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Anniversary of Demonetisation...

Respected Sir,

The government had last year demonetised high value currency of Rs 500 and 1000 but had reintroduced Rs. 500 and 2000 in exchange of the same. Remonetisation of even higher currency note of Rs 2000, and reintroduction of Rs. 500 has again increased corruption, Black Marketing, Hoarding, terrorism etc which was the main reason of demonetisation of high value currency. I request SJM to demand the central government to stop printing Rs 500 and 2000 Notes and instead print only notes up to Rs. 200/- only. Also the government must bring back Banking Cash Transactions Tax for all cash transactions with banks and other commercial organisations. Wealth tax returns also needs to be reintroduced and made compulsory for people earning more than 24 Lacs per annum or having taxable wealth over Rs. 1 crore along with filling of income tax Returns

This filling of returns would make people accountable and responsible towards accumulation of their wealth and proper disclosures along with small revenue to the government and would stop all from accumulating wealth from undisclosed sources and amassing wealth beyond their known sources of incomes. **Secondly** all this ill-gotten wealth would become a headache for people since the wealth cannot be kept in cash availability of small denomination notes of up to Rs 200. **Thirdly** with the introduction of BCTT - Banking Cash transaction tax the general public would not like to accept cash and would deter people to receive cash. This would increase cash less transactions.

Now since we have only 24 Lac people filling returns of over 10 Lac incomes as declared by the govt only a few capable people would be required to file BCTT- Wealth Tax returns along with ITR's. Cash less transactions can have exponential growth once we start taxing cash transactions, by way of BCTT and disallowing expenses paid in cash above Rs 5,000 against the present limit of Rs 10,000 asking commercial. It is high time that all the commercial organisations should accept only online, electronic & cash less payments.

I am of the firm opinion that these few measures would definitely bring transparency, accountability and responsibility in the system and people with enough resources would bring more revenue to the government for its welfare schemes.

– CA Sonika Bansal, Delhi

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Quote-Unquote



Historic jump in 'Ease of Doing Business' rankings is the outcome of the all-round & multi-sectoral reform push of Team India.

Narendra Modi

Prime Minister



India is poised to become the third largest economy in the world in the next few years, Union Minister Suresh Prabhu said today, asserting that the government wants to take manufacturing to 20 per cent of the GDP, helped by SMEs.

Suresh Prabhu

Commerce & Industry Minister



What a mistake to demonetise our currency! BJP should have realised that Indian cash dominates the globe: look, even our Chhillar has become Miss World!

Shashi Tharoor

Congress Leader



A girl who has just won the World isn't going to be upset over a tongue-in-cheek remark. 'Chillar' talk is just small change - let's not forget the 'chill' within Chhillar.

Manushi Chhillar

Miss World

Keep e-commerce out of WTO

With e-commerce becoming a top issue for WTO's 11th Ministerial to be held in Buenos Aires between 10th and 13th of December 2017, developing countries have been struggling to grasp its implications. Developing countries are being told that global e-commerce is an unprecedented opportunity for its small, medium and micro enterprises (SMMEs) to access global markets. It is argued that it is the huge transaction costs involved in global trading that leaves SMMEs at a disadvantage vis-a-vis big business. E-commerce removes these costs, thus making for a level-playing field. Similar kind of arguments were given during the dotcom era; every small trader can have a shop-front on the Internet and thus compete with big business on equal terms. The dotcom bubble burst quickly, and in the following years Internet has only enabled large businesses of all kinds to further consolidate at the expense of smaller ones. More than a decade after the dotcom crash, e-commerce re-emerged in the mainstream under the control of a few monopolistic companies like Amazon and Alibaba. It would be a mistake to consider these companies as just providing a neutral digital platform for small producers and traders to interface conveniently with consumers. They penetrate, control and orchestrate the whole value chain, from the very planning of production, right up to the point of consumption. This is achieved by employing sector-wide digital intelligence that is built from the granular data collected over their e-commerce platforms, which act as precious data mines. The issues that developed countries want to begin trade negotiations on, in general, are; (1) ensuring free global flow of data, (2) facilitating global electronic transactions, under private law frameworks, and (3) circumscribing national technology regulatory powers. They have been successful in presenting these issues as what basically frames digital trade and economy, and developing countries as being digital Luddites who are resisting the inevitable digital economy.

Developing countries must turn the tables on developed countries, putting forward the real core issues of digital economy and inviting a discussion on them. With its accent on e-commerce, the WTO Ministerial in Buenos Aires is an appropriate place to launch such a discursive offensive. We know that inclusion of e-commerce in WTO negotiations will be of great impact for our retailers, especially small retailers in India many of whom are already adversely affected by mostly MNCs run e-trading portals. Removal of tariffs on e-trading, post WTO rule making, will severely impact the retailers as well as customs duty revenues and therefore government spending.

SJM has already expressed its concern with regard to the impact of e-commerce rules on policy areas, not only on commerce but on India's manufacturing policy which will face competition from duty free entry of digitized, digitisable, and even physical manufacturing goods. China is pushing interests of 'Alibaba', which seeks duty free access for its manufactured goods into our markets using the e-commerce route. Apart from China, which has its own interest American giant e-corporations are also advancing their demands through Japan. These rules seek to free up all regulation on their activities through provisions such as free data flows, no disclosure of source code and so on. Why should India give up its sovereignty and national policy space to these corporations, which seek to maximize their profits? India also needs to retain control over its public data and private data of its citizens and not hand it over to corporations for excessive profit making. In addition, the full implications of e-commerce rules in trade agreements are as yet not clearly known or understood. The technology in this field is moving very fast which makes it difficult to estimate the full impact of such commitments especially for a developing country like India at this point. SJM believes that it is not the correct time to agree to inclusion of e-commerce in WTO in any form. Moreover, India has taken a very good position against allowing discussion on new issues including any mandate to discuss e-commerce at the WTO before outstanding Doha issues such as agriculture are resolved. This stand needs to be carefully and strongly carry forward.

Will our infants and young children come out of undernourishment?

Come 2022, India turns 75. When all is done and dusted, the Modi government's claims to success will be judged against India's darkest distended underbelly, its millions of malnourished children. If the government does not take full charge of the problem of child malnutrition, powerful vested interests ready to feed on hunger will take advantage of the vacuum. Key for the government lies in its ability to lower the numbers of all forms of child undernutrition, and not in trying to treat malnutrition with ready-to-use therapeutic foods (RUTF).¹

In this article we focus our views on how our infants are being fed, processed 'ready to use foods' being pushed for consumption, and why this trend needed to be reversed and how.

Revealed by the National Family and Health Survey 4, enormous work is cut out for the Government. Between 2005 and now the prevalence of underweight reduced from 42.5% to 35.7%. However, children who are severely wasted (thin for their height) increased from 6.4% to 7.5%. Stunted children reduced from 48 to 38%. These figures leave 44 million children chronically undernourished, which is often irreversible and thus far more tragic. With an annual reduction of underweight and stunting to be less than 1%, India might take 35-40 years to eradicate it. Unless we reduce this number rapidly, under-nutrition will continue to impact child survival negatively, as health and nutrition are inextricably linked.

Important ingredients to address child undernutrition in a sustainable manner include food security at household level, protecting, promoting and supporting early and exclusive breastfeeding for first six months, and continued



Today's children are the workforce of tomorrow, the key to being New India. If Government of India does not take charge, those seeking to profit from it will grab space.

Dr. Arun Gupta



breastfeeding with optimal complementary feeding after six months to 2 years; preventing early child bearing; strengthening preventive and curative health systems and care of children, especially the capacity of frontline providers; enhancing literacy; and improving water supply and sanitation. All these interventions have to all children /families.

How infants are fed in India

Out of about 26 million born today, 41.6% babies are able to begin breastfeeding within one hour, meaning 15 million are left out even though it's a WHO and Government of India recommendation. Only 54% babies are able to exclusively breastfeed for the first six months. Less than 10% kids at 6-8 months receive adequate diet, i.e. solid foods from four food groups required to meet their growing needs. This means about 23 million kids do not get good diet they need at birth, 0-6 months, and during 6 to 24 months. This shows the adequacy and quality of diet for our babies till 2 years.

Breastfeeding practices depend on how we support women in their caring roles of breastfeeding in the family, workplaces and hospitals.

It is a fact that child undernourishment occurs almost entirely during pregnancy and the first two years of life. **Its degree also depends on various types and amount of food available to the family and the family's awareness about what and how to give.** How children are fed and cared during the first two years has a bearing on human development, as brain grows almost 85%-90% by this time.



