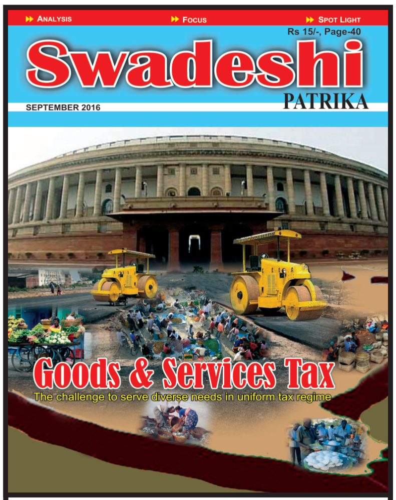

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Collective indifference to sports

Every country participating in the Olympics does so to win medals. Apart from the medal-winning performances of PV Sindhu and Sakshi Malik, coupled with the commendable endeavour of a few others like Dipa Karmakar, India's performance at the just concluded Rio Olympics was disappointing. India is towards the bottom of the medals tally, which is a matter of concern. Our sportspersons also competed but the final result was rather disappointing. India's Rio story ended with just one silver and one bronze medal, secured by two young girls who won in spite of an uncaring, inefficient and corrupt system. Their victory is theirs alone. This is a matter of embarrassment that for a country of 1.25 billion people. In comparison, many smaller countries have done much better. Even in a game like hockey, which was once India's forte, even a bronze medal proved to be a distant dream. It is tragic to learn about the bad treament meted out by Indian officials at the Rio Olympics to marathoner Jaisha. While we are celebrating the achievements of other athletes, Jaisha's plight reflects on the double standards at play.

Sure, the Government is responsible for this mess - it has no consistent sports policy and suddenly wakes up a couple of months before the games while our preparations for the next event should start on the very day that the previous one ends - but the public is also at fault. Indian parents don't see sports as a career for their children. Also, the education system doesn't promote sports. Prime Minister Narendra Modi, who is favoured by young Indians, has swung into action by forming a task force. Hope the task force is able to reform sports administration.

We need to start preparing for the 2020 Tokyo Olympics right now. Politicians must be kept away from sports bodies, even if needed, a stringent national sports law must be put in place. India's seasoned sportspersons who have brought laurels for the country as well as its living sporting legends must be roped in to improve the Indian sports scenario.

– **MC Joshi,** *Lucknow*

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Quote-Unquote

In a diverse world, every culture has to be respected and when all cultures are respected, the world will flourish.

Mohan Bhagwat
RSS Chief

India needs a metamorphosis, not incremental progress. It's about rapid transformation, not gradual evolution.

Narendra Modi
Prime Minister of India

The power of books is immense. It is important to get more students involved in books that are beyond their academic curriculum.

Harsh Vardhan
Union Minister

I am launching an audit to look into racial disparities in our public services. It will highlight the differences in outcomes for people of different backgrounds.

Theresa May
British Prime Minister

EDITORIAL

Government Procurement and

Discriminated Domestic Industry

Procurement of goods, services and technologies by the government plays a significant role in the economy. Government Spending is a major component of the GDP. Policies like setting up budget targets, adjusting taxation, increasing public expenditure and public works are very effective tools in influencing economic growth. These policies can prove to be major hindrance in case they are not planned properly. Government procurement (GP) comprises of about 25 to 30 percent of its GDP. Another aspect of Indian economy that needs to be kept in mind is the fact that The MSME Sector constitutes 95% of the Industrial Units in the Country and contributes 8% to the country's GDP. The MSME sector in India employs nearly 11 crore people through the operation of 5 crore enterprises producing a heterogeneous basket of about 7,000 different products. Near total of these MSMEs are indigenous units. With the opening of economy on huge scale the Indian industry in general and MSMEs in particular are under unprecedented pressure from MNCs in almost all spheres of economic activity, including GP. Strangely there is no central legislation governing GP in India. Comprehensive rules and directives in this regard are contained in the GFR 2005 (currently under revision) and Delegation of Financial Powers Rules (DFPR). A broader framework is also provided by the Contract Act, 1872, the Sale of Goods Act, 1930, the Law on Arbitration and Limitation and the recent Right to Information Act, 2005. State governments and Central Public Sector Units (CPSUs) have their own general financial rules. One of the objectives of the various procurement policies under the framework of the general principles is to ensure responsibility, accountability, efficiency and economy. The policies also claim to ensure the transparent, fair and equitable treatment of suppliers. The Ministry of Finance, Government of India, introduced a Public Procurement Bill in the Lok Sabha in May 2012 under the previous government. The jurisdiction of the Bill covered any Ministry or Department of the Union Government of India, any Union Government's PSUs, or any company with more than 50 percent govt stake. Since the Bill was only introduced in the Lok Sabha, it lapsed with the fifteenth Lok Sabha. Ministry of Finance is presently seeking suggestions for refinements to the 2012 Bill from concerned stakeholders. While there is a plurilateral agreement within the framework of the WTO GPA operational in which India is just an observer member, we seem to have gone much ahead in providing more than asked preference to foreign players when it comes to government procurement. GPA pleads for guarantees of national treatment and non-discrimination for the suppliers of parties to the Agreement with respect to procurement of covered goods services. But we have seen several examples where Indian Companies have been excluded from entering into competition at the tendering level itself. Several clauses are introduced into tenders in a manner that unfairly excludes Indians in the eligibility round itself. GP due to requirement of high turnover, superfluous certification from global agencies from developed countries and experience places them in disadvantageous position vis-à-vis large enterprises. Recently HRD Ministry took a welcome step for creation of Wi-Fi enabled Campus Area Network in Central Universities and for this purpose it issued a tender notice for Supply, Commissioning & Integration of Hardware, Software & Services. Surprisingly Prime Minister's initiative of Make in India through the Preferential Market Access policy is not being followed. Therefore it is lose-only situation for most of the Indian industrial units. Protectionism is growing world over and our government continues to expose indigenous industry to unwarranted risks and pressures. Even under WTO there are several legal measures allowed to protect domestic industry. Government is not only not-availing them but is actually giving a preferential treatment to transnational companies. It needs to be stopped forthwith. Union government is bound constitutionally to protect and promote domestic industry.

GSTN: Caution Should Be The Key Word

The privatization of GSTN is more threatening as GSTN would be a storehouse of a large amount of critical information. That means the critical information of about 6 million taxpayers is in the hands of private players, presages **Prof. R Vaidyanathan**

Goods and Services Tax [GST] is a broad-based, comprehensive, single indirect tax which will be levied concurrently on goods and services across India. It will replace most of the Central and State indirect taxes such as Value added Tax (VAT), Excise Duty. Service Tax, Central Sales Tax, Additional Customs Duty and Special Additional Duty of Customs. GST will be levied at every stage of the production and distribution chains by giving the benefit of Input Tax Credit (ITC) of the tax remitted at previous stages; thereby, treating the entire country as one market. Introduction of Goods and Services Tax (GST) in India is perceived to be the most ambitious initiative in the arena of indirect tax reform. It would change the Indian tax structure and pave the way for modernization of tax administration.

Already GST bill has been approved by both the houses of Parliament and getting approved by State assemblies. It needs fifty percent or 15 assemblies to approve for getting Presidential assent.

A company has been set up primarily to provide IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders for implementation of the Goods and Services Tax (GST).Goods and Services Tax Network (GSTN) is a Section 25 (not for profit), non-Government, private limited company. It was incorporated on March 28, 2013. The Government of India holds 24.5% equity in GSTN and all States of the Indian Union, including NCT of Delhi and Pondicherry, and the Empowered Committee of State Finance Ministers (EC), together hold another 24.5%. Balance 51% equity is with non-Government financial institutions. The Authorised Capital of the company is Rs.10crore.

Pranab Mukherjee in his budget speech 2010-11 announced setting up of TAGUP.

Quote

As politicians argue fiercely and persistently over the nitty-gritty of this long-awaited and ambitious indirect tax reform that promises to make India a common market, the organisation responsible for creating and managing the complex IT backbone that will make GST operational, the Goods & Services Tax Network (GSTN), has moved, without fanfare, into glitzy new headquarters at Worldmark I, part of a vast commercial multi-storey chain owned by Sunil Mittal-promoted Bharti Realty.

The 30,000 square foot space that GSTN occupies on the fourth floor couldn't be a bigger contrast to its cramped quarters in Hotel Janpath in central Delhi, a temporary base of operations after it was incorporated in March 2013. There is little to suggest that this Section 25 (not-for-profit) company is a government organisation in which the Centre and states hold 25.5 per cent each (a clutch of banks & private sector institutions hold the rest).

With its carefully delineated spaces, clean lines and such stylish trimmings as jazzily coloured "breakout rooms", a canteen where it is compulsory for all staffers, chairman downward, to eat, and a "ladies' room" for expectant mothers to rest, this could readily be mistaken for the office of a PE/VC-funded IT start-up run by a 30-something entrepreneur. The ambience is not accidental either. As GSTN Chairman Navin Kumar had told Business Standard a year ago, "The idea is to create an entity that is under the strategic control of the government but will have the flexibility of the private sector."

As if to highlight the difference, a racy blue, red and green logo, created by the National Institute of Design, adorns a banner at the airy reception area and the visiting cards and stationary. These are only the outward signs of the solid, if low-profile, progress the organisation has made to get the IT infrastructure ready for when this long-delayed tax becomes a reality. A world away from the din of political rhetoric over rates, the shape of the law, minimum applicable thresholds and, most recently, the prospect of a 1 per cent inter-state tax, GSTN has made some robust progress.

Unquote

Quote

Government has given GSTN Rs 320 crore for funding companies to purchase hardware needed for the system and are going to give some more money."

Asked about the government's initiative to connect products and SME customers with start-ups to GST platform, Prakash Kumar [CEO] said a few start-up companies have already begun to approach the government and suggest innovative ideas of developing applications to help them connect their products and SME customers to GST platform.

"A couple of start-ups came to me, and one of them I met was zapped by their innovation. Yes we need very innovative start-ups to add value to the GST platform. We need at least 10 to 12 such applications developed by start-ups," headed

Unquote.

Background

It was the speech of Budget, 2010-11 when the then Finance Minister – Shri Pranab Mukherjee announced the setting up of a "Technical Advisory Group for Unique Projects" (TAGUP). TAGUP was set up under the chairmanship of Shri Nandan Nilekani for taking up the technological and system related issues in respect of five projects including GST. It was the report of TAGUP submitted in January, 2011 which suggested that the task of handling the IT related issues in respect of these five projects should be handed over to a class of institutions called "National Information Utilities" (NIU). It was also suggested that the NIU will be the reporting authority to government and it will further contract to vendors in market for specialized IT related services.

Later on, in July, 2010; Shri Pranab Mukherjee with the assent of EC set up an Empowered Group on IT Infrastructure for

GST (EG-IT) which was also headed by Shri Nandan Nilekani. It was dedicated group which was entrusted the job to look into technological needs for implementing GST. It is worth mentioning here that TAGUP was responsible for making recommendations in respect of five projects already identified at the time of announcing budget, 2010-11 while EG-IT was responsible to work upon GST network only.

Based on the reports of these two groups, it was decided that -

- NIU for GSTN should be incorporated as a non-government, not for profit (section 25), Private Limited Company registered under the Companies Act, 1956.
- Government's share in equity should be 49%; being 24.5% of Centre and 24.5% of State.
- Total private ownership should be 51%.
- No single private entity should hold more than 10% of equity.

Thus, basically, the GSTN is to be in the hands of private sector with 51% of shares.

http://taxguru.in/goods-and-service-tax/gstn-privatization-justified.html

Why is private sector investing in a not-for-profit Company?

Objectives of GSTN

GSTN has been set-up with the following objectives to act as a pass through interface for dealers–

- Integration of the common GST Portal with the existing tax administration systems of the Central/State governments and other stakeholders.
- Provide common PAN based registration, enable returns filing and payment processing for all states on a shared platform.
- Facilitation, implementation and set standards for providing services to the taxpayer through common GST portal State Governments and other stake holders;
- Build efficient and convenient interfaces between with tax payers to increase tax compliance;
- Carry out research, study best practices and provide training to the stakeholders

The select committee of Parliament [RajyaSabha] has suggested "The GSTN is the comprehensive back end infrastructure network for the management of tax data and reporting of the GST. The Committee noted that the Non-Government shareholding in GSTN is dominated by private banks, and this is not desirable. It recommended that the Non-Government Institutional shareholding be limited to public sector banks and financial institutions."

