a documentary broadcast on History18 channel, which also featured NSA Ajit Doval.

On October 7, 2016, The Indian Express had reported graphic accounts provided by eyewitnesses.

SWADESH PATRIKA
July 2018

nesses living across the LoC of the surgical strikes, describing how bodies of those killed before dawn on September 29 were loaded onto trucks for secret burials. The eyewitnesses also described brief but intense fire engagements that destroyed makeshift buildings that housed terrorists, before they left for the last stage of their journeys across the LoC.

In October 2016, the then urban development minister M Venkaiah Naidu had rejected the Opposition's demand for proof of the surgical strikes, saying that any further discussions would be an "insult" to the Army. This was echoed by other union ministers who said that releasing the video was not necessary as the Army had already issued a statement on the strikes.

<https://indianexpress.com/article/india/surgical-strikes-video-out-shows-terror-casualties-damage-to-bunkers-pakistan-border-indian-army-5236452/>

Trade Tirade: Modi, Trump and Two Elections

A delegation of US trade negotiators led by Mark Linscott has arrived in New Delhi to calm down trade tensions that have been threatening the warm relationship shared by US President Donald Trump and Indian Prime Minister Narendra Modi. The two-day visit is being held against the backdrop of India raising import tariffs on 29 American goods to negate the loss incurred by the Indian industry due to the Trump administration's 10% and 25% hike in tariffs on steel and aluminum, respectively. However, India has delayed the rollout of higher duties until August and stopped short of imposing heavy duties on Harley Davidson motorcycles — an issue raised publicly by Donald Trump on several platforms.

"India has indicated through the delayed implementation of increased duty that windows are open for negotiations. Both the countries' officials will definitely discuss the tariff issues, but issues are beyond the ongoing tariff war," a person close to the Indian negotiators told Sputnik.

The major issues which are likely to dominate the two-day meeting would be India's eligibility under the Generalised System of Preferences (GSP) program which the Trump administration is reviewing after two petitions filed by American lobby groups — the dairy industry and the medical equipment sector. Both the sectors have been lobbying aggressively after the Narendra Modi government, last year, imposed a price cap on coronary stents and other

medical equipment to make health treatment cheaper for ordinary consumers. The price cap on medical devices issue was also mentioned in the National Trade Estimate Report on Foreign Trade Barriers (NTE), an annual report from the US government released in April this year.

According to latest government data, exports from India to the US under GSP rose from \$4.58 billion in 2015 to \$5.58 billion in 2017. The Narendra Modi government has already slipped into election mode and the issue of the price cap on medical equipment has been widely publicized via radio, print, and television. Modi has also promised farmers that he could improve their income in the next five years and all the government documents suggest that dairy income will play a major role in achieving this goal. In this scenario, it is unlikely that Narendra Modi will heed the US demand for the reduction of imports tariff on American dairy products, which ranges from 30-60%. Other issues like Intellectual Property Rights and US visas for Indian IT professionals will be discussed at length during the two-day meeting.

An Indian analyst says that US protectionism too is driven by election pressure. India now fears that Trump's next target could be country's pharmaceuticals, which in 2016 comprised 16 percent of Indian exports to the US. The Trump administration has been consistently raising the issue of the widening trade deficit with India, which ballooned to \$30 billion last year. Given that the two-day meet is most likely to discuss the way and means by which both the countries can narrow this gap. India's Commerce Minister Suresh Prabhu is hoping that imports of commercial aircraft and natural gas from the US can correct the trade imbalance and pacify the Trump administration.

<https://sputniknews.com/asia/201806261065789544-india-us-trade-war/>

Air India Delhi-Tel Aviv flight registers over 80% occupancy

State-run carrier Air India's Delhi-Tel Aviv non-stop will become a daily flight shortly, with the airline giving its seal of approval to the proposal, encouraged by the 80 per cent and above occupancy rate, sources in the airline said.

"The success of the service is a testament to the strengthening of diplomatic ties between India and Israel and growing people to people contact between the two countries. We are working on the last minute details before announcing the increase in frequency to



all days from thrice a week,” they said.