How RUTF is making its way and why no to RUTF

While we do hope that India takes effective action in reducing the numbers of undernourished kids, current focus however, is shifting on to the treatment of undernutrition with RUTF. The clamour for RUTF shifts the focus and displaces resources. No wonder the market is cheering this chorus.

The Prime Minister's office took a decision on 4th November, 2017. "...For management of SAM children, the decision to provide RUTF maybe left to the discretion of individual states in consultation with the National Technical Board on Nutrition". From the minutes of the PMO, it is not understood what was the reason of such a decision that opens up vested interests.

Why can't India not stick to its policy as stated in the Parliament back in 2011, and what is further surprising is MOHFW and MOWCD had clarified their positions recently that RUTF is not India's policy or choice. What led to the change in this policy decision and by which process?

We are asking these questions given the fact that there is no concrete evidence that supports the use of RUTF. Even recent Indian tri-

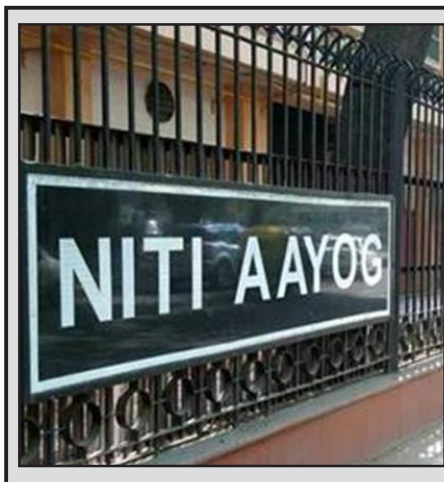
Out of about 26 million born today, 23 million kids do not get good diet they need during the first 2 years.

als have not shown any advantage of RUTF over home foods. The evidence has been misleading policy makers so far.

Past experience also reveals international agencies had been using tricks to push RUTF. For instance, in 2015 a French agency tried to manipulate expert opinion. It held a meeting and then sought to push its singular agenda of "make in India RUTF" though it was not even discussed in the meeting.

Risks of use of RUTF

There are many risks that are associated but no one talks about these. Risks include RUTF may result in permanent alteration of the epigenome and associated metabolic functions, exposure of the young child to sweet and fatty single food



Decision to constitute a Technical Board on Nutrition needs thinking, because of high level of conflict of interest prevailed at NITI Aayog's working group on nutrition

may shape young children's taste preferences and could be detrimental to future preferences and eating habits. Risk are also of being contaminated with moulds like *Aspergillus flavus* and *Aspergillus parasiticus*, which produce cancer-causing chemicals Aflatoxin. This high-energy food², where 56% energy comes from fat, and 36% energy from sugars is abnormal for a diet. Moreover it can displace breastfeeding and finally there is risk of dehydration as a child requires due to large amount of safe water to drink along with it.

Processed foods flowing our way

With it comes also a flow of the processed fortified foods that are being propagated for less severe forms of child malnutrition. If this is the way to go, India's children would soon be eating 'pastes' from packets. Do we want? Moreover, if processed food intake goes up, these children will be candidates for obesity, increased risk of type-2 diabetes, heart disease & cancers.

The point is that once such "foods" are allowed entry, there will be no going back. India is a huge market and the pressure to bring in "processed foods" into

government programmes is substantial.

How to reverse

Keeping the above in mind, following strategic steps are required that Government of India could take to say no to RUTF and ensure good diet for infants and young children.

1. PMO decision to constitute a Technical Board on Nutrition needs thinking. It remains to be seen who will be the members of this technical board of nutrition given the fact that Niti's working group on nutrition was riddled with conflict of interest and we do not expect public interest decisions to take the centre-stage. Meanwhile India can and should take a firm decision to say no to RUTF.
2. The current situation calls for a deep focus on stronger infrastructure for healthcare and nutrition education for outcomes of under 2s and ensuring every child is reached at home. **Investing in human beings at block level can be a turning point and not load the existing workers.** This can ensure proper education and assessment of the situation. A dedi-

cated team of at least four members, which is technically capable of dealing with child health, development, and nutrition may be considered for every block to be local in context and culture. In a block with population of 100,000, about 200 new births monthly, such a team should be able to care for each child closely and at home. This was tried in 6 blocks in the district Lalitpur in UP and worked.

3. **Fulfilling care and food gaps:** Investigating into the gaps in real food and nutrition security for the youngest kids should be commissioned and reported. Like e.g. milk, eggs, fruits other than cereals what is being given and what is needed.

These actions fit with the BJP manifesto. Makes economic sense also. Today's children are the workforce of tomorrow, the key to being New India. If Government of India does not take charge those seeking to profit from it will grab space. □□

** Dr. Arun Gupta is an Indian paediatrician, coordinator of Breastfeeding Promotion Network of India & Regional Coordinator of International Baby Food Action Network (IBFAN), winners of the 1998 Right Livelihood Award (also known as the Alternative Nobel Prize).*

1. The term "Ready-to-use foods" (RUFs) in the present context refers to foods with a high nutrient density (usually containing milk or whey powder) that, even without refrigeration, do not support bacterial growth due to their low water activity. They need no cooking or other preparation and can be fed directly from their packaging with the need to give additional safe water. RUTFs (ready-to-use therapeutic foods) are for use in the treatment of severe acute malnutrition (SAM).
2. A 92 gm. sachet of the product contains 500 calories, source of calories being fats - 45-60%, sugar - 28-45% and proteins 10-12%.

Efforts to Reduce Pains for Tiny and Small

On the one hand government has been presenting GST as a big policy reform; not only opposition, even small scale industry organisations, small trader's organisations and restaurants were opposing it tooth and nail. Restaurant operators were calling it a death knell for their trade. To somehow address the concerns of opponents of GST, GST council in its meeting held on 9-10 November took some decisions. One of the major decisions was cutting down the list of items under 28% GST by 178 items. Now only 50 items are left in 28 per cent slab. On 200 items, tax rate has been reduced drastically. Earlier the threshold limit for composite scheme was only one crore, which has been decided to be raised to 1.5 crores (for which an amendment in the GST act would be required). Apart from this rate of tax on units who choose composite scheme would be taxed at a uniform rate of one percent. Earlier the rate of composite tax was one percent for traders, two percent for manufacturing units and five percent for restaurants. These changes would cause a revenue loss of rupees 90 thousand crores, of which states would bear 30 thousand crores. Though opposition parties are giving credit to Gujarat election for these changes; by any means, these changes are likely to benefit small people.

Though, congress is opposing GST and complaining about its glitches, however, we should not forget that it was UPA which initially introduced the idea of GST. At present the arguments being offered by present Finance Minister were being given by then Finance Minister (s). Augments in favour of GST are, one nation one tax to avoid distortions; and second merger of all indirect taxes into one, which would help eliminating 'cascading effect'.



The Central Government is also contemplating a proposal from small entrepreneurs that a part of the taxes paid by small businesses will be returned to them. It seems that if this happens, the GST pain of small entrepreneurs will be reduced considerably, feels

Dr. Ashwani Mahajan



What is GST?

Structure of indirect taxes in India has been very complex. Several types of indirect taxes were being imposed by central and state governments, before GST. Constitution of India has given a division of financial powers between union and the states, according to which custom duties; excise duty on all products except wine and intoxicants, toiletries etc. which are local products; service tax etc. were supposed to be imposed by the central government, while excise duty on the products left for state governments mentioned above, sales tax, entertainment tax, stamp duty, tax on electricity consumption, tax on passenger transport etc. were under the jurisdiction of the state government. After the introduction of GST, except a few taxes, almost all indirect taxes were subsumed in GST.

Small People's pain

Though GST has been presented as a simple tax, however, small traders, small manufacturers and small restaurant people have been finding it extremely complex and taxing. Supported of GST were calling it simple because a single tax was contemplated in place of many and it was said to be beneficial, as all previous tax paid would be given credit of, and tax would eventually be paid only on value addition. Tax credit would be obtained by filing return on GST Network by filing e-return. However, small people were finding it too complex, while big companies were finding it very easy.

First, complaint of small people was that there was too much of compliance in GST system, making it extremely costly for them. Already chartered accountants have

increased their fees manifold. Secondly, since big operators have big transactions, they get tax paid bills easily and therefore tax credit can easily be obtained. However, the same is not easily obtainable for small operators, and manufacturers. GST has to be deposited after sale, whereas it takes months to get a tax credit. As a result their capital gets blocked for months.