The objections raised by the Committee are quite obvious and they simply cannot be ignored in the light of the fact that GSTN would be a database of almost every significant transaction being carried out in the economy. GSTN's work is of strategic importance to the country and the firm would be a repository of a lot of sensitive data on business entities across the country.

Main Concerns

Everything relating to GSTN was not so agitating until it was revealed that 51% of the shareholding of GSTN would lie in the hands of private sector. The privatization of GSTN is more threatening as GSTN would be a storehouse of a large amount of critical information. Thus, a majority private shareholding of such company means the critical information of about 6 million taxpayers is in the hands of private players. GSTN has been incorporated as a not-for- profit Section 25 Company. It is a well-known fact that private sector works only for profit. It is quite unusual for a private sector entity to invest for public welfare. This very fact induces a serious question as to why is private sector investing in a not-for-profit Company? Certainly, some kinds of incentives or interests must be associated with the investment. And when it is clearly evident that no monetary benefit is going to emerge out of it, it would not be wrong to assume the presence some bigger non-monetary incentives. Or rather, it can be said that the availability of such critical data relating to the taxpayers itself is the biggest advantage associated with it. This threat alone is the major cause of concerns of people arguing against the privatization of GSTN. Going by the above arguments, it can be safely opined that such critical information relating to taxpayers must not be given in the hands of such private entities.

The taxation system of any country is always considered to be the safest when it is under control of the state. Handing over the control of such sensitive data in the hands of the private sector is itself the biggest threat to the economy. How shall the government ensure the economic security of nation if such data is misused by the private entities to get benefit out of it?

At this stage, it must be noted that concerns had been raised even by the CBEC regarding ownership and security of such sensitive and confidential data in the dominion of private sector owned GSTN but it was later decided not to question the decision of the empowered committee. This concern was not considered before proceeding with the registration of GSTN, ignoring the fact that CBEC is the most important stakeholder in this transitive tax revolution. What induces more questions is that GSTN, being a private company, shall be out of the ambit of CAG. Considering the above arguments, it would not be wrong to question the security and confidentiality of the critical taxpayers' database.

What could be the possible reasons behind private equity in GSTN? Is it indicating towards the government's inability to efficiently manage the biggest tax revolution of the nation? Is the government trying to shed off its responsibilities? Why does the government want to keep GSTN out of the ambit of CAG?

The current proposed structure of GSTN is based upon the recommendations of TAGUP and EG-IT which had given their reports after a number of rounds of discussions.

Empowered Committee (EC) has suggested that concerns regarding the data security should be addressed by incorporating related provisions in the Articles of Association of the company entrusted with GSTN. EC has also clarified that the Chairman of GSTN would be appointed by Government. Also, as stated earlier, no single private entity will own more than 10% of equity while Centre and State will own 24.5% equity each. Thus, ultimate control will vest with government anyways. Further, a monitoring committee headed by Revenue Secretary was also proposed to be constituted to review the working of GSTN.

EC also stated that the GSTN will be bound to follow the internationally accepted security and safety measures of protecting the data leakage. Also, it was proposed to appoint a Chief Information Security officer on deputation by Government to look into the matters related to information security. EC also clarified that the audits of GSTN would be conducted by the independent auditors, including the professional personnel designated for carrying out technology reviews and giving suggestions thereupon.

The above stated justifications were given by EC in respect of information protection mechanism while finalizing the model of GSTN. However, these are the least discussed in the relevant fora.

From that point of view the concerns of Dr Swamy seems justified.

Quote

BJP leader Subramanian Swamy on Thursday urged Prime Minister Narendra Modi to bring full Government control in the company called GSTN, formed by UPA Government with 51 percentage private participation to manage the administration of Goods and Services Tax (GST). In a letter to Modi, the BJP leader said it was not advisable to bring private firms in the administration of tax-related matters.

Goods and Services Tax Network (GSTN) was formed as a Section 25 company in March 2013 with Centre and States having 49 per cent. Rest 51 per cent of shares were controlled by private banks and National Stock Exchanges' subsidiary company. Ten percent of shares each were held by HDFC Bank, ICICI Bank, HDFC Ltd and NSE Strategic Investment Corporation. Eleven percent shares are held by LIC Housing Finance Limited, where Bank of Muscat and Abu Dhabi Invest-

Empowered Committee suggested that concerns regarding the data security should be addressed.

ment Corporation also have shares, said Swamy.

"Being a Section 25 company, GSTN is a not-for-profit organisation. Then why private profit making entities have any stake, and that too majority stake in it? What is in it for them? Implementing GST scheme requires Constitutional Amendments and then only the GST administration and tax Management Company would be by GSTN. All the data management for computation of tax share, will be by GSTN," said Swamy arguing that the programming work and electronic management should be handled by Government itself.

"Tax administration is a matter that deals with sensitive private information. Being such a large shareholder, this automatically means that HDFC and ICICI will be the bankers of public money collected through taxes," he said, citing a recent transfer of `4,000 crore by GSTN to develop software.

http://www.dailypioneer.com/nation/swamy-writes-to-pm-against-gstn-bats-for-full-govt-control.html

Conclusion

It might be worthwhile to put together a policy/guideline paper on appropriate vs inappropriate engagement with government projects or initiatives including the rules for conflict of interest. Right now, very few seem to know where the actual lines are. So it ends up being a free for all.

If I recall correctly Sam Pitroda during his tenure at Cdot/telecom etc. staffed hordes of companies with relatives and then collected government contracts. Similar is the case with large number of World Bank assigned projects with Finance Ministry—which are contracted by small companies floated by parties having insider knowledge. But the average person has no idea where the lines were crossed and where they weren't. Short of a getting a law degree oneself, I can't even see how the average person is supposed to know where the lines are.

I think it would be a huge social service to tell the nation a-priori what the lines are as opposed to retrospectively establishing them by precedent or worse a letter of indulgence from a higher power.

It is unfortunate that no discussion is taking place about this GSTN and it would be most appropriate if the Finance Ministry comes out with clarifications and also make GSTN a government company which can be audited by CAG.

This sums up mechanisms to avoid conflicts of interest as well as sacrificing interests of the State for the benefit of few. ❑❑

GST: Myth of one Country, one Market and one Tax

The much talked about Goods and Services Tax (GST) bill has finally been passed by Rajya sabha and again by Loksabha. As such, Indian parliament took more than ten years to pass the bill and that itself gives enough indications that everything is not well with GST. As regard to the Indian citizens, the bill may not reduce their tax burden as the tax will continue to be paid by them; the government may however, be at ease for collection of tax. Indian tax system has remained complicated throughout and any attempt to simplify it, should be welcome if it reduces, at least, the harassment of tax payers. Expectation is that this simplification should not help only government to increase its revenue, broaden the tax base, reduce tax defaults or litigations and minimise its own cost of tax collection. The simplification should also help citizens to clearly understand the tax and its burden apart from making its compliance easier. The tax burden should also be affordable. Additionally, in Indian context, the tax system has been helpful to development of regional and sectoral small and marginal economies within and protected the interests of small enterprises. Hope GST will continue this favourable treatment to such regions/sectors and their small and marginal players. The desire to lace the taxation system with modern communication and information technology is also good and will hopefully help tax payers. As it is, India is a country equivalent to a continent with many different geographies and population of varied life conditions and different lifestyles. Making India as one market with one tax regime by simplified tax compliant system is thus a gigantic task. Primarily, it is a great myth that India is one market and one centralised tax system can serve it better. Indian GST bill basically intend to disprove this myth.

Decentralised systems of governance and taxation are better for Indian small enterprises and Indian traditional goods and services for easier and low cost tax compliance, explains **Anil Javalekar**

GST is not one tax

India is a country of many governance formulations with central governance system at the top and gram Panchayat at the bottom with many layers in between. Every layer is entitled to levy this or that tax or collect revenue from citizens this way or that way. The GST is being propagated as one tax replacing all indirect taxes presently levied by central and state government. This may be a half truth. GST will hopefully replace some of these levies or taxes and not all. As envisaged, GST will be levied by central and state governments separately though

Indian economy is simply not integrated at national level.

the base for calculation and the tax rates will remain uniform all over. There are exemptions from GST like petroleum, tobacco or alcohol products apart from stamp duty. Taxes on such exempted categories will continue to be levied by states separately. All tax compliances are also likely to remain separate. More than that, Cross utilisation of input tax credit (ITC) between the Central GST and the State GST is not allowed neither the administration of the GST will be one. The taxpayer also needs to submit periodical returns to both the Central GST authority and to the concerned State GST authorities. This apart, many of local bodies will continue to collect taxes. Therefore, Indian citizens will continue to pay more of such indirect taxes and deal with more than one authority even after implementation of GST.

India is not one market

Through GST bill, the idea of 'one country-one market' is not only being propagated but all out efforts are also being made to present it that way. Indian economy is simply not integrated at national level and is basically federal with its localised production and market systems. India is also divided into many territories with different geo-socio-economic characteristics and different production systems and consumption lifestyles making it a country of small markets spread all over the country. These markets are of Indian goods and services manufactured and supplied mostly by Indian small and marginal enterprises including small farmers. The diversity in production and decentralised market systems led by small enterprises is thus a key to Indian system of socio-economic life. Therefore, decentralised systems of governance and taxation is better for Indian small enterprises and Indian traditional goods and services for easier and low cost tax compliance. The uniform system is however, preferred by Indian and foreign large players as the large one can standardise products, advertise it and can create all India level demand by systematically developing uniform consumerism. Recently, the globalisation and trade agreements between countries allowed emergence of mall culture and consumerism that gave entry to mass consumption goods and services from other countries that are branded and are controlled by large corporate and Companies-Indian or foreign. Important, this market and this supply of goods and services from other countries is killing Indian markets and Indian small enterprises by attracting Indian consumer. The GST's efforts to uniform Indian market with one tax regime may thus solve the problems of large players but may aggravate the problems of local production and local small enterprises.

Consumer is not much benefited

The GST bill intend mainly to help government and big corporates that serve all India market and cares less for consumer. First, the bill is for broadening the tax base covering almost everything and anything that is supplied to consumer though there may be few exempted category items. As it is, consumer is always the first victim of any broadening of tax base. The broadening of tax base in Indian context mean taxing more number of Indian poor and more number of goods and services. Second, GST seems copied the basic ideas of Excise, Service and VAT and tried to make all in one category of taxation; Same taxation with modified system of levying and collecting with the help of modern communication technology. All of its multiple slabs of tax rates etc. are likely to continue. Therefore, tax structure will remain difficult for consumer. Organised corporate consumer and all India large supplier are the likely beneficiaries of so called input tax credit system. The only possible benefit may be that the seller hopefully will not be able to manipulate prices because of tax structure and fool the consumer.

Local small will be marginalised

Small traders and entrepreneurs are the beneficiary of Indian tax system so far not only of exemptions but even of tax rates and such concessions. Now GST proposes for one tax rate for all suppliers treating equally small Indian enterprise and large players for all practical purposes. True, there is likely exemption of about Rs 10 lakhs turnover under SGST and Rs1.5 cr under CGST and may help small enterprises. A Composition scheme under GST for small traders and businesses has also been envisaged so to charge lower tax rates. There is no registration required for exempted category tax payers but voluntary registration is allowed and many may go for it simply to deal with large national players. Important, any concessional treatment given under GST will be given at all India level except for north eastern states that has been specially mentioned. Moreover, the input tax credit system is said to be beneficial to large players and not to retail smaller players at the end. According to one view, small enterprise even if give the goods at cost without adding its profit, will still loose business because of the input tax credit system. It is not clear how the tail ender small enterprise will get input tax credit benefit.