The move is part of Air India’s ongoing efforts to reevaluate its route network, increase services to economically viable routes and cut down frequency and withdraw services from some sectors. The airline could soon withdraw flights from a few European destinations with low occupancy and engage its fleet to far east and neighbouring countries that have seen a steady rise in demand, said a source.

Private carriers such as Jet Airways and IndiGo are already firming up plans to fly to more international destinations along with Vistara which is poised to announce international services later this year. “In such a scenario, we ought to remain competitive in the market as revenue generation is key to the survival of the airline now,” the source said. The airline currently has a 17-per cent market share on international routes. Air India’s board of directors is set to meet soon to prepare a revival plan for consideration of the government.

The Delhi-Tel Aviv AI 139 flight made its maiden journey on March 22 this year and since then the occupancy rate has gone up from 60 per cent to over 80 to 83 per cent, making it a profitable route for Air India, sources said. It has engaged its 256-seater Boeing 787 Dreamliner on this route.

What has went behind the success of this flight is the shorter route and the less time it takes to cover the distance, thanks to Saudi Arabia’s decision to permit Air India to use its airspace to fly over the country, sources said. The airline covers the distance in 7.25 hours, 2.10 hours less than the time taken by the only other airline that flies between the two countries — Israel’s national carrier El Al from Mumbai to Tel Aviv.

Many Arab and Islamic nations do not recognise Israel and, therefore, disallow airlines from using their airspace for flight services to that country.

https://timesofindia.indiatimes.com/business/india-business/air-india-delhi-tel-aviv-flight-registers-over-80-per-cent-occupancy-to-become-a-daily-service/articleshow/64718544.cms?utm_medium=referral&utm_campaign=iOSapp&utm_source=twitter.com

Govt may hike paddy MSP by Rs 200/quintal for 2018-2019 crop year

To woo distressed farmers ahead of 2019 general polls, the government plans to announce a sharp increase in the minimum support price (MSP) of paddy, the key kharif crop, by 13 per cent to Rs 1,750 per quintal for the 2018-19 crop year, sources said. The MSP of the other 13 kharif (summer-sown) crops are also expected to be increased sharply, they said.

A decision in this regard will be taken during the week. PM Narendra Modi had last week announced that the the Cabinet will approve the hike in MSP to at least 1.5 times of the production cost in the forthcoming meeting. According to sources, the government has delayed the announcement of MSP of kharif crops, the sowing of which has already begun, as it was weighing whether to take such a big political decision considering huge financial burden on the exchequer, the sources said. The agriculture ministry has proposed higher rate than what has been recommended by the government advisory body CACP considering growing farm distress because of fall in prices of most crops owing to bumper production, they said.

In this year’s general budget, the government had announced that it would fix a support price at least 1.5 times of the cost of the production. This was the BJP’s poll promise in 2014 general elections. According to sources, about Rs 200 per quintal increase has been proposed in the MSP of paddy (common grade) for the 2018-19 crop year (July-June). For the current year, MSP of paddy has been fixed at Rs 1,550 per quintal for common grade and Rs 1,590 per quintal for Grade A variety.

Normally, the MSP is announced just before the start of the sowing to help farmers choose the crop they want to sow. Sowing of kharif crops begins with the onset of southwest monsoon and harvesting from October. Farm experts are of the view that the sharp increase in the paddy MSP could further boost India’s rice production, which touched an all-time high of 111 million tonnes in 2017-18 crop year and the output is much more than the domestic demand.

The cultivation of paddy, which is a water guzzling crop, needs to be discouraged and not promoted, they said, adding that higher rice production will lead to increase in government procurement and swelling of the food subsidy bill.

https://www.business-standard.com/article/economy-policy/govt-may-hike-paddy-msp-by-rs-200-quintal-for-2018-2019-crop-year-sources-118070100146_1.html

Swadeshi Activities
Uttar Kshetra Rashtriya Vichar Varg
 15-17 June 2018, Kurukshetra (Haryana)

Pictorial Glimpses



Yoga Divas, Allahabad (UP)



Swadeshi Activities
UP-Uttarakhand Rashtriya Vichar Varg
17-19 June 2018, Shahajahanpur (UP)

Pictorial Glimpses