Small scale entrepreneurs also complain of end to excise exemption which was available earlier upto rupees 1.5 crore turnover under GST. Only option they had initially was choice of going into composite scheme that too, only upto turn

Though GST has been presented as a simple tax, however, small traders, small manufacturers & small restaurant people have been finding it extremely complex & taxing.

over of rupees 75 lakhs, by paying tax at the rate of one percent, two percent and five percent in case of traders, manufacturers and restaurants respectively. It is notable that this also provided a relief for only half of earlier exemption limit. Now in the meeting of GST committee on 9-10 November 2017, the limit per composite scheme has been doubled to 1.5 crores (after requisite amendment in the GST act), and rate of composite tax has been kept at one percent for all categories (traders, manufacturers and restaurants). It seems that with these changes most of the complaints of small will be addressed.

Exporters also have com-

plaints against GST. Prior to introduction of GST they could export without paying any tax, however after GST they are finding it extremely difficult to get tax credit.

Government has also been responding to the concerns arising out of GST, as the same are not only economic issues, they can also hamper political interests of the present regime. In October meeting of GST council, limit of composite scheme was raised to one crore, while rates were retained at earlier level. In November meeting of GST council not only the limit for composite scheme has been raised, even rates have been reduced and kept at uniform level of one percent. To reduce compliance pain, in place of monthly return, quarterly return has been introduced. Earlier, on goods purchased from registered vendors, revenue change was applicable, which has been abolished till 31st March 2018. Apart from this tax rate has been reduced on many items, even at the cost of public exchequer.

The contracts in which the share of labour is high, will be taxed at the rate of only 5 percent. The government has also promised that once it is assured of sufficient revenue, rates will be reduced even further.

Not only this, it has been the complaint of the small entrepreneurs that due to the same treatment being given to the small business, their competitiveness is getting eroded. The Central Government is also contemplating a proposal from small entrepreneurs that a part of the taxes paid by small businesses will be returned to them. It seems that if this happens, the GST pain of small entrepreneurs will be reduced considerably. □□

Baloch Abductions Scorch Pakistan

Days after being selected to the UN Human Rights Council on October 16, 2017, Pakistan suffered huge embarrassment when its growing crimes against the Baloch, especially the phenomenon of “enforced disappearances”, blew up in its face. The dispute centres on Baloch inability to reconcile to the annexation of Kalat State (core of Balochistan) by Pakistan in 1948.

The current crisis was triggered by the abduction of close family members of two prominent leaders, Dr Allah Nazar (Baloch Liberation Front) and Ustad Aslam Baloch (Baloch Liberation Army) from Quetta on October 30. Nawaz Ata Baloch, information secretary of the Baloch Human Rights Organisation, was abducted the same day. Many more abductions of women and children occurred in the same week.

Sources said Allah Nazar’s wife Fazeela Baloch was in Quetta for treatment of a botched backbone operation after being injured during the bombardment of their village by Pakistani forces in 2012, in which 44 family members died. Three other women and three infants, including Fazeela’s daughter Popal Jan, were also abducted.

Baloch diaspora and human rights activists raised a hue and cry, forcing the regime to release Fazeela and her co-victims three days later (November 3). By then, a larger protest movement was on.

In London, taxis appeared outside Buckingham Palace with ‘Free Balochistan’ painted on both sides, a novel idea conceived by the World Baloch Organisation (WBO). Other vehicles moved around Parliament and London Eye in Central London, with posters saying, ‘Save Baloch Women & Children Campaign’. On November 5, several Baloch organisations protested against the abduction of Baloch women at 10 Downing Street.

Caught unawares, an enraged Islamabad summoned the UK High Commissioner to Pakistan, Thomas Drew, and insisted that such adverts “should not be allowed”, even as Pakistan’s High Commissioner in London, Syed Ibne Abbas, urged the Foreign Office to ban the advertisements.

Susceptible to pleas from its protégé-nation, London obliged. Transport for London ordered the adverts to be removed for being “controversial and sensitive” and in violation of clause (h) of its advertising policy. The World Baloch Organisation retorted that most reasonable people would not regard the wording as controversial or sensitive and that clause (h) states that adverts promoting humanitarian-type causes will “not normally be disapproved”, even if controversial or sensitive.

It launched phase-II of its campaign to internationalise the Balochistan crisis: Billboards on London roads.

Pledging to appeal against the taxi advert ban, WBO activists say the cry for free Balochistan is consistent with the principle of right to self-determination enshrined in the UN charter. They point out that Pakistan does not allow journal-



In deference to its elevation to the UN Human Rights Council, Islamabad must pay heed to the issue of disappearance of Baloch people and ratify the ICPPED.
Sandhya Jain

ists, human rights monitors and aid agencies to enter Balochistan and witness the brutality of its rule; the adverts help to expose the crimes of the security forces. They add that the killings and forced disappearances are continuous, and the F-16 fighter jets and Cobra attack helicopters supplied by Washington are being used to attack unarmed Baloch civilians.

The World Baloch Women Forum leader Naela Quadri Baloch said the detentions are part of an ongoing systematic “persecution and ethnic cleansing of the Baloch people”. The American Friends of Balochistan said, “We regret that enforced disappearances in Balochistan have not received the attention of the world community, further emboldening the Deep State of Pakistan to throw the Geneva conventions to the winds in Balochistan”.

Within Pakistan also, the authorities found themselves on the back foot. Senators of the combined Opposition and Pakhtunkhwa Milli Awami Party (PkMAP), an ally of the ruling Pakistan Muslim League-N, staged a walkout from the Senate to protest against the disappearance of Dr Allah Nazar’s wife and others. Chairman Raza Rabbani warned State Minister for Interior, Talal Chaudhry, “don’t say that they have not been picked up by the state”, and questioned how the State could violate Articles 4, 9, 10, 10A and 14 of the Constitution, which guarantee the rights of a citizen. Admitting that Fazeela and others were arrested, Chaudhry claimed it was because they tried to cross the border illegally.

What helped secure the speedy release of Fazeela Baloch

and others is the fact that from Monday, November 13, Pakistan faces a UN review conference in Geneva, where it would have a hard time explaining the mysterious disappearance of its citizens. Islamabad’s unexpected gesture of permitting the wife of Indian detainee, Kulbhushan Jadhav, to meet him on humanitarian grounds also seems linked to this review.

Pakistan’s human rights record has been deteriorating since 2012 when it was last reviewed at the UN. In fact, in September 2016, its own Senate human rights com-

The World Baloch Women Forum leader Naela Quadri Baloch said the detentions are part of an ongoing systematic “persecution and ethnic cleansing of the Baloch people”.

mittee met in Karachi and directed the authorities to address the issue of missing persons in Sindh (mostly internally displaced Baloch). But on revisiting Karachi in October 2017, the committee noted that dozens more had disappeared and not a single person had been charged or investigated for the crime.

On November 2, the Baloch Human Rights Organisation (BHRO) held a rally in Karachi to protest the abduction of a Baloch Human Rights activist, students, women, and children from Kara-

chi and Quetta. Pointing out that previously the security forces abducted only men, the BHRO said that now women and children are being targeted. Some Pakistani human rights activists, including Asad Bhutt, vice-chairman of the Human Rights Commission of Pakistan in Sindh, joined the rally.

It bears stating that BHRO information secretary Nawaz Atta Baloch and eight other students are still in captivity. Some kinsmen of BLA leader Aslam Baloch (two nephews, a cousin) are missing, though his sister and three youths were released on November 3.

A pertinent Baloch grievance relates to the plunder of its natural resources to enrich Punjab, while denying economic development to Balochistan, which lacks even potable drinking water. Activists allege that the construction of the China-Pakistan Economic Corridor has intensified ethnic cleansing of the Baloch to pave the way for a Chinese takeover of the region. The alleged discovery of a Pakistan-issued National Identity Card (90008-01000170-5) to a Chinese national has heightened anxieties in this regard. (See inset photo.)