States are looser

The federalism in GST proposals intend to respect states formed on the basis of languages and expect to protect their revenue collections at least for five years but discard the idea of geographic region, its identity and differences between regional small economies and their small enterprises. This GST will help political survival of federalism but will kill Indian federal system of markets and nationally federated local economies. Centralisation of tax system, its common rates and common procedures deny states the freedom and right to protect their diversified enterprises and their regional economies. With GST, state can plead for their needs but cannot expect it to happen. They will be the part of an all India body and have to accept their decisions. If they have to help their economy and enterprises or commons, state will have to do it through its budget. And most of the time it will be in the form of Cash subsidy or creating of infrastructure or providing of common facilities etc. All such support in whatever forms will not be sufficient to help survival of local economies and local enterprises and cannot replace the selective favourable differentiated tax treatment. GST thus crush state's intention to help their economies by their own systems of governance. The idea and system to settle everything at all India level is a great myth and may not work for long.

British Empire preferred centralised system of administration to fulfil their ulterior motives.

Disputes and litigations unavoidable

GST promoters also propagate that there will be less disputes and less tax litigations. True, there will not be disputes over levying of tax and its calculations but there will certainly be dispute and litigation on definitions. Most important concept of the GST bill is of supply and this concept is easier to describe than define. Then there are issues like supply with consideration and not with consideration; personal use or commercial use etc. The more complicated will be the destination and use of services. Thus the one country one tax concept will not go without contest and litigation will be more than presumed.

GST will harm local governance

It was the British Empire that preferred centralised system of administration to fulfil their ulterior motives of exploitation of Indian natural resources and transfer the loot to their country. Indian political leadership, instead of reversing, continued this centralised governance system after independence though talked lot about decentralising governance and working out of welfare policies for the benefit of local economies and local people. Not only that, it adopted centralised planning for Indian economy, considering it as one, and, planned for its development with one administrative set up and keeping most important revenue sources with centre. The states and local governance remained dependent on central allocation of resources including grants and aid for most of their needs of planned development or to meet crises -natural or manmade. Implementing GST is another attempt to centralise revenue system. This centralisation may be administratively convenient and may benefit corporate sector and increase revenue and efficiency of revenue system. But then that is not the idea of welfare state and federalism and definitely will not help strengthening of local governance. ❑❑

Chinese $ 46 b Pak corridor:
The "strategic intent of besieging India"

The geo-strategic mistakes committed by the first Prime Minister Jawaharlal Nehru, in allowing Pakistani occupation in parts of Jammu and Kashmir and later, in 1962, Aksai Chin to China, are costing heavily for India, stresses **Shivaji Sarkar**

Khunjerab means "Valley of Blood," which locals, on the northern border of Pakistan-occupied Kashmir in Gilgit-Baltistan, Hunza-Nagar areas that connect Kashgar in the southwest border of the Xinjiang region of China, attribute to the bandits who once preyed on caravans on what used to be one of the main crossing points on the Silk Road.

It is a high mountain pass in the Karakoram Mountains and is becoming bloody economic-strategic problem for the Indian sub-continent.

Even the Pentagon sees this as emergence of a new Sino-Pak strategy to destabilize the region. China aims at gradually becoming a dominant force to subjugate if not destabilize the economies of the region.

Sino-Pak bilateral trade has reached around $ 18.9 billion that indicates growing economic partnership between the two countries. China also proposes to invest $ 46 billion in port, Khunjerab-Rawalpindi highway, telecom, energy, infrastructure and industry as part of China Pakistan Economic Corridor (CPEC). This sum would be a good $15 billion more than the US has pumped into Pakistan since 2002.

It aims at expanding Chinese influence in the region through allowing access to the western markets through the Gwadar port being set up in the trouble torn, poverty stricken region of Balochistan. The Balochs are opposed to it and see at as a tool for increasing suppression and changing demography of this fragile

region. It is said that the strategy is devised by China on the model of Tibetan autonomous region.

China is the largest investor for Pakistan and the Chinese government is encouraging its companies to invest in Pakistan, says Chinese Ambassador to Pakistan Sun Weidong.

India is aware of the problem. Prime Minister Narendra Modi's Independence Day speech virtually referred to this reality when he mentioned about Pakistan-occupied Kashmir and Balochistan. India has not endorsed CPEC. China during its talks with Indian leaders has expressed its concern a number of times.

In reality, the geo-strategic mistakes committed by the first Prime Minister Jawaharlal Nehru, in allowing Pakistani occupation in parts of Jammu and Kashmir and later, in 1962, Aksai Chin to China, is costing heavily for India.

Strategists view these as grave mistakes that have allowed Sino-Pak axis to build up. Had there been a vision, India should not have remained silent on Aksai Chin for such a long time. It is approximately 35,241 sq km in size. It is part of Ladakh district of J&K. The borders are tranquil but the region remains troubled with several intrusions and threats to Indian population.

India is also trying to counter balance it by developing Chabahar port in Iran. It helps establish contact with Iran, Afghanistan other central Asian countries. It takes strategically India to an area where it can create psychic pressure on Pakistan.

Former Indian ambassador, Phunchok Stobdan, alleged that China and Pakistan intended to develop the corridor not just for its economic benefits, but also is motivated by the "strategic intent of besieging India". Former Indian National Security Advisor MK Narayanan in May 2016 stated "CPEC must be viewed as a major threat. Both countries have a common intention to undermine India`s position in the region".

During the visit of Prime Minister Modi to China in 2015, external affairs minister Sushma Swaraj reportedly told Chinese president Xi Jinping that projects passing through Gilgit-Baltistan are "unacceptable" as they require construction in the occupied territory. Foreign Secretary S Jaishankar has also said that the issue had been raised with the Chinese government on the trip. Swaraj reiterated this stance during a meeting with Chinese foreign minister Wang Yi, stating India would "resolutely oppose" the corridor in PoK.

The MEA in May 2015 also summoned the Chinese envoy in New Delhi to lodge India's opposition to the project. The Chinese Premier described CPEC as a "commercial project that would not target any third party".

In May 2016, minister of state for external affairs Gen VK Singh stated that while India had raised its concerns regarding CPEC, that it was still awaiting a response from China. Despite Indian objections, China and Pakistan initiated works on the $44 million Pakistan-China fibre optic project on May 19, 2016 which will pass through Gilgit-Baltistan.

The Balochs also are raising their voices. Political violence is threatening Chinese engineers and projects. They fear that these infrastructure projects would cause mass displacement of local populace.

Modi has raised the pitch of protest through the I-Day statement. The pitch in many ways has to be made shriller. Modi speech is also being seen as tactics to leverage China pressurise Pakistan keep off J&K.

India has to develop new strategies to jeopardise CPEC. If it is allowed to succeed, it might lead China to encircle India and hit the economic efforts. It would help boom Chinese exports and also give a boost to Pakistan economy.

India needs to act in many ways to stall it. It has already ensured that Bhutan does not agree to resolve the 4500 km border dispute with China. Bhutan has also not agreed to having diplomatic ties with China, which, however, is pursuing Bhutan to hold talks in Beijing.

The CPEC would hit India's exports. Even now India has severely adverse balance of payment of $ 44.7 billion. India's exports are mere $ .7.56 billion in 2015-16. Imports are whopping $ 52 billion.

India needs to act economically, strategically and politically to stop CPEC. It is not easy to reclaim lost territory but it needs to be orchestrated diplomatically at all international fora. If India has to keep its supremacy in the region, it cannot allow new strategic alliance succeed. China wants now a cool Indo-Pak border so that it can send its products also through the western borders.

Modi has given a signal. The region waits to see how it is turned into a reality to stop the Chinese long march and give a short shrift to Pakistan so that Khunjerab meets a natural death and it cannot prey neither on Indian economy nor its territory. ❑❑

In a globalised economy, when goods and capital have free mobility from across the borders, pursuing such a tight monetary policy with high interest rates in complete disregard of the near zero or even negative interest rates of several countries has led the economy of Bharat to a state of mess, points out **Prof. Bhagwati Prakash**

Rajan's Exit and End of Monopoly Regime over the Monetary Policy

The nation can now hope for resilience and restoration of growth in the economy with the exit of Rajan, followed by shifting of power of periodic review of monetary policy, to a six member "monetary policy committee" (MPC), instead of continuing to allow the governor of RBI to have sole discretion over it. The Modi government had to amend the Reserve Bank of India Act in June-2016, to transfer the governor's sole, arbitrary and discretionary authority of periodical review of country's monetary policy to this yet to be constituted 6 member committee. This timely change to take care of country's monetary policy, in tune with the global trend, at a time, when many countries have slashed their interest rates, to near zero or negative to boost their growth rates, exports and investments, would certainly enable the nation to attain requisite economic resilience. The way Rajan has sticked to a very tight monetary policy and high repo rates, culminating into a 12% or even higher interest rates for borrowers has caused worst ever industrial sickness, decline in exports and a financial logjam in economy, even when the wholesale price index (WPI) has turned negative in India since end 2014 to felicitate a major rate cut. As a consequence of hawkish and inflation-bashing monetary policy, characterised with high interest rates, the investments, employment generation, corporate growth and credit off-take in the economy have come to a near halt. Consequent negative trend in exports, growing industrial sickness, burgeoning non-performing assets (NPA's) of banks, declining credit off-take and unprecedented abandonment of new projects in pipeline have culminated as a consequence of such high interest rates in disregard of the global trend. Almost 12 precious years appear to have been lost by the country, under the hawkish attempts of 3 successive governors, to scuttle growth by holding exorbitantly high interest rates, in the name of inflation-bashing, since March 2004, when the repo rate was raised from 6 to 6.25% at a time when all major economic powers were moving in opposite direction and are now having near zero or even negative interest rates. Repo rate was even raised to 9% in July 2009. Now also Rajan has held the rate at 6.5% ignoring contemporary competitive global scenario.

In today's open and globalised economy, when goods and capital have free mobility from across the borders, pursuing such a tight monetary policy with high interest rates in complete disregard of the near zero of even negative or interest rates of several countries has led the economy of Bharat to such a state of mess. Exports have fallen straight through the last 20 months, except in June 2016, inter alia, due to high cost of borrowings. Companies are turning non-competitive and sick, one after the other, offering themselves as an easy pray for takeover by foreign MNC's due to higher interest burden. Non-performing assets (NPA's) of banks have peaked to turn growth in the credit off-take from banks to negative. New projects and fresh investments have badly dampened to the worst ever state of the post-independence period, and projects worth Rs 8, 80,000 crores has been abandoned by most of the promoters.

The loss of output and exports suffered by the country, deprivation of youth from getting jobs in their precious age of working and the nation's falling behind the other countries; not only like China, Korea and Malaysia but, even behind Bangladesh, Philippines and Vietnam in matters of certain exports and industry performance, is a serious cause of concern.

Indeed, barring two short spans of high inflation viz. from March to December 2008 (for 8 months) and from December 2009 to April 2010 (for another 5 months) the inflation had never been so high to warrant such a high repo rate. Even the wholesale price index (WPI) has turned negative since end 2014. Yet, Rajan has stubbornly sticked to his stance for very high interest rates regime. He has altogether ignored the virtually zero GDP deflator in the economy, accelerating bankruptcies in corporate sector, growing industrial sickness, in the country out of competition from cheap imports from low interest-rate countries, import surges of cheap goods, collapse of exports, near zero growth in employment, burgeoning NPAs, near total abandonment of most of the project proposals, log-jammed financial system and near halt of private investments in the economy.

Instead of conceding the reality when, company after company has been bleeding against cheap imports and loss of export markets, largely due to heavy borrowing costs, arising out of high interest rates in the country, he begun alleging the industry of having greed and blamed entrepreneurs devoid of ambition and scruple, who had borrowed heavily instead

Company after company has been bleeding against cheap imports and loss of export markets.

Prices in India are less influenced by money supply and more by scarcities and external variables.

of issuing shares just to monopolize profits and avoid dilution of control over management. On the other hand when, as a consequence and after a year, when the bad loans begun to log-jam- banking resources, due to industrial sickness, he begun to accuse bank managers of corporate cronyism and incompetence. A person who had been away in US and had been the Chief Economic Advisor of the International Monetary Fund (IMF), before coming to India and joining Manmohan Singh Government as the Honorary Economic Advisor in 2008, (and Chief Economic Advisor thereafter from 2012 and now governor of RBI since 2013), and who now again intends to leave India for US, for the sake of a better career has unduly tried to malign the Industry and Banks, who have been adding unfettered economic value to the industry and commerce of their motherland, just before being given this rough deal of high interest rates. There is no secret that the G-7 controlled IMF had been instrumental in forcing the developing countries, under structural adjustment programmes (SAPs) to open-up their markets for the Goods and Capital from industrialized countries in 1980s and 1990s, for bailing out the latter from recession.