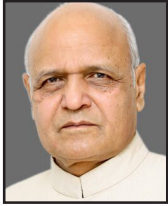
Given the growing and disproportionate violence against the insurgents, the Baloch want the UN to set up a Commission of Inquiry to probe all cases of enforced disappearance and extrajudicial killings. Perhaps Islamabad can be persuaded to ratify the International Convention for the Protection of All Persons from Enforced Disappearance (ICPPED), if only out of deference to its elevation to the prestigious UN Human Rights Council. □□

(The writer is a political analyst and independent researcher)

Quality Education:

A Precursor for Economic Turnaround-II

[Poor State of School Education]



The focus of the first article of this series was upon the quality deficit syndrome of India's higher education system, one of the largest in the world, but lagging behind in keeping pace with the fast escalating international benchmarks of quality and innovativeness, as well as lacking in orientation, with the national ethos, values and our rich heritage. This present article would bring to light, the equally pathetic state of school education in India. – Prof. Bhagwati Prakash Sharma



India has 13 lakh schools with around 28 crore students, somewhat nearing the population of the United States of America. But, owing to severe quality deficit in the country's school education, the government is skeptical to participate in the "Programme for International Student Assessment (PISA)" after performing very badly in the PISA round of 2009. India has thereafter skipped twice out of this triennial international learning aptitude test, meant for 15-16-year-old school students, across various countries or economies of the world, in 2012 and 2015. The HRD ministry still appears scared to participate in the 2018-round as well and thereby India is again

skipping out from this international intelligence test in the 2018-round. The HRD minister has expressed his intent to participate in the PISA-2021.¹

This tri-annual intelligence test, designed and conducted every three years, by the Organisation for Economic Cooperation and Development (OECD) enjoys high reputation worldwide, since its launch in 2000, as a globally accepted measure of gauging academic and intellectual potential of the boys and girls of the participating countries. India joined the 2009-PISA round, and due to extremely poor performance in the test after falling at the bottom of the list of 73 countries, where it could gain last but one place, just above Kyrgyzstan. "The brainiest teenagers have emerged from China's Shanghai, Hong Kong, South Korea and Singapore. The best performers in the two Indian states were almost 100 points behind the average child in Singapore and a shocking 250 points behind the best. India stopped participating into it."²

The latest results show that students from our Asian counterparts, viz. Singapore, Japan, Taiwan, Vietnam, and China (Hong Kong, Macao, Beijing, Shanghai, Guangdong, and Jiangsu province) rank among the top performers. Over 540,000 students, from 70 countries, participated in the tests.³ It is the third consecutive round that students from East Asian countries have outperformed their peers in the rest of the world in science, mathematics, and reading in 2015. But,

on two out of three occasions India had to skip out of fear to perform badly. Participation in PISA requires that the willing country/region should convey its willingness two years in advance for OECD to facilitate the sampling process for the test. In 2013, the UPA government could not find courage to let the Indian boys and girls avail the opportunity to participate in the test. Now also India has not given consent for the 2018-round as well. It needs serious introspection about the quality of teaching in a country with highest youth population and capitalizing over its demographic dividend.

Our cherished dream to excel with vast demographic dividend, in this century would depend largely on our ability to groom our current generation of students to comprehend issues in science, maths, language and solve problems.⁴ Our poor performance is not confined to international comparisons alone. A third of our children fail to find a fraction larger than $\frac{2}{7}$. Likewise, if we assess our standard of school education for last five years then, according to Pratham's Annual Status of Education 2013 report, close to 78 percent of Indian children in Standard III and about 50 percent of children in Standard V were not able to read Standard II texts.⁵ Arithmetic has also been a cause for concern as only 26 percent students in Standard V could do a division problem. There has been little attempt in the country to improve rural education, where even the commitment among children to attend class is on decline after the ban on failing students up to class 8. It is also low because of negative parental pressure, poor

school infrastructure, ailing facilities, uninspired teaching and lack of teaching staff.⁶

Leaving some marginal or cosmetic improvements in certain respects, the standard of the boys and girls of our schools have continued to be pathetic throughout since 2011 to 2016. For instance, the proportion of children of Std III who are able to read the Std I level text only has improved slightly, from 40.2% in 2014 to 42.5% in 2016. But, it is still most disdaining the 57.8% cannot do so. The overall reading ability of Std-V is almost the same throughout the years from 2011 to 2016. Reading levels in Std-

The latest results show that students from our Asian counterparts, viz. Singapore, Japan, Taiwan, Vietnam, and China rank among the top performers.

VIII have shown a slight decline since 2014 from 74.7% to 73.1%. Consistently three out of every four children enrolled in Std-VIII can read only book of Std-II. Level of Arithmetic is also no exception in a country of Ramanujan, the world renowned mathematician and autodidactic learner. In 2014, 25.4% of Std-III children could do a 2-digit subtraction. This number has marginally rose to 27.7% in 2016. But, from 2014 to 2016, for Std-V children, the level of arithmetic as measured by children's ability to do simple division problems has remained almost the same at 26%. It is all the more worrisome that in the ASER survey, the

ability to do division among Std VIII students has dropped. This declining trend has been observed since 2010. The proportion of Std VIII students who could correctly do a 3-digit by 1-digit division problem was 68.4% in 2010. This number dropped to 44.2% in 2014, and has further declined to 43.3% in 2016.

With respect to reading the English text, the children's ability to read English text is slightly improved in Std-III but almost unchanged in Std-V. In 2016, 32% children in Std-III could read simple words in English as compared to 28.5% in 2009. But in reading sentences the problem at the same level. In 2016, 24.5% of children enrolled in Std-V could read simple English sentences. This number is virtually unchanged since 2009. But, there is decline in upper primary grades. In 2009, 60.2% of children in Std-VIII could read simple sentences in English; in 2014, this figure was 46.7% and in 2016 this ability has further declined to 45.2%.

Indeed this poor state can be attributed to multiple variables viz lack of right and timely policy interventions, low public expenditure on education, extremely worse infrastructure and flawed teacher appraisals and inept admin. As per the UNESCO data, India has one of the lowest public expenditure rates on education per student, especially compared to other Asian countries like China. India spends \$264 per student per year compared to \$1,800 spent by China. The World Bank report on its worldwide survey of public spending on education stated that India spent a meager 11 percent of public expenditure on education, compared to 20 percent in China.⁷

It is no secret that the true indicator of economic, social and cultural development in a country is the quality of education and orientation with the national ethos, values and rich heritage. In fact, the former vice chancellor of the Delhi University bemoaned the fact that a large majority of students in the university were unemployable because of their inability to apply their knowledge in real-life situations. This is because of a poor foundation in schools, where the emphasis is more on rote learning, rather than testing a student's creative skills.⁸

The biggest policy flaw is the 2010 ban on failing students up to class 8. India has experienced a major decline in the standard of school education since 2010, after the ban on failing students till class 8 under the right to education (RTE) Act implemented w.e.f. April 1, 2010 by the UPA government. The seven year old ban on failing students till standard 8 has been the worst villain and has within 3 years of its enactment from the parliamentary standing committee on human resource development (HRD) which has blamed the policy for consistently declining standards in reading and math across the country's schools. The panel, headed by Congress leader Oscar Fernandes, had then asked in most unequivocal terms the HRD ministry to reconsider the policy, which was incorporated in the Right to Education (RTE) Act enforced on April 1, 2010, in the name of getting every child between age 6 and 14 years in school.

Many schools have recorded increased absenteeism following the introduction of the policy, because, when a student does not attend the school, the teachers can



Indeed this poor state can be attributed to multiple variables viz lack of right and timely policy interventions, ...

no longer hold him/her. It could be out of a myopic misinterpretation by the UPA government and its HRD minister Kapil Sibal, of the "Every Student Success Act of 2015" (ESSA) and its precursor the "No Child Left Behind Act" of 2001 (NCLBA). Both of these acts, where the former replaced the latter, aimed at enriching school education in the US and maintain optimum benchmarks.

In this regard, it would also not be out of place to mention that in the US, proper benchmarking is done on a perpetuating basis and quality of the intake is ensured at every stage by redressing the capability deficit of each of the student at the school level, through the twin Acts passed one after the other viz. the 'Every Student Succeeds Act' (ESSA) of 2015⁹ and its precursor "No Child Left Behind Act" (NCLBA) of 2001. This set of law mandated 'intermittent' and 'exit-time' assessments of school students from 3rd to 12th standards, to ensure that all students touch the benchmark of knowledge, intellect, linguistic skills and mathematical capabilities even at the time of entry into successive higher classes and ultimately to higher education. So, instead of passive every student with his/her passing the exam, the US government provided for remedial coaching at the exchequer's cost. They have

used the term every student succeeds act, which probably the HRD minister and his team in 2010 misunderstood for passing every incumbent in school education.

The Federal Government in the US to the contrary disburses liberal grant to states and local education agencies for remedial support, without discriminating between public or private institutes if the students failed in benchmarking tests. They meant 'success' in enabling the student in acquiring knowledge, intellect and capability and probably Sibal and his team misunderstood to pass every student without requisite knowledge, intellect and capability. In the US wherever the students are found to be having academic and intellectual deficits, the fiscal grants are offered to remedy it under the ESSA law. So, by virtue of the ESSA in the US, every student passing out from the schools is well capable and above the national benchmark at the time of entering into higher education. In India, to the contrary, probably while emulating the American ESSA, under the Right to Education Act, made it other way mandatory to pass every student without regard to his/her performance in examinations up to 8th standard and allowing the option to take school level exam in 10th standard, instead of sitting in the examination of the central board.

So, we had moved in opposite to quality benchmarking.¹⁰ Today around three fourth of class 10 students are appearing in their respective school level examination, and getting the marks-sheets of the central board. The students have to appear and qualify a standardised public exam after 12 years of schooling. An aberration rare to see worldwide in 200 plus countries.

Today, when India is experiencing a strong revolution of privately funded school, colleges and universities, side by side a vast network of the state funded institutions, the entire education system needs to be revamped. Our education system is poised to churn out largest stream of graduating students from schools as well as colleges in the world. Especially, when at school level around 62% and at higher education level around 50% of the students are opting or seeking admission in unaided private institutions, where the State has no role to support by fiscal means the education of more than half of the country's student population. Moreover, with over 1.8 million sanctioned engineering seats, by virtue of which, India tops worldwide as the largest producer of technical manpower, the 3/4th of these seats come from the privately funded institutes/ universities. But, almost 50% of these seats (0.9 million) are lying vacant for want of paying capacity with the students. So, unless a system of quality benchmarking of the publicly funded institutes and a system of subsidising or reimbursing the fee paid by a student in a private school or college is evolved, neither the quality and nor the gross enrollment cannot be enhanced with huge idle admission potential.

India has the second highest ratio of 30.8% 'no employment, education and training (NEET) youth in the age groups 15-29, after South Africa. These 30.8% youth, inspite of having no jobs, cannot pursue education, for want of ability to pay fee. The ratio of NEET youth in China is just 11%.

To sum up, a system of rigorous annual exams, atleast from the 3rd standard onwards, coupled with a system of remedial teaching for weaker and poor performing students on the pattern of ESSA of the US is also need of the hour. Atleast now, when the current HRD minister has declared

India is experiencing a strong revolution of privately funded school, colleges and universities

the intent of the government to allow the students of Indian to participate in the PISA-2021, while skipping the 2018 round, we should prepare to secure a place atleast in top ten in that triennial global rankings test, or else we would get the next chance to showcase our talent only in 2024. The regulatory agencies have to take cognizance of a huge wastage of national resources outside of idle seats in private institutes as well as in government ones. Especially at a time when, more than half of the students enrolled in higher education are in the private unaided institutes. Some mechanism has to be worked out to reimburse the

fee or subsidise such students, who seek admission in cost-based institutes. It would enable those youth to continue their studies, who have to forego higher education for want of capability to pay the cost based fees. In lack of any fiscal support to education seekers, pursuing studies in self financing institutes who are altogether deprived of any fiscal support in their education, some system of fee reimbursement in part becomes a prerequisite in a welfare state.

Above all, a common exit test, not for any colonial style or feudal style punitive action, comprising derecognition, suspended animation or penalty imposing, but for remedial support with liberal grants for improvement on the pattern of **Every Student Succeeds Act** of the US can be said to be an appropriate remedy for the quality deficit syndrome as well as an apt policy-intervention to enhance quality of school education in a welfare state, instead of the ongoing ban on failing a student, for enhancing gross enrolment at the cost of quality. □□

Notes

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Why We Need To Be Careful About Food & Agriculture Multinational Companies?

If we look at the trends in world food and agriculture in recent decades then these have been dominated by the increasingly desperate efforts by huge multinational companies to increase their dominance of the world food and farming system. The way in which patents were incorporated into the WTO agenda and so in a very clever way almost all countries were forced to change their patent laws in keeping with the interests of developed countries provides a glaring example of the high-powered forces at work to implement this agenda of dominance. The new patent laws helped the food and farming giants to tighten their grip on plants and seeds resources of the developing countries.

Genetic erosion of their plant wealth has also proved very expensive for farmers, particularly those based in developing countries. Due to the combined impact of destruction of natural forests, and the introduction of green-revolution type agriculture, which replaced local varieties over large areas by new monocultures, genetic erosion has been taking place on a massive scale even in the countries which have been the original source of much of the plant diversity. Soon thousands of varieties of plants were lost to these countries for ever. However, already several of these had been stored carefully in the labs and gene banks of the developed countries whose scientists had been engaged in these collections for several years. Suddenly, in the time span of a few decades, the natural advantage which some parts of the world had enjoyed for millions of years appeared to have been reversed.



Despite this clear view, shared by many eminent scientists, the main company involved is willing to go to any length - bribery, coercion, lies, manipulations to spread its obnoxious technology because its objective is not food security, its objective is only to tighten its grip on food and farming system.

Bharat Dogra



Today several experts agree that most of collected genetic diversity is stored in gene banks in Europe and North America. In a handful of high-security institutions of these and a few other countries, the world's most valuable raw material is stored, and it is unlikely that the countries of origin from where most of this material came will have free access to it.

Pat Roy Mooney brings out the glaring injustice of this situation, "It is a raw material unlike any other in the world. It has not been bought. It has been donated. It has been donated by the poor to the rich. The donation has been made under a noble banner proclaiming that genetic resources form a part of the heritage of all humanity, and thus can be owned by no one.

But as the primary building blocks of agriculture, genes have incalculable political and economic importance. Industrialized governments - often overruling the intentions of their scientists - have come to hoard germplasm and to stock seeds as part of the arsenal of international power diplomacy. Private companies in North-although glad to receive free genes - are loath of divulge or share the adaptations they draw from these donations."

It was noticed about two decades back that the nature of the seed industry was changing in several countries, particularly the rich western countries (although similar changes were soon noticed also in several developing countries). The seed industry had earlier been based on small firms. These firms were now being gobbled by big companies, especially companies which already had big stakes in agri-chemical industry - within a



A very important part of genetic engineering research has been devoted to herbicide-tolerant plant varieties.

single decade, chemical corporations spent over \$10 billion in buying up seeds companies.

In fact the American Seed Trade Association even organized a special symposium on 'How to sell your seed company.' Apprehensions were rightly voiced that a small number of giant companies will control seeds as well as agri-chemicals, and that the production of seeds can be given such an orientation as to require high and increasing amounts of agri-chemicals. According to one widely quoted estimate at least 27 corporations had initiated 63 programs to develop herbicide tolerant crops. Already a few multinational companies control a very considerable part of the international seeds sector and pesticides.

These trends were strengthened further by the developments in the controversial technology of genetic engineering. A very important part of genetic engineering research has been devoted to herbicide-tolerant plant varieties, for example cotton which is tolerant to a herbicide called bromoxynil.

Soon the genetic engineering companies shifted to the even more obnoxious technology of introducing pesticide properties within the plants. About these trends, the Independent Science

Panel has said, "Bt proteins, incorporated into 25% of all transgenic crops worldwide, have been found harmful to a range of non-target insects. Some of them are also potent immunogens and allergens. A team of scientists has cautioned against releasing Bt crops for human use."

Despite this clear view, shared by many eminent scientists, the main company involved is willing to go to any length - bribery, coercion, lies, manipulations to spread its obnoxious technology because its objective is not food security, its objective is only to tighten its grip on food and farming system.

Genetic engineering is so important in this quest for dominance as this complex and expensive technology is concentrated to a large extent in the hands of a few giant multinational companies and their subsidiaries. The story that started with snatching the plant resources of tropical/developing/poor countries, then proceeded with new patent/IPR laws gets completed with genetic engineering. This is the carefully manipulated route which these companies, blessed by their governments in several cases (particularly the USA), have followed in their race for dominance of the world food system. □□

Two Decades of Monsanto's Illegal Actions, Frauds and Crimes in India



Over the two decades since Monsanto entered India, it has violated laws, deceived Indian farmers by making unscientific and fraudulent claims, extracted super profits through illegal royalty collection by violating India's Patent and Intellectual Property laws, pushed farmers into debt, and, as a consequence of the debt trap, to suicide.

Monsanto cheated Indian farmers by claiming that its Bt cotton will control the bollworm. The claim of Bt cotton being a pest control technology has been proven false with the emergence of resistant pests and farmers are being forced to use pesticides. Farmers are now dying due to pesticide poisoning.

Another fraud was the claim that GMO Bt crops are safe for biodiversity and the environment, in spite of the scientific knowledge that GMO Bt is not the same as natural Bt. Pollinators have been killed because of high dose supertoxins in Bt crops, which have also led to poisoning of the soil and the killing of soil organisms, threatening the very foundation of agriculture and food security.