Indeed, growth mostly accompanies, when there is a bit of inflation. Monetary expansion is often seen as a good means to enhance investments, employment, output, raise per capita availability of goods and services, generate demand, raise consumption-creating further impetus for investments, employment and demand etc., which may perpetuate ultimate self-sustained growth. Without mild inflation in the economy, how investments can come.

The South Korea had average 7.6 inflation throughout preceding 5 decades, yet they posted more robust growth, by a very low interest rates regime. The inflation had even touched to 28% but, they achieved a more robust development than China, by pursing a liberal monetary policy and low interest rate regime. The S. Korea has just 5% of our area and population. But, it has 24% share in world ship building, while India has less than 0.1% contribution in world ship-building, inspite of being world's 4th largest steel producer.

Indeed in the course of raising repo rates since March 2004, it was raised from 6 to 6.25 and was thereafter taken to 9% by July 29, 2008. Again after bringing it down to 4.5% by April 21, 2009, to avert the impact of down melt the rate was raised again to 6% by September 16, 2010, and then to 8.50% on October 25, 2011. The inflation in India had even turned negative in the end 2014, which had been so, till July 2016 except one month of July 2016. Yet the RBI kept Repo rates at 7.75% in January 2015 and has now been holding the rate at 6.50 since April 2016, while keeping it unchanged in his last review of august 9,2016.

One should not forget that, in the globalised economy, the prices in India are less influenced by money supply and more by scarcities and external variables. The high CPI in June 2016 is due to higher food prices, wherein the pulses, prices have shot up due to shortage in production. Otherwise also, the inflation in India, in all these years had been high due to external variables viz-

i. Huge inflow of FII investments leading to higher commodity prices.
ii. decline of Re exchange rate from Rs 50 per USD in 2011

to Rs 66.6 per USD in 2016, leading to higher prices of all imports in Rupee terms, where the imports into India are 27% of our GDP. The exchange rate of Re has fallen due to higher trade, current account, and investment income deficits.

iii. poor availability of essential items due to shortfalls in output. To improve the supply side, a liberal monetary policy is the need of hour. Even a farmer would dare to borrow money for farm implants and inputs for raising output, if interest rates are low.

If the interest rates are lowered the size of installment comes down for both households and corporate to facilitate them to undertake expenditure and investments respectively, to fuel growth. Monetary expansion and growth in money supply is necessary to provide funds for investment employment generation, consumption growth and creation of demand leading to further investment, employment etc to perpetuate a phrase of self-sustained growth and development.

The tight monetary policy of Rajan and his two predecessors had little influence over price rise due to lack of any geo-political barriers in the post globalised economy. Due to quantitative easing (QE) by the US to the extent of USD 2 trillion after the global melt down along with the similar QE in Japan and EU the FII investment into India has nearly trebled. Between 2001 to 2007 India received USD 60 billion as portfolio investment, which shooted to USD 162 billion in the six year period between 2009-15, fueling commodity prices to shoot up inflation, which the RBI tried to control by strangulating domestic economy through higher interest rates. Likewise, when US fed reserve (Central Bank of US) raised interest rate by just 25 basis points in end 2015 this led to an outflow of USD 735 billion from emerging market economies (EMEs). India also experienced a net outflow of USD 3 billion in portfolio investment in 2015-16, posing threat to the Rupee value as we had a current account deficit (CAD) of $22 billion and it would be the safe as we could receive USD 44 billion as FDI. But, the country had to open FDI into 15 sectors in November 2015 and 9 sectors in June 2016 to sustain inflows of FDI. But, when we already have trade and current account deficits, then continuous inflow of FDI without matching outbound Direct Investments would worsen the balance of payments (BOP) due to growing deficit in investment income, which is already above USD 25 billion.

Inflow of FDI without matching outbound Direct Investments would worsen the balance of payments.

Therefore, the new governor of the RBI and the MPC to be put in place, has to evolve an integrated approach, keeping in view the global changes while shaping the new monetary policy. In every case the interest rates need to be reduced with monetary easing for economic resilience, investments, employment generation and revival of exports. Reduction in interest rates may prove vulnerable for the senior citizens dependent on interest income. They may be safeguarded by retaining higher interest rates for senior citizens in post office savings or through some other special purpose vehicle (SPV) for their savings. But, India would not be able to restore double digit growth with creation of jobs in the economy and revive the sagging exports unless the interest rates are eased. People may hope the new governor and the monetary policy committee to be constituted would take care. ❑❑

The List of Swadeshi-Videshi Commodities	
Product Name	**Swadeshi Product - Use**
Bath Soaps	Sintoor, Nirma, Savstik, Maisoor Sandal, Vipro-Sikakai, Madimix, Ganga, Synthol & Home Products etc.
Deterzen Soaps	Nirma, Aankto, Vimal, Hepolin, T-Series, Dait, Fena, Ujala, Shudh, EG, Ghadi, Gentle, Manjula and Home Products etc.
Beauty Products	Tips & Toj, Shrangar, Synthol, Santoor, Emami, Boroplus, Tulsi, Viko, Termaric, Arnika, Hair and Caire, Hemani, Perashoot, Faim, Kedila, Sipla, Dabar, Franki, Efka, khandelwal, Torant Farma, Unicum, Jhandu Farma, Himalya, Maharishi Ayurved, Balsara, J.K. Dabur, Jhandoo, Sandoo, Vaidhnath, Himalya, Bhaskar, Borolin, Bajaj Sevashram, Kokoraj, Move, Creck Cream, Park Avenue and Home Products etc.
Toothpaste	Babool, Promise, Viko, Ankar, Dabar, Misvak, Ajay, Harbodent, Ajenta,Garwary, Brush, Clasical, Egle, Bandarchhap, Vaidhnath, Emami and Home Products etc.
Shaving Cream/ Eraser	Godrej, Emami, Super, Super-Maix, Ashok, V-Zon, Topaz, Premium, Park Avenue, Lazer, Vidhut, J.K. and other Home Products etc.
Bisket, Chocklete Milk's Products	Nutrin, Shangrila, Champion, Ampro, Parle, Sathe, Bekman, Priya-Gold, Monaco, Krackjack, Gits, Shalimar, Pairy, Rawalgaun, Clasical, Amul, Nutramul, Vijaya, Indana, Syfal, Asian, Verka, Madhu, Mahan, Gopi, Himghi, Vita & other Home Products etc.
Tea, Coffee	Girnar, Tata-Tea, Asam-Tea, Society, Dankan, Brahmputra, Tej, Tata Cafey, Tata-Tatli and other Home Products etc.
Cold Drink	Guruji, Oanjus, Jampin, Nero, Pingo, Fruity, Aswad, Dabur, Mala, Rajars, Besleri, Rasna, Humdard, Mepro, Rainbo, Culvart, Cetemblika, Ruhafja, Jai Gajanan, Haldiran, Gokul, Bikaner, Vekfield, Noga, Priya, Ashok, Mothers Resapi, Uma, H.P.M.C Product, Him & other Home Products etc.
Ice-Cream	Amul, Himalya, Nirula, Mother Dairy, Vinde, Verka and other Home Products etc.
Food Oil, Food Products	Maruti, Postmen, Dhara, Roket, Ginne, Swikar, Kornela, Rath, Mohan, Umang, Vijaya, Span, Perashut, Ashok, Sphola, Kohinoor, Madhur, Engine, Gagan, Amrit, Vanaspati, Ramdev, MDH, Avrest, Bedakar, Sahkar, Lijit, Ganesh, Shaktibhog Aata, Tata Salt and other Home Products etc.
Electrical Product, Home Use Product/ Watch	Videocon, BPL, Onida, Slora, ET&T, T-Series, Nelco, Westen, Uptron, Keltron, Kosmic, TVS, Godrej, Crawn, Bajaj, Usha, Polar, Ankar, Surya, Orient, Sinny, Tullu, Crompton, Lyads, Blu Star, Wholtas, Cool Home, Khaitan, Eveready, Jeep, Novino, Nirlep, Elight, Jaico, Titan, Ajanta, HMT, Maxima, Alvin Ghadi, Bengal, Maisure, Hawkins, Prestige, Pressure Kukar and other Home Products etc.
Write's Product	Giflo, Wilson, Kaimlin, Rehwlan, Rotomac, Cello, Estic, Chandra, Montex, Camel, Bittu, Plato, Triveni, Flora, Apsra, Natraj, Hindustan, Lotus, Cammy, Link and other Home Products etc.
Shoes, Chappal, Bootpolic	Lakhani, Liberty Standard, Action, Paragon, Flash, Crona, Welcome, Rexona, Lotus, Red-Tep, Phenix, Vayking, Billi, Karnoba, Kiwi Shoe Polish and other Home Products etc.
Readyment Cloths	Peter England, Hawan Husan, Lui Philip, Colourplus, Alen Sali, Maphatlal, Trende. Cambriz, Duble Wool, Jhodiak, Arvind Denim, Don, Prolin, TT, Lux, Amul, VIP, , Rupa, Raymond, Park, Avenue, Altimo, Newport, Killer, Fling Machine, Dux, Kolkata, Ludhiana and Tripura

The List of Swadeshi-Videshi Commodities	
Product Name	**Videshi Product - Not to be Used**
Bath Soaps	Lux, Liril, Lifebuoy, Piyers, Rexona, Humam, Jai, Moti, Caime, Dev, Ponds, Pamolive, Jonson, Clearcil, Detol, Lesansi, Jesmin, Gostmist, Lakmay, Amway, Kwantum, Margo.
Deterzen Soaps	Sunlight, Wheel, Ariel, Check, Duble, Trilo, 501, OK, Key, Rebail, Amway, Kwantum, Serf, Excel, Rin, Vimbar, Robin Blue and other products of Hindustan Liver Ltd.
Beauty Products	Johnson, Ponds, Old Spice, Clearcil, Brilcream, Fair & Lovely, Velvet, Medicaire, Lavender, Nicil, Shawar to Shawar, Kyutikura, Liril, Lakmay, Dainem, Organix, Painten, Roots, Head & Sholder, Amway, Kwantum, Clinic, Nihar, Coco Caire, Gluxo, Newrights.
Toothpaste	Colget, Siwaka, Closeup, Pepsodent, Segnal, Maclins, Prodent, Amway, Kwantum, Akwa Fresh, Neem, Oral-B, Forhuns.
Shaving Cream/ Eraser	Pumolive, Old Spices, Niviya, Ponds, Playtinum, Zelet, Seven-O-Clock, Vilmen, Viltage, Erasmic, Swis, Lukmay, Danim.
Bisket, Chocklete Milk's Products	Britania-Good day, Tiger, Marry, Neslay, Kedvary, Bornvita, Horlix, Boost, Milkmade, Kissan, Maigi, Phairex, Anixpray, Complaign, Kitket, Charge, Eklayer, Modern Bred, Britenia Bread, Maltoa, Hiwa, Mylo.
Tea, Coffee	Bruck Brand, Tajmahal, Red-Level, Daymond, Lipton, Green Level, Tiger, Nescafe, Neslay, Delka, bru, Sunrise, three flowers.
Cold Drink	Layer, Pepsi, 7-up, Mirenda, Team, Coca-Cola, Mecdowel, Magola, Goldsport, Limca, Citra, Tumps-up, Sprit, Dux, Fenta,Kedvery, Kenda dry, cresh.
Ice-Cream	Kedvery, Dalop, Nice, Product's Brook Brand, Quality Wals, Baskin-Robins, Yanki-dudals, Carnetto.
Food Oil, Food Products	Dalta, Cristal, Lipton, Anpurna Salt, Aata and Chapati, Magi, Kisan, Tarla, Brook-Brand, Pilsbari Aata, Capton Coock Salt and Aata, Modern Chapati, Kargil Aata.
Electrical Product, Home Use Product/ Watch	GIC, Philips, Sony, TDK, Nippo, National-Penosonic, Sharp, GE, Whoolphool, Samsung, Devu, Toshiba, LG, Hitachi, Thamson, Electrolux, Aky, Sansui, Kenwood, Awa, Alwin Freeze, Career, Konka, taperwayer, Japan Life, Omega, Timex, Rado.
Write's Product	Parker, Paylet, windser-nutton, feber-caicel, lugzer, vik, mat-black, Koras, As, Rotring.
Shoes, Chappal, Bootpolic	Bata, Fluma, Power, Chairy-blasm, Aadidas, Rebok, Nike, Lekooper, Gaisolen.
Readyment Cloths	All product of Lee, Berlington, Aro, Lacost, Sonphisco, Levis, Paipe Jins, Renglar, Benaton, Red & Tayler, Boyford.