In 2017, Monsanto was caught illegally spreading Roundup Ready Bt Cotton in Vidarbha without commercial approval, adding the disaster of Roundup to the Bt cotton disaster. Roundup is a probable carcinogen according to WHO. In the US thousands of cancer victims are suing Monsanto. In Europe there is a strong movement to get Roundup banned. The Monsanto papers have revealed how Monsanto has manipulated science and laws to sell its toxic products harming humans and nature. It is now adding Roundup to the arsenal of its toxic products that has brought devastation to Indian farmers.

Monsanto's highest crime is robbing Indian farmers of their lives by pushing them to death through a combination of factors including fraudulent claims, and debt resulting from collection of illegal royalties for seeds even though patents on seeds are not allowed in India under Art 3h and Art 3j of India's Patent Act. Establishing a seed monopoly to make super profits through high prices of seed, and fraudulent claims of Bt Cotton being a pest control technology have pushed farmers into debt and suicides, Monsanto's illegal and unethical behaviour is responsible for farmers suicide and pesticide deaths in the cotton areas.

When the collection of illegal royalties and "trait fees" was finally stopped by government through a Seed Price Control order in 2015, Monsanto tried to challenge it, further violating farmers rights, and thinking it is above democracy and laws. We intervened in the case to have their challenge dismissed, so the Seed Price Control order stands, and seed price can be regulated.

Monsanto has established a monopoly on cotton seeds, and through the monopoly enslaved farmers in debt and distress. Monsanto has violated the Anti Trust laws of India and the orders of the Monopoly and Restrictive Trade Prac-



We need to work collectively towards creating an Organic Vidarbha that is free of poisons and toxics and pesticide deaths, of debt and farmers suicides.

Dr. Vandana Shiva

tices Commission. It has tried to block the investigation by the Competition Commission of India of its 99% monopoly on the cotton seed market.

Not only has Monsanto violated Indian laws for Biosafety, for Intellectual Property and Patents, and Access to Essential Commodities, including seed, it has threatened sovereign institutions and government with legal actions to subvert and undermine laws.

Monsanto's crime is not just violating laws, but challenging laws and institutions that try to regulate Monsanto and stop its violations. These laws and institutions are pillars of Indian democracy and have been created to implement the Indian Constitution and protect people's rights and the environment. The Company has challenged government when it tried to control seed prices, it has tried to challenge the Competition Commission when it tried to examine the cotton seed monopoly, and it is now challenging Art 3j of the Indian Patent Act which excludes seeds, plants, and animals from patentability.

In other words, Monsanto wants absolute rights to operate illegally, demanding the freedom and right to rob farmers of their lives, through selling lies and failed technologies, and illegally collecting royalties. This is violative of Art 21 of the Indian Constitution.

On grounds listed above, Monsanto has not just violated laws, it has created conditions for farmers deaths. When Monsanto's Bt Cotton failed to control pests, and farmers were forced to use more pesticide, the Chief Minister of Maharashtra stated he would initiate a case of culpable homicide against the pesticide industry. Pesticides are

being used in Bt cotton areas because Bt has failed as a pest control technology. So the final responsibility of the pesticide deaths lies with Monsanto which sold Bt cotton on false and fraudulent claims.

Culpable homicide is a categorisation of certain offences in various countries which involves the illegal killing of a person either with or without an intention to kill depending upon how a particular jurisdiction has defined the offence.

Acts which result in a person's death come under the definition of

Culpable homicide is a categorisation of certain offences in various countries which involves the illegal killing of a person either with or without an intention to kill depending upon how a particular jurisdiction has defined the offence.

culpable homicide under Section 299 of India's penal code which defines culpable homicide as the act of causing death; (i) with the intention of causing death or (ii) with the intention of causing such bodily injury as is likely to cause death or (iii) with the knowledge that such act is likely to cause death.

Farmers deaths in Vidarbha have resulted from Monsanto collecting illegal royalty and trapping farmers in debt, pushing them to suicide, establishing monopoly, selling Bt Cotton with the false claim

that it will control pests.

Monsanto knew that its actions were likely to cause farmers deaths. When the epidemic of farmers suicides started in the cotton belt where Monsanto had established its monopoly, Monsanto continued to extract illegal royalties and even initiate legal actions against the Agriculture Ministry and the Competition Commission when they tried to bring relief to farmers through their decisions. It thus deliberately aggravated the conditions leading to farmers deaths.

Nearly 85% of the more than 300,000 farmers suicides are in the cotton areas where Monsanto established a 99% monopoly. The government needs to take steps to make Monsanto pay for these deaths. All farmers' debts in Vidarbha should be cancelled because they are illegitimate debts. Farmers should be paid back the illegal royalties collected by government collecting it from Monsanto.

Monsanto needs to be penalised for violation of laws and for damages. Monsanto's Roundup should be banned since it has been identified as a probable carcinogen by WHO and has been banned in Sri Lanka because of kidney disease and kidney failure.

After all claims are settled, Monsanto must Quit India. This is what we said in 1998 when we found out that Monsanto had brought its Bt Cotton seeds illegally into India. And we will continue work to stop the stealing of farmers lives and robbing India of her wealth and wellbeing.

Finally we need to work collectively towards creating an Organic Vidarbha that is free of poisons and toxics and pesticide deaths, of debt and farmers suicides. □□

India must junk foreign rating agencies

The World Bank, International Monetary Fund, Asian Development Bank have positive outlooks for India. But the credit rating agencies are yet to budge. Moody's have made a minor upgrade after 14 years to Baa2 and S&P has not budged. Is India at fault or the rating agencies? The Economic Affairs Secretary Shaktikanta Das on May 6, 2017, said India was being denied an upgrade even as growth and fundamentals improve.

Das is right but Moody's have a different take. They say India's banks have a whopping \$ 136 billion in bad loans (Rs 12 lakh crore as per Indian estimates, including the write-offs). Moody's says India's debt situation was not as rosy as the government maintained and its banks were a cause for concern.

The S&P kept the rating it had given in 2007 unchanged at BBB minus, a notch above the junk status, with stable outlook but commenting that there are vulnerabilities stemming from low per capita income and high government debt balance – fiscal deficit. Both agencies have doubts about the repaying capacities.

They may be correct. But the agencies also need to answer why they had kept the ratings low during 2004, when the country ruled by NDA I under prime minister Atal Behari Vajpayee showed remarkable improvements in forex reserves, GDP growth, fiscal balance, inflation, farm growth, jobs, manufacturing and other related economic and political areas. It gave the country the epithet of India shining.

Most rating agencies had put India even then – after 13 years of the ushering in of globalisation and liberalization reforms – in junk grade. The government needs to ask them this pointed question. The 2004 was landmark in many ways. For the first time economic growth more than doubled at 8.2 percent in 2003-04 compared to four percent a year ago.



Well now with so much of positivity, do they have a reason to suppress the outlook? India is definitely showing improvement in many ways.
Shivaji Sarkar



Did not the rating agencies overlook this? The effect of this was seen in the subsequent years of UPA regime, when the growth continued to rise to touch global best. Had India got higher ratings in 2004, today's controversy would not have been there.

This was not reflected in the ratings by international agencies. This should be a matter of deep study. If the Narendra Modi government has raised the issue with them, they have to answer may not be about the functioning of the present government but why they have committed the historical blunder.

India continued to lead the global growth even when the US and Europe suffered the worst sub-prime crisis – upheaval in their financial institutions – in 2007-08. Even the US and other government banks and financial institutions collapsed under the worst mismanagement of their economies.

India was doing well at that time. The rating agencies played truant despite accepting that India managed its economy well. They have to answer to the Indian people today for reneging. It should be considered either a great failure on their part or if it is willful then a crime. Moody's vice-president William Foster now says that India's potential is higher than BAA-rated nations. So should the debt alone be the criterion to keep India-rating suppressed?

But first, let's look at the similarities. Both the agencies foresee stronger GDP growth of approximately 7.5-7.6 per cent over the forecast horizon of next few years. The slowdown to 6.5-6.6 per cent caused by demonetisation and GST implementation-led disruptions is seen as short-term distur-

bances, beyond which growth is expected to rebound.

While Moody's attributed the impending growth revival to multiple reform measures taken up by the government recently, S&P linked it to stronger consumption growth, comfortably high foreign currency reserves, political stability and robust democratic institutions.

Well now with so much of positivity, do they have a reason to suppress the outlook? India is definitely showing improvement in many ways. It has an unparalleled political stability. Modi's whirlwind tours have improved the image of India across the globe. India is having new business partners. It is giv-

Even Fitch has ignored the progress of India and kept rating unchanged. Is it not then tendentious to keep the rating low?

ing leadership to the world economy not only in BRICS, Pacific region but even is challenging the G-20 and G-8 leadership to reckon it as equal.