This List is published on demand from the Readers.

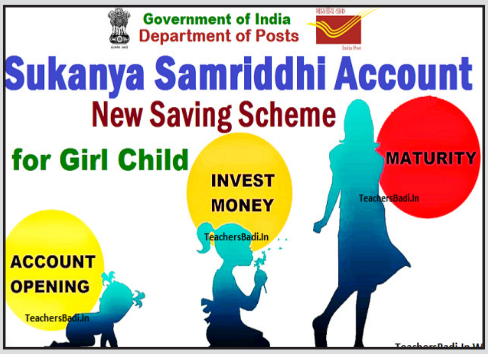
Bureaucracy will pull the BJP down

Alternative way of governing that is not anchored on the government servants needs to be examined. One way is to dismantle all these welfare programs and distribute this money among all households of the country after removing the above- and below poverty line distinction, suggests **Dr Bharat Jhunjhunwala**

Question being asked these days is whether the Modi magic still holds sway. Even die hard BJP supporters accept that some people are turning away. The improvements in railways and electricity supply are recognized and appreciated but that is no enough just as winning the Kargil war and starting the Golden Quadrangle project by Atal Behari Vajpayee was not enough. The increasing doubting of the Modi magic is especially surprising given that he has cleaned up corruption in high places. International observers have noted that the share of crony capitalism has much reduced in the economy in the last two years. Question is why doubts are being raised about the Modi magic when he is making great improvements in railway, electricity and corruption at high places.

The roots of this increasing doubt lie in Modi's approach to governance. He is trying hard and honest to secure the good of the people by implementing various schemes through the government machinery. He sees government employees as honest saviours of the people. This view is contra to the Hindu tradition, to which Modi swears allegiance. The *Manu Smriti* says, "Employees appointed by the king are mostly takers of property of others and cheats; from them the King should protect the people" (7.123). Likewise Kautilya says in *Arthasastra* "Just as it is impossible not to taste the honey or poison that finds itself at the tip of the tongue, so it is impossible for a government employee not to eat up a part of government revenue. Just as it is not possible to find whether the fish moving under water is drinking water or not, similarly it is not possible to find out how much money the government employees have embezzled" (2.9).

Modi is trying to secure welfare of the common man through the bureaucracy having such a character. He is like the Station Head Officer who appoints the thief to patrol the streets during the night. Soil Health Card for the farmers and Jan Dhan Yojana for rural inclusion have been initiated with good intentions.



Central Government is spending about Rs 30,000 for the welfare of every household every year.

But these schemes also lead to the expansion of the bureaucracy and concomitant increase in corruption. Let us say a farmer has got knowledge about the fertilizer required to be added in his field from the Soil Health Card. He approaches the Bank to give him a loan under the Jan Dhan Yojana. The Bank Manager asks for a bribe. In the end the farmer is left unhappy. The benefit derived by him from the Soil Health Card is cancelled by the corruption of the Public Sector Bank. He is left dissatisfied and no longer favours the BJP.

The solution to this dilemma will come from tightening the screws on the bureaucracy. Kautilya advises the king to appoint spies to keep watch on corruption by employees of the state. The inherent tendency of malfeasance has to be controlled as far as possible by strict vigilance measures. The role of spies should be proactive. Spies should start with the belief that every government employee is corrupt and try to trap them in order to instill fear and to contain this tendency somewhat. Unfortunately, Modi has taken no measure in this direction. Instead he has given consent to the implementation of the Seventh Pay Commission which does not suggest any measures for improvement of efficiency of the government servants. He has indeed appointed honest officers in key positions. But that is like engaging a good driver to drive the broken car. The driver can only do so much. The true solution lies in fixing the broken car so that an ordinary driver can take the passenger to his destination. Similarly, appointing honest officials to head a tenured, unaccountable and unionized lower bureaucracy will only do so much. The true solution lies in making the lower bureaucracy accountable so that the dishonest are weeded out in ordinary course of business.

Modi should examine alternative way of governing that is not anchored on the government servants. One alternative is to directly transfer the present expenditures on various welfare schemes being run by the government like education, health cure, widow pension, etc. The Central Government spent Rs 7.4 lac crores on health, education, family welfare, MNREGA and like schemes in 2014-15. The expenditure in the current year 2016-17 would be about Rs 9 lac crores. Our population is about 130 crores. Taking about 4 persons per family, the number of households would be about 30 crores. This means that the Central Government is spending about Rs 30,000 for the welfare of every household in the country every year. Unfortunately, little of this money is reaching the households. Rajiv Gandhi once famously said that only 15 paise of the rupee sent by the Centre reached the beneficiary. The remaining 85 paise was appropriated by the welfare bureaucracy via salaries, pensions and corruption. Need is to disentangle welfare from bureaucracy. The way forward is to dismantle all these welfare programs and distribute this money among all households of the country. Each household will get about Rs 2,500 per month which will be sufficient to meet its basic needs. The household would be able to buy health and education from the market. This will liberate the people from tyranny of the welfare bureaucracy. There will be a surge in favour of the BJP.

The above- and below poverty line distinction should also be removed. The Rs 30,000 should be paid to all families, including the rich. We need to liberate the poor from the stamp of poverty. We need to treat them as equals. The money paid to the rich can be recovered from them by different methods. A surcharge of Rs 30,000 can be imposed on all Income Tax payers. An amount of Rs 30,000 should be deducted from the employers' contribution towards the Provident Fund of the employees. Other ways of recovering the money can be thought of.

Modi should know that the wind is blowing against him. Mainly, the common man is unhappy. The improvement in railways and electricity situation, howsoever welcome, does not provide the poor with jobs. Modi needs to find a way to reach relief to the common man—here and now. The dismantling of welfare bureaucracy can help change his fortunes. ❑❑

Agriculture has paid the price for keeping economic reforms alive.

The deplorable condition of farmers is certainly an outcome of economic reforms. Agriculture, like other unorganized sectors, has been deliberately kept impoverished to make economic reforms work, elucidates **Dr. Devinder Sharma**

Twenty-five years after the economic reforms were unleashed, the first-ever socio-economic survey for rural areas, published in 2015, paints a gloomy picture. Portraying a stark reality the survey says that for 70 per cent of India's 125-crore population, which lives in rural areas, poverty is the way of life.

Rural India is poorer than what was estimated all these years. With the highest income of a earning member in 75 per cent of the rural households not exceeding Rs 5,000 a month, and with 51 per cent households surviving on manual labour as the primary source of income, the socio-economic survey had exposed the dark underbelly of rural India. Considering that the bulk of rural population comprise of farmers, what the socio-economic survey tells is how the reforms have very conveniently bypassed agriculture.

The National Sample Survey Organisation (NSSO) consumption expenditure data for 2011-12, done a few years earlier, tells us the same story. If you live in a village and spend more than Rs 2,886 per month you are among the top 5 per cent of the country. For the urban areas, the cut-off limit is Rs 6,383 per month. That makes me as well as you, the reader, in the same category as Mukesh Ambani, Ratan Tata and Narayana Murthy. While we may fall in the upper 5 per cent bracket but imagine the fate of 95 per cent of the population which is unable to spend more than Rs 6,383 per month in the urban areas every month? Isn't that the real India that we don't want to talk about?

Now, let me break-up the rural income slab for you. Economic Survey 2016

tells us that the average income a farmer gets from farming activities, including what he keeps for his family consumption at home, in 17 states of India is Rs 20,000 a year. In other words, the monthly income of a farmer in these States is a paltry Rs 1,666. On a national level, the NSSO works out the average monthly income that a farmer derives from farming operations to be just Rs 3,000 per family. Compare this with the basic salary of a *chaprasi* at Rs 18,000 per month it become obvious how agriculture has been neglected all these years.

The deplorable condition of farmers is certainly an outcome of economic reforms. Simply put, economic liberalization or economic reforms or market economy whatever you prefer to term it has not only bypassed the majority population but has been actually a pre-requisit for the success of economic reforms. Agriculture, like other unorganized sectors, has been deliberately kept impoverished so to make economic reforms work.

It was in July 1991 when Dr Manmohan Singh delivered the historic budget speech as Finance Minister that opened up the country to economic liberalization. I recall the speech wherein he unshackled the industries from the control regime and showered all bounties on industries and in the very next paragraph acknowledged that agriculture remains the mainstay of the economy. But since agriculture is a state subject, he left it to the state governments to provide the much needed impetus to farming. But what he forgot to say was that industry too was a state subject and should have been left to the state governments. The bias therefore was clearly visible.

This was simply not unintended fallout of the process of economic liberalization. It was actually part of a design. Later, in 1996, the World Bank directed India to move 40-crore people out of rural areas to the urban areas in the next 20 years, saying that land is a precious asset in the hands of people who are inefficient producers, meaning farmers. Since the younger generations among farmers do not know anything except farming, World Bank suggested that India set up a network of training institute to train these people to become industrial workers. This should be accompanied by land rentals and land acquisitions. This suggestion was made in the 2008 World Development Report by the World Bank and a year later, in 2009, India made provision for setting up 1,000 Industrial Training Institutes (ITIs).

Going by the World Bank prescription, successive governments have been blindly playing to the tune. As Prime Minister, Manmohan Singh had time and again said that 70 per cent farmers in India were surplus and need to shift to urban areas. RBI Governor Raghuram Rajan is on record saying that the big ticket reform will be when India moves a large share of the farming population to the cities. And more recently, Finance Minister Arun Jaitley has blamed agriculture for not being able to

Successive governments have been blindly playing to the tune of World Bank.

provide subsistence to a large section of the population thereby increasing inequality.

What he forgot to say was that successive governments had deliberately starved agriculture of financial resources and had kept the farming population impoverished. This is evident from the way agriculture remains a low priority area when it comes to budgetary allocations. In the 11th Plan, agriculture received only Rs 1-lakh crore as budget outlay for the 5 years. In the 12th plan period, agriculture got Rs 1.5-lakh crore. Incidentally, the budgetary support for agriculture, which employs 52 per cent of the population, is less than the annual provisions being made for MNREGA. In addition, the Minimum Support Price (MSP) for wheat and rice had remained almost frozen, with annual increase in farm prices not exceeding 4 per cent on an average. No wonder, 48 per cent farmers want to quit agriculture if given an alternative.

Agriculture alone has the capability to boost the Indian economy.

In fact, the plight of agriculture is not only deliberate but has for all practical purposes sustained the economic reforms. If the farmers were paid their economic due by way of let's say a higher MSP, the industrial and business sector would have gone for a toss because of the additional costs involved for paying higher labour wages that incorporates resulting high food prices. At the same time, a higher price for farm produce would have raised the cost of production of many industries. In addition, a high paying agriculture would have also reduced the rate of migration and thereby reduced the availability of cheaper labour for infrastructure and real estate.

The reluctance on the part of the government to implement the Swaminathan Committee report, which recommends 50 per cent profit over the cost of production, also stems from the same concern. In a written affidavit before the Supreme Court, the government has made it clear that providing a higher price would distort the markets. It is primarily for this reason that the Ministry for Food and Consumer Affairs has directed the State governments not to provide any bonus for wheat and rice over and above the MSP announced.

The real cost of economic reforms therefore is being borne by rural India, of which farmers constitute the majority. The first-ever Socio Economic Census has clearly brought out the stark reality. India's performance when measured as per the Human Development Index too shows the burgeoning inequality. India ranks 130 among a ranking of 188 countries. The economic reform that we talk about therefore has largely been pro-rich. The rich 1 per cent own 51 per cent of country's wealth. The economic wealth of 15 families in India equals the economic wealth of 600 million people.

Keeping agriculture impoverished all these years has sustained the economic reforms. Going by the income parity norms, the MSP for paddy, which has been fixed at Rs 1,450 per quintal this year, should have been Rs 5,100 per quintal. In case of wheat, the MSP should be Rs 7,600 per quintal. This is the legitimate right of a farmer, if we were to maintain a parity with other sections of the society, which has been denied to him. I have time and again stated that at the pace at which the salaries of government employees, college professors and school teachers has been hiked, agriculture has been denied that parity as a result of which farmers are dying.

The big bang reform India needs is essentially in agriculture. Providing the rightful income into the hands of farmers is what will push domestic demand and at the same time revitalize the rural economy. If the 7th Pay Commission is being seen as an economic booster, as it is expected to create more demand for consumer goods, imagine the kind of shot in the arm a higher income in agriculture will give to the Indian economy. If wheat farmers for instance were to get Rs 7,600 per quintal as the MSP, imagine the economic growth that it will result in for the rural areas. In fact, the fact remains agriculture alone has the capability to boost the Indian economy.

Unfortunately, agriculture is been knowingly sacrificed to keep the present phase of economic reforms somehow moving. In other words, 60-crore farmers are paying the cost of unjust economic reforms. ❑❑

Undivided India (Akhand Bharat)

Three forces operate in universe. They are: 1. Adhi-bhautik or material forces employed by human beings which contain division. 2. Adhi-daivik or super natural forces caused by nature like earthquake, storm etc. which are beyond the control of human being, 3. Adhyatmik or spiritual forces which has no division or contradiction.

In the spiritual domain India remains undivided. The need is to download it from spiritual to material sphere. Sri Aurobindo held that India was divided because material forces were applied to achieve independence where division is inherent. Assured Sri Aurobindo that India would emerge undivided or Akhand Bharat would be achieved by applying spiritual forces and it is already in action. Only its physical form is to emerge within some days. According to Sri Aurobindo India is Mahashakti, a fraction of its blessings would raise India politically, socially and economically to unprecedented heights. Thus 'Bharat Mata ki Jai' and 'Vande Matram' are not mere slogans. It invokes mother India which is embodiment of Mahashakti.

Disintegration of Pakistan

Pakistan is not a nation. Anti Hindu and anti India feelings cannot be foundation of a nation. Futurology without history is rootless. Thus Pakistan without history except mass killings and rape of Hindus has nothing to claim as its achievement. Secularists in India never raised their voice against torturing of Hindus including Dalit Hindus in Pakistan. A strong and vibrant India will cause disintegration of Pakistan.

Secularists in India never raised their voice against torturing of Hindus including Dalit Hindus in Pakistan. A strong and vibrant India will cause disintegration of Pakistan, emphasises **Saroj Mitra**

Muslims will have to accept the fundamental unity of India that is unity in diversity. Since Hindu, though in majority is not a religion like Islam or Christianity having one prophet, one holy book to follow and decry all other faiths and their scriptures, pluralism will prevail in India. Except Ashoka and Akbhar no Hindu ruler in India ever practised state religion. The best example of Hindu secularism is Sri Ramkrishna Paramhans who practised all forms of religion including Islam and Christian. The yoga develops spiritual feelings devoid of hatred towards others.

Akhand Bharat Conference – 1944

Ramsay Macdonald former British Prime Minister wrote in his foreword in the book titled "Fundamental Unity of India" authored by Dr. Radha Kumud Mukherjee published from London in 1914 thus: The Hindu from his tradition and religion regards India not only as a political unity naturally the subject of one sovereignty but as the outward embodiment as the temple nay even as the goddess mother of his spiritual culture. India & Hinduism are organically related as body & soul.

The All India conference on Akhand Bharat was held in New Delhi in 1944 under the president ship of Dr. Radha Kumud Mukherjee which appealed to Congress leaders to oppose partition of India. More than 10 lakh people were killed and 1 lakh young girls were abducted due to partition which was a historical blunder. ❑❑

Donald Trump & US presidential election

From the very beginning of the process of USA Presidential elections, Donald Trump, now official Republican candidate, has been raising number of issues, which have implications, not only for USA, but all the countries, which have strong economic ties, including trade; and also the immigrants. Though the world watches US presidential elections, held every four years, with curiosity; however, due to the entry of Donald Trump in the fray, this interest has increased manifold. Republican candidate Donald Trump, who has been in news (and also in controversy), due to his statements against immigrants and Muslims, is offering a huge challenge to the Democrat candidate Hillary Clinton in the elections. It is true that non-economic issues raised by Donald Trump, continue to be a topic of discussion all over the world; however, we must understand that US presidential election is being fought on number of important economic issues. The long-whammy of recession in the United States, and continuous threat of another spell of economic crisis, and policy issues arising out of the same, may definitely have an impact on the election results.

US presidential election is being fought on number of important economic issues. The long-whammy of recession in the United States, and continuous threat of another spell of economic crisis, and policy issues arising out of the same, may definitely have an impact on the election results, thinks ***Dr. Ashwani Mahajan***

Recent result of the United Kingdom's (UK's) referendum to severe its relation from European Union, and thereby giving a blow to those saying that economic integration and making of a global village, is the solution to all ills, and now overwhelming response to Donald Trump on his issues of indiscriminate use of technology and free trade with China and the policy of economic integration with the rest of the world has actually shaken the confidence of supporters of globalisation, because all these developments depict the mood of the people away from economic integration, free trade, free movement of capital and enterprise.

Failure of American Model

Severe economic crisis which started in 2007, started shaking the very foundations of the US model. Renowned financial institutions like Lehman Brothers collapsed, thousands of US bank faced failures. 'Sub-prime crisis' started demolishing the US financial structures. Real estate bubble busted, employment and incomes began to decline, the stock market came on the grounding halt; and pension funds eroded heavily. It seemed difficult to save the economy. The US government flooded bailout packages of nearly 3 trillion dollars, and that's how various financial institutions, big corporate and therefore the economy could be rescued.

For some time, the US administration has been trying to prove that unemployment has started receding and the economy has moved out of recession. However, Donald Trump argues, perhaps rightly so, that over the years the US policies have failed to give direction to the economy.

Failing China Policy

Donald Trump biggest attack is on the failed China policy of the U.S. government so far. In White House Summit 2000, former President Clinton had said that increasing trade with China will open up their markets to US goods and services. Hillary Clinton (as Secretary to the State in Obama administration) had strongly advocated 'Pacific Rim' trade agreement, and now she has also started opposing the same.

It is notable that Donald Trump had an edge over his other republican opponent in 89 counties out of 100, which were most affected by Chinese imports. But he could get lead in only in one fourth of counties, which are not

Over the years the US policies have failed to give direction to the economy.

affected by Chinese goods. Earlier policy makers were heard saying that gains of having trade with China are much higher than the losses incurred and it was said that China is important for making cheap goods available. Policy makers used to cite the examples of gains of trade with Japan and Mexico. However, now it is amply clear that due to influx of cheap Chinese goods into US, employment is significantly reduced. According to a recent research, between 1999 and 2011, 2.4 million jobs were lost due to the Chinese imports.

The Role of Technology

United States of America has always been proud of its technological development. But the American public is upset today because of the fallouts of technological advances. Erik Brynjolfsson, from Massachusetts Institute of Technology (MIT), US's prestigious institute, who had been supporter of computerisation, arguing that it would increase employment opportunities, is forced to concede that technology has actually reduced employment. Today, he is forced to acknowledge that the computer revolution has actually swallowed jobs in US.

Fast track growth of capitalism, with Technological advancement, had a direct impact on the distribution of income. The top 20 percent of households in USA earned 44.3 percent of income in 1990, which has increased to 48.9 percent now. In 2000, the share of wages and salaries in GDP was 66 per cent, which is only 61 per cent now. During Republican presidential candidature debate, 91 percent of Sander's voters and 61 Donald Trump's voters believed that the economic policies were being made keeping in mind the interests of rich people and therefore, disparities are on rise.

Amidst the grim economic situation, there is huge pressure that US government resorts to fiscal policy with increased government spending and tax reliefs. Donald Trump blames wrong economic policies of previous governments for today's economic crisis. What Donald Trump's economic policies would be, only time will tell; however, Trump seems to be successful in bringing home a point and impress upon the Americans that they had to bear the brunt of the wrong economic policies of the previous governments. Donald Trump is also successful in convincing Americans that while dealing with China, that the government has failed miserably, which has caused major loss of jobs. Government policies have been favouring a few rich and in the process poor and middle class suffered. ❑❑

The only solution – for Progress

We are facing many problems like drought, flood, electricity, food, unem-ployment, ter-rorism, social unrest, education, health. We have sufficient natural resources like – water, forest, land, minerals, ores, above all the man power, and the technical skill. Having all this we are being called as 'India is a rich country inhabited by poor people'. We have to think seriously on this. We must put an end to our insincerity, inactiveness, and red-tapism.

Linking of north-south Rivers is neces-sary. Even during British rule the idea of 'Linking Ganga Kaveri' was thought by some progressive minds. During nineteen sixties captain Dastur put a proposal of linking Ganga Kaveri through garland canal. Many well-known writers have explained benefits of linking the north and south Rivers. Some people have expressed their willingness to donate for the project as it links with their feeling that pious Ganga coming towards south to find solutions to all our ill feelings. This feeling is of finding relief to our unholy acts of the past. Nearly ninety percent of our population has got this feeling that Pavitra Ganga flowing in the most part of our country will automatically relieve us from ill feeling. This may be the emotional feeling of our people. It will have the emotion-al integrity of north and south. The nature itself has made us to depend on one another by providing different materials in different places. Example – Gold is found in Karnataka. Apple in Kashmir and Himachal, wheat in Haryana, Punjab and U.P Iron in Bihar cotton is grown in one place and Jute in other place sugar-cane is grown in some states and forest products in some other places. Means we are depending on one another for our every day needs this inevitability to depend on others has made a way to our national integrity.

*Linking of north-south Rivers is necessary. **Besides** helping emotional integrity of north and south, it will solve several problems also, believes* **M. B. Biradar**

Recently we are facing the problems like flood, drought and electricity. By linking Ganga – Kaveri we can circumvent our difficulties. Not only will we find solutions to our severe problems but will make way for finding solutions to many of our other problems like- unemployment, Education, Health, Sport, Road com-munications, standard of living of common man, slums in cities, drinking, water, irrigation, Water supply to industries etc.

Finding redressal to the fallowing problems is definite by starting the work of linking rivers.

1. Flood problem – Most of the states in the northern part of India are facing flood problem every year. Relief work has become very expensive. Crops are lost, human beings, animals are lost. The govt. has to face financial problem every year to find relief for all the loss. If the excess water in the northern rivers is diverted towards south through main canals. We can find relief for the tension of the people living river sides in the northern part of our country.

2. Drought Problem – Some of the States in the south like. Karnataka, Maharashtra, Telangana, Andra, Tamilnadu, Orissa are facing, the problem of scarcity of water. For making artificial arrangements govt. is spending lot of money, only for drinking water. Not to speak of agriculture and industries. Bore wells are being dug up to thousand feet. But all efforts have not given expected results. Govts. Have to give relief to the farmers for the loss of crops. If the excess water of the northern rivers diverted towards south, will solve all the problems arising out of shortage of water in the southern states.

3. Electricity shortage – shortage of electricity has hindered our growth of agriculture industry. Hydro electricity compared to other means of electricity is not only cheap but also the water used for the production of electricity is allowed to go into the rivers and will have many more benefits like ground water charging and for further production of electricity in the next dams, water flowing in all the rivers will help for the production of hydro electricity in many more places. Depending on unconventional production of electricity will be lessened.

4. Starting of this project will provide employment to crores of people throughout the country. Technicians, Engineers, office staff and common men will be employed in crores. Even after the completion of the project Lakhs together people will get employment for maintenance. Naturally unemployment problem will be solved. All our youths will find employment and there will be no unrest among young people.

5. Water shortage in southern states can be managed without any trouble, when plenty of water is flowing in rivers, streams, canals. The water level will increase. The agriculture will flourish. More people will be required for agriculture work. Agri-based industries will come up the workers migration to cities in search of work will minimize. The slum dwellers will be lessened. The slum dwellers in the cities are mostly migrated from villages. When the water is available everywhere, the agriculture and agri-based industries will make profit. When workers get better payment, they will afford to give education to their children. Literacy percentage will increase.