China's reported debt surged to 264 per cent of its GDP at the end of 2016, from 193 per cent in 2009. In contrast, India's debt fell to 66 per cent of its GDP from 72 per cent.

The World Bank and IMF ratings though accepted as reality by both the agencies are at best ignored. The WB and IMF have their problems but they accept that India is definitely not in the junk grade.

The S&P says India's rating

reflects its strong GDP growth, sound external profile and improving monetary credibility. These, it said, are "balanced against vulnerabilities stemming from the country's low per capita income and relatively high general government debt stock."

Even Fitch has ignored the progress of India and kept rating unchanged. Is it not then tendentious to keep the rating low?

What could be the motive? The agencies certainly are not favourably placed for India. They feel that a higher realistic grade for India would benefit it globally. The Indian corporate could get credit at cheaper rates. But that could be upsetting the pie. India getting credit at lower rates also means it would make credit dearer for western contenders. An India growth is envy for many countries which are still grasping. Even the US sees difficulty in managing its economy despite some positive indications.

A mood surge in Indian markets is still not good news for countries who have been exploiting the country through various machinations. One aspect is to keep the rupee at a low parity. It makes goods in India expensive while the western nations benefit as imports for them become cheaper. In international reckoning India since 1966, the first devaluation of rupee, has been a loser.

Globally, howsoever, diplomatically they may look friendly the countries play such games through various bodies like these agencies. India needs to be cautious and challenge, as rightfully now they have done, in accepting the ratings. India needs to promote its own credible rating agency and junk the international ones. □□

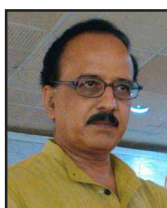
Ploughing a lonely furrow

At a time when angry farmer protests seeking an increase in the Minimum Support Price (MSP) for all crops is on an upswing, India faces an uphill task to protect its food procurement operations at the forthcoming Buenos Aires Ministerial of the World Trade Organisation (WTO) from December 10-13. At stake is the very mechanism of providing MSP to farmers.

The United States (US), European Union (EU), Australia, Japan and Pakistan are among the countries insisting on finding a permanent solution for public stockholding programmes in developing countries. At the Ninth WTO Ministerial held at Bali, in December 2013, India had managed to safeguard its MSP provisions under a temporary 'peace clause' provisions until a permanent solution is arrived at, by December 2017. The temporary reprieve that India got is now expiring. The interim 'peace clause' has enabled India to continue with its food procurement operations, wherein food crops like wheat and rice are procured from small and marginal farmers at an MSP so as to meet the food security needs of a significantly large food-insecure population. Under the 'peace clause', no country could initiate any action against India at the WTO for its food procurement operation even if it breached the subsidy ceiling of 10 per cent.

Developing countries were allowed a de-minimis ceiling of 10 per cent of agricultural subsidies under the Aggregate Measure of Support (AMS) provisions. According to the US, EU and some other countries, India had already breached the AMS limits on paddy, for instance, exceeding the upper limit by 24 per cent.

India has firmly conveyed its unwillingness to offer any further concessions for market access to protect its available policy space to purchase grain at MSP from farmers. On the other hand, the US, EU, Brazil, Uruguay and Pakistan have



India is expected to bear the brunt of \$160 billion trade-distorting farm subsidies provided by developed nations like the US.

Devinder Sharma



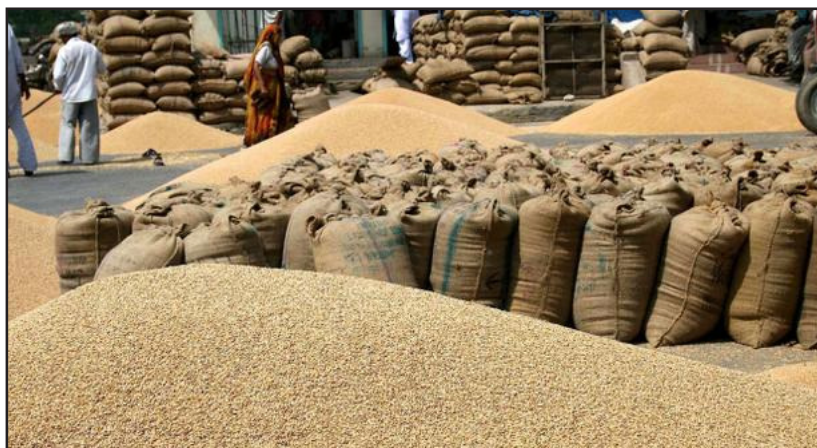
already made it clear that they would not accept any permanent solution on public stock holding unless it contains strong safeguards and incorporates transparency provisions. They are particularly keen that India is not allowed to export from the procured stocks as it distorts the international grain trade.

In addition, the developed countries desire India, and other developing countries, to provide more market access as well as to bring in transparency commitments which include an undertaking that it will refrain from including more crops in its procurement operations. Seeking an approval before adding any more crops to the public stockholding operations or enhancing the MSP, is also sought for.

The G-33 group of countries, which is actually a group of 47 developing countries, led by Indonesia, had already submitted a proposal seeking a satisfactory permanent solution to the vexed issues of public stockholding in developing countries. Its suggestion for not including public stockholding of grains under the AMS provisions has already been turned down by the US, EU and its allies.

Therefore, it will be a very crucial WTO Ministerial for India in particular which is coming under increasing pressure to dismantle the procurement operations.

India will have to negotiate hard and scuttle all moves to cut down on public procurement operations. Failure to do so will be politically suicidal considering the terrible agrarian crisis that prevails and the growing demand for extending MSP to other crops. Although India announces MSP for 23 crops, it actually undertakes procurement for only wheat and



India will have to negotiate hard and scuttle all moves to cut down on public procurement operations.

rice, and to some extent in cotton and sugarcane.

Failure to play hardball at the time it was required has cost India an opportunity. At the Bali Ministerial in 2013, India had the option of seeking a permanent solution for its procurement operations had it not buckled under pressure to sign on the trade facilitation treaty. Bali Ministerial was an apt opportunity for India to get the world to agree to its proposal of keeping procurement operations outside the AMS subsidy commitments. But it failed.

The only silver lining, I see now, is the decision by India and China to jointly take up a counter-attack demanding to scrap the nearly \$160 billion trade-distorting farm subsidies being provided by US, EU, Canada, Norway, Switzerland, Japan and others. Although

nearly 100 developing countries are backing the joint proposal, not many efforts to collectively take on the might of the rich and industrialised countries worked in the past. Nor has India ever been able to stand by its demand for reducing the trade-distorting subsidies of the rich countries.

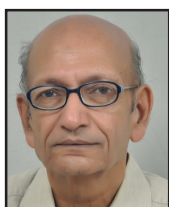
Arm-twisting and economic allurements of the developing as well as least-developed countries, by the industrialised countries in the past, have seen many such collaborations split at the negotiating table. China has already reduced its grain prices for the first time in 10 years, and this does not augur well for the joint effort being put up at the upcoming 11th Ministerial Conference.

A counter-offensive is certainly called for. For that, India will have to negotiate hard to at least ensure that 'peace clause' continues for perpetuity. It may otherwise be difficult to fathom the political storm back home if India gives in to more concessions while seeking a permanent solution. Any erosion of the policy space to safeguard food security will certainly have political repercussions, besides serious socio-economic implications. □□

The author is an agricultural policy analyst. Views expressed are personal.

Reorganizing India's health care

The Niti Ayog has said that after the path-breaking reforms of Goods and Services Tax, Bankruptcy Code and Real Estate Act, the Government now needs to initiate the reforms in the health and education sectors. The Gorakhpur tragedy of few months ago had also highlighted the shoddy state of our government health system. It appears that certain doctor was running private hospitals under the ownership of his wife. The Government Hospital was only a conduit for him to send patients to his private hospital. Others staff of the Government hospital were involved in corruption and inefficiency. On the other hand the fleecing of hapless patients by for-profit private hospitals and schools is well known across the country. Doctors write a number of unnecessary tests because they get commissions from the laboratories. They prescribe branded drugs because drug companies give them commissions on the numbers of medicines sold. We are therefore caught between two equally troublesome alternatives. The government system is inefficient and corrupt while the private system fleeces the hapless patients. A way forward can possibly be found by comparing the approaches to health adopted by the United States of America (US) and United Kingdom (UK). The US has adopted the approach of private provision while the UK has adopted the approach of government provision. We can learn from both.