> ***Poverty is the mother of most of criminal, illegal activities.***

6. Canals – Main canals, sub canals will spread the network of roads everywhere. All villages, helmets factories will have road connectivity. It will help the remote villagers also to transport their agri-products. It will help them to get good rates for their goods. The financial condition of villages improve, they will not depend on govt. for any health hazards. People will stop depending on government for everything. People will take care of their health. The govts. Have to maintain only hygienic conditions in public places.

7. When the financial conditions improve, poverty will leave the country. When people get plenty of work to do, they will have no time to think. 'Idle mind is devil's workshop' when people are busy there will be reduction of antisocial, antinational minds. The leisure time will be spent in the improvement of art, culture and other development activities. Poverty is the mother of most of criminal, illegal activities, when poverty is not to be found, the society will rest in peace.

The above mentioned points clearly denote that linking of North-South rivers i.e Linking Ganga – Kaveri will find solutions to all our problems. Why our leaders are not serious to complete the project. Long Back our famous engineer and good administrator Sir.M.Vishveshwaraigh always thought of circumventing our difficulties. our growing population will not be a problem for us. When more and more people are required to work, population will no longer be a problem for the country.

If the country grows economically, then we are in a position to help others. The whole world not only looks at India as a spiritual leader but also as a powerful country. Taking up this project is a must for us.

Every aware Indian has to put a pressure on our rulers to complete the project as early as possible. Then only we will not be depending on others. Let us be self reliant. ❑❑

The author is a President of Basaveshwar Rural Development Association, Chavadihal Tq – India.

Opposing FDI, SJM submits memorandum to PM through DCs

The Union Government took the decision to allow FDI in almost all sectors of economy on Dated June 20, 2016. Anguished and pained Swadeshi Jagran Manch (SJM) criticised the move and submitted memoranda to the Prime Minister through deputy commissioners of at least 300 districts across the country against policies that are "not in larger public interest". Copy of the memorandum is reproduced here under.

What is the FDI and why is SJM opposed to its opening in sensitive sectors? How does it impact the country and the people's livelihood? Keeping in mind these question troubling people, SJM is publishing a booklet that in fact is compilation of articles by very prominent people of India. They are not activists of any organisation but well known public personalities having held even high positions in the government. The book titled FDI growth, Where this path will lead? "will be available in Hindi &English and has been priced at Rs50/ copy.

Swadeshi Jagaran Manch expresses its deep anguish and protest against the decisions of your government on June 20th, 2016 and prior to that, relaxing the rules/norms and raising the cap for FDI in various sector of the economy including food processing and marketing of agricultural produce, agriculture, animal husbandry, defence, security services and brown field pharma.

Swadeshi Jagaran Manch firmly believes that the decision to allow 100 percent FDI in food processing and marketing of agricultural produce (produced in India) is actually a decision to open FDI in retail sector, which is not only against the manifesto of Bhartiya Janta Party (2014), but also attacks the livelihood of small food processing units, food and vegetable vendors and small shopkeepers. We would like to remind you that this is the sector which provides employment and livelihood to crores of people in the country.

This is known to all that today India has a leading role in the world in the field to pharmaceuticals. At present this industry provides affordable drugs not only to the poor people in the country but also to the underprivileged people of more than 200 country of the world. Big multinational corporations have been eying to acquire Indian generic pharmaceutical companies. By allowing 100 percent FDI in brown field pharma, government has actually allowed the multinational sharks to gallop Indian companies. This may make provision of affordable drugs nearly impossible to poor people around the world.

Relaxing of the norms of FDI in defence, dropping the clause of 'state of the art' technology, lacks legitimacy as the government has allowed 100 percent FDI without there being any transfer of technology by foreign investors. On the other hand with the opening up of security services to foreign investment, internal and external security of the nation will be endangered.

Swadeshi Jagaran Manch does not agree with the argument of the government that, foreign investment supplements domestic resources for development. Swadeshi Jagaran Manch firmly believes that foreign investment does not add to the domestic resources, rather it causes drain of resources from the country. Data reveals that there is much higher outflow of foreign exchange, in the name of royalty, dividend, interest, salaries etc. than the inflow of foreign exchange from FDI. Apart from this there has been a heavy drain of foreign exchange due to huge imports by multinational corporations. Moreover, by dropping the norm of minimum 30 percent procurement from within the country by single brand foreign retailers, government has actually opened the flood gates of imports by foreign companies. This is likely to affect the small scale industry in the country. You may be aware of the fact that multinational corporations transfer huge amount of foreign exchange illegally by infamous 'transfer pricing' tactics. In this way not only a sizable amount of foreign exchange bleeds from the country, but exchequer also loses revenue. Your government whose guiding principle is integral humanism, is naturally expected to reconsider decisions regarding FDI in view of wide ranging ill effects on the economy.

Swadeshi Jagaran Manch which has been constantly struggling to protect livelihood in agriculture, small and cottage industries, small artisans and economic independence of the nation, urges you to:

1. Withdraw the decisions relaxing the norms of FDI and raising the FDI cap in various sectors to ensure protection of employment in retail sector, small scale units engaged in food processing and other small scale industry, ensuring the availability of affordable drugs to poor people in India and the world and security of the nation.
2. A white paper be issued regarding the cost and benefits of foreign investment in the country. ❑❑

Blow to Kashmir's economy

The latest unrest in Kashmir has led to a whopping Rs 6,400-crore loss to the economy of the Valley, with businesses being badly hit due to curfew and separatist sponsored strikes. Tourist and other business activities in Kashmir have come to a halt for the past 49 days after protests erupted in Kashmir following the killing of Hizbul Mujahideen terrorist Burhan Wani in an encounter with security forces in south Kashmir's Anantnag district on July 8.

Clashes between protesters and security forces have claimed the lives of 66 people and left thousands of others injured. Shops, business establishments, private offices and petrol pumps have been shut as the separatists groups have called for a complete strike to protest the civilian deaths in the violence after Wani's killing. "Kashmir is suffering losses of about Rs 135 crore daily. This estimates to over Rs 6,400 crore so far," Mohammad Yaseen Khan, president Kashmir Traders and Manufacturers Federation (KTMF), said here. Khan, however, said these figures were based on the daily business six months ago.

The state government has suffered revenue losses close to Rs 300 crore in the past one-anda-a-half months. "The collection of levies and taxes has come down drastically since the unrest began. The sales tax collection has been the worst hit," an official in the Finance department said. Similarly, tourism, considered to be the mainstay of Kashmir's economy, has also come to a stand still. He said that hotels and houseboats were empty and famous tourist spots were looking desolated.

Govt gives more time to SEZs

The government has given more time to seven SEZ developers and units including Kerala State IT Infrastructure and Telangana State Industrial Infrastructure Corporation to execute their projects. The decision was taken by the Board of Approval (BoA) headed by Commerce Secretary Rita Teaotia in its meeting on August 12. The BoA is a 19-member inter-ministerial body that deals with SEZ-related matters. It provides single window clearance mechanism to developers and units in these zones. The board has granted one more year to Kerala State IT Infrastructure, which is setting up IT/ITeS SEZ in the state.

Telangana State Industrial Infrastructure Corporation has planned IT/ITeS special economic zone in Andhra Pradesh. For this project, the BoA after deliberations "condoned the delay and extended the validity of the formal approval up to July 1, 2018," it said.

The Commerce Ministry is taking steps to revive investors' interest in these zones. It has asked the Finance Ministry to extend sops like rollback or reduction in the minimum alternate tax. Exports from special economic zones (SEZs) logged a marginal growth of 0.77 per cent at Rs 4.67 lakh crore in 2015-16. The exports from such 204 zones were Rs 4.63 lakh crore in 2014-15. Highest number of SEZs are operational in states like Tamil Nadu, Karnataka, Telangana and Maharashtra.

Grievance redressal in Comm. Ministry

The Commerce Ministry has set up two committees for speedy redressal of grievances of trade and industry pertaining to the Foreign Trade Policy (FTP 2015-20). The committees are set up at the levels of headquarter and zonal regional authority (RA). Director General of Foreign Trade (DGFT) in a trade notice said the committee's terms of references include reviewing grievance cases pending beyond reasonable time for speedy disposal; reviewing resolution of sector specific grievances brought forth by members or obtained from other sources and also to suggest reform in policy and procedure.

The committee at headquarter level shall endeavour to meet once in every quarter and once in every month at the zonal RAs, it said. At the headquarters, the seven member committee will be chaired by DGFT. At the zonal RA level, the five member committee will be chaired by the zonal additional DGFT. After rising for the first time in 18 months in June, exports shrank again in July, contracting 6.84 per cent due to decline in shipments of engineering goods and petroleum products.

Swamy moves SC against CSK

BJP leader Subramanian Swamy has moved the Supreme Court seeking urgent hearing on his application challenging the two-year ban imposed on the IPL franchisee, Chennai Super Kings (CSK), over the 2013 betting scam involving its top official Gurunath Meiyappan. Swamy told a bench headed by Chief Justice T S Thakur that the matter was listed for July 26 but it was not taken up due to hearing of entry tax matter by a nine-judge Constitution bench. The bench, also comprising justices A M Khanwilkar and D Y Chandrachud, asked Swamy to mention the matter next week after which it will be listed. Earlier, in his plea before the Supreme Court, Swamy had also sought a CBI probe into the petition filed before it by Cricket Association of Bihar (CAB).

Swamy had alleged that his earlier plea was wrongly rejected by the Madras High Court on the issue. The high court on January 20 had dismissed Swamy's PIL challenging the suspension of CSK and Rajasthan Royals, saying it was not maintainable. Star-studded CSK, then led by M S Dhoni, and Rajasthan Royals were on July 14, last year suspended for two years from the Indian Premier League in a clean-up exercise following the 2013 betting scam involving their top officials Meiyappan and Raj Kundra. Meiyappan, son-in-law of the then BCCI chief N Srinivasan and a former Team Principal of CSK, and Kundra, co-owner of Jaipur IPL that runs Rajasthan Royals (RR), were suspended for life from any match conducted by BCCI.

The punishments were handed down by a three-member panel headed by former CJI R M Lodha which was asked by the Supreme Court to decide the quantum of punishment after finding them guilty of betting. The Madras High Cout had also dismissed a similar petition by the owner of CSK challenging Justice Lodha panel's order.

Women's entry in Haji Ali Dargah

In a significant judgement, the Bombay High Court lifted the ban imposed on women from entering the sanctum sanctorum of Haji Ali dargah here, saying it contravenes the fundamental rights of a person. The court has, however, stayed its order for six weeks following a plea by Haji Ali Dargah Trust, which wants to challenge it in the Supreme Court.

"The ban imposed on women from entering the Haji Ali dargah is contrary to Articles 14, 15, 19 and 25 of the Constitution of India. Women should be permitted to enter the dargah on par with men," a division bench of Justices V M Kanade and Revati Mohite Dere said.

Under the said Articles, a person is guaranteed equality before law and has the fundamental right to practice any religion he or she wants. They prohibit discrimination on grounds of religion, gender and so on, and provide freedom of conscience and free profession, practice and propagation of religion. The bench allowed a PIL filed by two women, Zakia Soman and Noorjehan Niaz, challenging the ban on women's entry in the sanctum sanctorum of the dargah.

"The state government and the Haji Ali Dargah Trust will have to take proper steps to ensure safety and security of women entering the dargah," the court said. The high court had in June this year reserved its verdict on the petition.

The PIL states that gender justice is inherent in Quran and the decision contravenes the Hadith, which proves that there is no prohibition on women visiting graves. The Maharashtra government had earlier told the court that women should be barred from entering the inner sanctorum of Haji Ali dargah only if it is so enshrined in the Quran. The ban on women's entry cannot be justified if it is on the basis of an expert's interpretation of the Quran, the then Maharashtra Advocate General Shrihari Aney had argued. The dargah trust had defended its stand saying that it is referred in Quran that allowing women close proximity to the dargah of a male saint is a grievous sin.

Mauritius major FDI source

Mauritius is likely to maintain its edge over Cyprus as preferred source of FDI for India as inflows from the Indian Ocean island nation will get concessional tax treatment till March 2019, say tax experts. While the Cabinet approved the signing of revised pact with Cyprus, which will enable India to tax capital gains for investments originating there, the Government has already revised the tax treaty with Mauritius. The new treaty with Cyprus will remove it from India's list of "notified jurisdictions", which currently puts restrictions on inflows from that country. Similar tax treaties with Singapore and the Netherlands are under negotiations for revision.

"Unlike India-Mauritius Tax Treaty, there is no concessional transition tax of 7.5 per cent for Cypriot residents, owing to which, foreign investors would still prefer Mauritius over Cyprus for the transition period of April 2017 till March 2019," said Rakesh Nangia, Managing Partner, Nangia & Co.

PwC India Partner (Direct Tax) Abhishek Goenka said this withholding tax rate is likely to be retained at 10 per cent in the Cyprus treaty.

"It seems that Mauritius is a better treaty on two counts — 50 per cent concessional capital gains tax rate and 7.5 per cent withholding tax on debt," Goenka said. ❑❑

Deny safe haven to Extremists

The US has asked Pakistan to ensure that there are no safe havens for terrorists in the country, stressing that it should not differentiate between terror groups based on their agenda or affiliation. "We have consistently raised our concerns to the highest level of the Government of Pakistan on the need to deny safe haven to extremists," State Department Spokesperson Elizabeth Trudeau told reporters.

Trump: deportations immediately

Republican presidential nominee Donald Trump linked illegal immigration and employment, pledging to start deporting offenders as soon as he is sworn in should he become the White House's next occupant. Trump all the while courted the black vote, claiming that the shooting of basketball star Dwyane Wade's cousin will make African Americans support him, but the move instead triggered a firestorm of criticism. "On Day One, I am going to begin swiftly removing criminal illegal immigrants from this country - including removing the hundreds of thousands of criminal illegal immigrants that have been released into US communities under the Obama-Clinton administration," Trump told supporters in Des Moines, Iowa.

Trump's Democratic rival Hillary Clinton served as secretary of state during President Barack Obama's first term in office. The next president will be sworn in on January 20.

"I am going to build a great border wall, institute nationwide e-verify, stop illegal immigrants from accessing welfare and entitlements and develop an exit-entry tracking system to ensure those who overstay their visas are quickly removed," Trump warned.The billionaire real estate magnate and former reality TV host – in a white baseball cap – said that "If we don't enforce visa expiration dates, then we have an open border.

Silk Road' train to Afghanistan

The first cargo train from China is set to reach Afghanistan on September 9 (Time by which Swadeshipatrika reaches you), signalling Beijing's effort to consolidate ties with Kabul, as part of the One Belt One Road (OBOR) initiative along the ancient Silk Road. The train left China's eastern city of Nantong on August 25, to cover a 15 day journey to Hairatan, on Afghanistan's border with Uzbekistan. On the way, it is crossing the Alataw pass on the China-Kazakhstan border before heading into Uzbekistan towards Termez. From Termez, once the springboard of Soviet Union's intervention in Afghanistan, branch lines also head towards Dushanbe, the capital of Tajikistan towards the east, and westwards to Uzbekistan's cultural icons—Samarkand and Bukhara.

The train would enter Afghanistan after the crossing the Friendship Bridge, that was built by the Soviets, on the Amu Darya, marking the boundary between Uzbekistan and Afghanistan. Subsequently, the railway has been extended by 75 km from Hairatan to Mazar-e-Sharif, the third largest city of Afghanistan, and capital of its Balkh province. The cross-border route over the Friendship Bridge has also been used as an important military supply channel for the international forces in Afghanistan as part of the Northern Distribution Network.

Analysts say the departure of the train signals China's intent to consolidate ties with Afghanistan, as it grapples to establish to secure transportation links along the New Silk Road, linking Asia with Europe.

13 Pak. channels fined

Pakistan Electronic Media Regulatory Authority (PEMRA) recommended fine of Pak.Rs. 5 lakhs each on 13 channels for airing news of a third marriage of Pakistan Tehreek-e-Insaf (PTI) chairman Imran Khan. A press release by PEMRA posted on Twitter said that the head of PTI's central media Iftikhar Durrani had sought fine on media channels for airing unconfirmed reports of Imran Khan's third wedding. The Council of Complaints (COC) Islamabad, headed by Shamim Humayum, held its final hearing on the case at the PEMRA's head office in Islamabad. She also announced that apart from the fine each channel should also air an apology. The COC also recommended to PEMRA that news channels that either do not air an apology or pay the fine should be penalised and their operating license may be suspended.

The complaint against the news aired by the TV channels on July 12 was lodged by Iftikhar Durrani, the head of the PTI's central media department. The council also took up a complaint lodged by Maryam Nawaz Sharif, daughter of Pakistan Prime Minister Nawaz Sharif against Channel 24. Ms Maryam said that during a talk show on June 10 the channel showed a picture claiming that she was presiding over a meeting of secretaries and running affairs of the government as the Prime Minister was in the U.K. for health reasons.

U.S. Commerce Secretary India visit

Bullish on expanding economic ties with India, the U.S. said bilateral trade has reached $ 109 billion and it will get a further boost from new reforms including GST even as it flagged persisting concerns American firms have on issues related to business climate in the fast-growing economy. U.S. Commerce Secretary Penny Pritzker, who will be on a 3-day India visit from Monday, also said that travel and tourism and sub-national engagement have been identified as two new areas of focus to drive commercial cooperation between the two countries in 2017, under which the focus would shift from India and the U.S. to Chennai and Charleston.

She said the Obama Administration in the past seven-and- a-half years has made significant progress toward realising the potential of what could be one of the largest commercial relationships in the world."Our two countries enjoy a thriving trade and investment relationship. U.S.-India bilateral trade reached USD 109 billion in 2015, up from $37 billion in 2005. She exuded confidence that "India's rapidly growing economy and the Modi government's ambitious reform agenda, including the landmark Goods and Services Tax, passage of the recent national bankruptcy law, and liberalised foreign direct investment limits in key sectors, point toward a deeper economic relationship in the years ahead."

Sri Lanka Constitution in Nov.

Sri Lanka's new draft Constitution could be presented in Parliament before the next budget which would be announced by mid-November this year, Foreign Minister Mangala Samaraweera has said while hoping that it will celebrate the country's diversity. The 2017 government budget is expected to be presented in Parliament mid-November. It was important to recognise the religious diversity in Sri Lanka in formulating the new Constitution, Mr. Samaraweera said. The process of finalising the new Constitution is underway and it will hopefully celebrate the diversity of the country, he said. Mr. Samaraweera said, it is time to come to terms with the fact that Sri Lanka is a multi-racial, multi-religious, multi-lingual country.

The Maithripala Sirisena government has set in the process of making a new Constitution since January this year.A 21-member steering committee consisting of parliamentarians from across all political parties has been set up. The aim is to replace the existing 1978 constitution. In the new Constitution, the Prime Minister will hold the supreme executive power.

Asylum seekers in Germany

Germany expects up to 300,000 asylum seekers to arrive this year, less than one-third of the total during 2015's record influx, the Federal Office for Migrants and Refugees (BAMF) said. BAMF chief Frank-Juergen Weise told the Bild am Sonntag newspaper that Germany's healthy economy and improvements to refugee services over the last year meant that the country was well-placed to absorb new arrivals, particularly as their numbers have dropped off.

"We are preparing for between 250,000 and 300,000 refugees this year," he said. "We can ensure optimal services for up to 300,000. Should more people arrive, it would put us under pressure, then we would go into so-called crisis mode. But even then we would not have conditions like last year." Nearly 1.1 million asylum seekers arrived in Germany, Europe's top economic power, last year, putting enormous strain on the country's bureaucracy to process claims and testing confidence in Chancellor Angela Merkel's right-left coalition government.

Philippine extremists jailbreak

Muslim extremists carrying Islamic State group insignia have staged a daring jailbreak in the southern Philippines, freeing 28 detainees in the latest in a series of mass escapes, officials said. About 50 heavily armed members of the Maute group raided the local jail in the southern city of Marawi on Saturday, freeing eight comrades who had been arrested barely a week ago, police said. Twenty other detainees, held for other offences, also escaped in the raid, provincial police chief Senior Superintendent Agustine Tello said.

The freed members of the Maute group were arrested on August 22 after soldiers manning an army checkpoint found improvised bombs and pistols in the van they were driving. The Maute group is one of several Muslim gangs in the southern region of Mindanao, the ancestral homeland of the Muslim minority in the largely Catholic Philippines. The group has carried out kidnappings and bombings and is believed to have led an attack on an army outpost in the Mindanao town of Butig in February. The fighting there lasted a week, leaving numerous fatalities and forcing tens of thousands to flee their homes as helicopter gunships fought off the attackers. ❑❑

India to reconsider stand

India is reconsidering its stance on new trade issues such as global value chain (GVC) and e-commerce at WTO. Multinational firms mostly based in developed countries use GVCs spread across the world for their production network through a chain of contract manufacturers, suppliers and logistics providers. Developing countries fear that in the garb of formulating GVC rules under WTO, developed countries will force them to bring down tariff rates, set new investment and labour standards, which could be detrimental to their interest.

India has so far maintained that member-countries must conclude the long-pending Doha Development Round of the WTO before taking up any new issues for negotiations. However, at the Nairobi ministerial of WTO members in December, the multilateral body openly accepted the differences among members on the way forward on Doha issues; it was widely interpreted as the end of the road for Doha round talks.

India for TFS under WTO

India has also proposed trade facilitation in services (TFS) under WTO, in line with the trade facilitation agreement (TFA) in goods which has already been agreed to by member-countries. Many countries have expressed interest in the proposal and have asked India to make a formal presentation, which is under preparation. India believes setting global standards on trade in services under WTO will help make visa regimes in developed countries become more transparent and less restrictive for its skilled professionals. India has threatened to drag the US to WTO over its higher and discriminatory visa fee regimes for Indian software professionals.

Trade in services & e-commerce

In the G-20 trade ministers meeting on 9-10 July in Shanghai which was attended by Indian commerce minister Nirmala Sitharaman, ministers agreed to boost trade in services and promote e-commerce development, among other things. It also encouraged member-countries to join plurilateral agreements such as an expanded information technology agreement, trade in services agreement (TISA) and environmental goods agreement (EGA). India has so far opposed the EGA, which seeks to eliminate tariffs on a broad range of environmental goods, fearing developed countries could use it as a new trade-restrictive measure. However, it has softened its opposition to TISA. Under the Regional Comprehensive Economic Partnership (RCEP) agreement, which is under negotiation, India has accepted ratchet and most-favoured nation-forward (MFN-forward) clauses that it was opposed to under TISA. Ratchet implies that future domestic policy changes undertaken autonomously by India will automatically get committed under RCEP, while MFN-forward means any future concession given to a trading partner under a bilateral treaty will automatically get extended to RCEP members as well.

South Africa launches safeguard investigation

On 29 July 2016, South Africa notified the WTO's Committee on Safeguards that it initiated on 29 July a safeguard investigation on certain cold-rolled steel products. In the notification, South Africa indicated as follows: "Interested parties must make themselves known within a period of 20 days after the initiation of the investigation. Any information which the interested parties may wish to submit in writing and any request for a hearing before the Commission that they may wish to put forward should be submitted within 20 days following the initiation of this investigation to the Directorate: Trade Remedies.

WTO report on Russian duties

On 12 August 2016, the WTO issued the panel report in the case brought by the European Union regarding "Russia — Tariff Treatment of Certain Agricultural and Manufacturing Products" (WT/DS/485). The European Union challenged tariff treatment that Russia's customs authority is, or was at the time of the Panel's establishment, required to apply to products imported under certain tariff lines pursuant to the Common Customs Tariff of the Eurasian Economic Union (the "CCT"). The affected products include paper and paperboard, palm oil and its fractions, refrigerators and combined refrigerator-freezers. The Panel found: that **the measures at issue** are inconsistent with different Articles. The Panel exercised judicial economy with respect to the EU's consequential claims of violation under Article II:1(a) regarding the first to eleventh measures at issue. ❑❑