The government system is inefficient and corrupt while the private system fleeces the hapless patients. The US has adopted the approach of private provision while the UK has adopted the approach of govt. provision. We can learn from both.

Dr. Bharat Jhunjhunwala

The distaste of the intrusion of the government in every facet of the life of the people has led the Americans to embrace private health care. The positive aspect is that American healthcare system is hugely effective if one can pay. They have the best technologies and results are better than most other countries. American drug companies are at the frontier of innovations. Patent protection is good and enables them to sell their products and services at very high prices. They plow back part of their incomes in research leading to more innovations. But this leads to very high cost of health care. In India, for example, if one contracts ordinary



cold, he self prescribes and goes to a shop and buys antibiotics for about Rs 50 and is done with. The same antibiotics are not available without prescriptions in the US. The patient has to pay about 200 US Dollars or Rs 13,000 to get a prescription from a doctor before he can buy that drug. The American system has also managed to reduce the supply of doctors by imposing high costs of education and restrictions on immigration. Doctors, therefore, charge astronomical sums as fees. Thus large numbers of Americans cannot afford healthcare. About 60 percent of the bankruptcies in the US are due to these healthcare expenditures. The private healthcare approach of the US has the positive of good results and research. But due to the absence of pro-people regulation, there is short supply of doctors and high cost of drugs which is leading to high cost of healthcare and large numbers of people going bankrupt. The lesson for India is that private health care produces good results but this should be accompanied by aggressive promotion of competition among hospitals and drug companies (which we are doing), and aggressive increase in supply of doctors (which we are not doing). There is a need to do away with the requirement of obtaining a MBBS or BAMS degree in order to practice. A certification program that examines the basic knowledge of the applicant should be introduced so that the supply of doctors is increased and the cost of private healthcare is brought down.

The United Kingdom has taken a diametrically opposite approach of relying on government hospitals. Every UK citizen has ac-

cess to cheap and good quality healthcare. The UK government hospitals are rated as the best among the hospitals of the industrial countries. But this has led to an overload on the hospitals. One has to wait many months to get an operation done. Two patients died waiting on the stretchers in the corridors of the hospitals. The government hospitals have about 50,000 doctors and nurses while the requirement is for about 125,000 numbers. The UK Government is not able to increase the budgetary allocation for the hospitals. In the result the UK hospi-

Every UK citizen has access to cheap and good quality healthcare. The UK government hospitals are rated as the best among the hospitals of the industrial countries.

tals are like the goods placed in the shopping window. Healthcare is good but often inaccessible. The lesson for India is twofold. One, that it is possible to provide good quality healthcare from government hospitals. Our ESI hospitals, for example, are better managed than the Primary Health Care Centers. The second lesson is that it is not possible to provide universal good quality healthcare through the government hospitals due to the huge demand. Our condition is worse with 1.3 billion people; and endemic corruption as evinced in the Gorakhpur tragedy. Therefore, we must not try to emulate the UK

approach of government provision of healthcare. At the same time the Constitution mandates a welfare state and it is a solemn responsibility of the Government to provide access to health care. The way out is to dismantle the government health care provision (and follow the US in this), and use the money to provide healthcare vouchers to the people with which they can buy healthcare from private providers.

Overall we are doing quite well. We have espoused private healthcare provision which is more accountable and efficient. We have less regulation so that large number of drugs are available over-the-counter and that keeps the cost of healthcare low. We have successfully promoted competition between drug manufacturers thus the cost of drugs is among the lowest worldwide. We have successfully promoted competition between hospitals thus we are emerging as a global destination for health "tourism." Yet we have problems like the Gorakhpur tragedy. Thus the Niti Ayog has rightly said that the next reforms should target the health and education sectors. My suggestion is that we must dismantle the government hospitals and give healthcare vouchers to the people with which they can buy healthcare from private providers. This will rid our country of the corrupt government healthcare system. Also we need better regulation of the private sector to prevent excessive tests and prescription of unnecessary drugs. Perhaps we should create a parallel "health police" where an affected person can file FIR against the erring doctor and hospital and get immediate relief. □□

Author was formerly Professor of Economics at IIM Bengaluru

Demonetisation:

The great reset, a year later

Prime Minister Narendra Modi's flagship economic agenda of demonetisation, that stunned the nation as a financial Pokhran, has been caught in the political crossfire between Mr. Modi and the Opposition from the word 'go'. When millions (a word that was hyped by the media) were standing in queues before banks and there was hardship caused to diverse people, the Opposition thought that Mr. Modi had found himself in a tornado that would sweep him away. They began a massive campaign against demonetisation and Mr. Modi. With the media feeding the Opposition with news of near financial anarchy, and in turn the Opposition feeding the news hungry media by shutting down the winter session of Parliament, and the two together creating the ecosystem in which the Supreme Court justifiably said there could be "riots", the opponents of Mr. Modi concluded that his end was very near.

The political angle

But facing the biggest challenge of his political life, Mr. Modi went to the people, telling them that the measure was directed at corruption and black money — the terminology which the masses easily understood — and asked them to bear with him for 50 days. Crores of Indians stunned the media, the Opposition and even the world by patiently standing in queues for days and giving him total support. They endorsed demonetisation by voting for the Bharatiya Janata Party, giving it unprecedented victories in local body elections in Chandigarh, Mumbai, Maharashtra, Gujarat, Odisha and even in the Assembly polls in Uttar Pradesh, Uttarakhand, Goa and Manipur. But the hostile political build-up turned the demonetisation debate into a street fight, with both the BJP and the Opposi-



Demonetisation has robbed the informal sector of non-formal credit; the formal credit assured to them through the Micro Units Development and Refinance Agency (MUDRA) formula has not been fulfilled as yet.

S. Gurumurthy



Declaration

- On 8 November 2016, Prime Minister of India Narendra Modi announced the demonetization.
- All ₹500 and ₹1,000 banknotes of the Mahatma Gandhi Series as legal tender



Demonetisation Anniversary

tion appealing to the masses in the language they easily understood; the Opposition using hardship to incite people's anger against demonetisation and the BJP appealing for their support terming it as a war on black money. The hardship versus black money focus reduced the discourse on demonetisation — a multidimensional venture — to just a single point; a war on black money, which won the BJP the people's support.

Ceasing to be economic

The reductionism diminished the debate to a sole test of the quantum of demonetised notes returned to the Reserve Bank of India (RBI). But the demonetisation project formed a much larger landscape. Its fundamental aims were many. It terminated the asset price-led, spurious jobless growth and averted a crisis in the making. The rise in the share of high denomination notes (HDNs, 1,000/500) in the total currency from 47% in 2004 to 78% (2004-10) fuelled unprecedented asset price rise — gold, stock and land prices rose by 10 times in the six years over the previous five years (1999-2004). The high GDP growth (8.5%) in six years (2004-10) was largely led by private consumption powered by the financial and real estate sectors — both driven by cash. The rise in private consumption (60%) in these six years over the previous five years was directly sourced in the rise of 69% in finance and real estate in that period. Thus, the high growth (8.5%) between 2004 and 2010 was fake, yielding only 2.7 million jobs as against 60 million jobs which the moderate growth of 5.4% between 1999 and 2004 had produced.



The black money agenda of demonetisation is no failure, though ill-executed.

Here is an example of how the asset price-led growth had hurt real growth. Liases Foras indices of housing affordability and prices (both equal at 100 in January 2005) peaked in March 2014, with the index of price curving steeply to 529 and affordability slowing at 173. This huge affordability gap, of almost three times, was due to cash driving up land prices and secondary housing market that constituted two-thirds of housing buys. With a 95% shortage in affordable housing, this wide gap virtually killed real housing growth since 2011.

Demonetisation is an effort to reverse this dangerous trend. Had this intervention not taken place, by 2021, HDNs could have touched as high as 36-40 lakh crore, which would have dynamited the real economy through asset price inflation — much like

subprime lending did in the U.S. before the 2008 crisis.

Multidimensional correction

Had the government aligned demonetisation with the Income Declaration Scheme, 2016, it would have fetched a minimum of 2-3 lakh crore as tax upfront. By unintelligently separating them, it is now chasing demonetisation depositors for tax. Yet, the black money agenda of demonetisation is no failure, though ill-executed. Black money of 45,000 crore has been uncovered and 2.9 lakh crore of cash deposits are under tax probe. Against this whopping 3.35 lakh crore, yields in previous disclosure schemes have been minuscule. Following demonetisation, there are 56 lakh more assesseees, advance tax receipts have gone up by 42% and self-assessment tax risen by 34%. It has also led to an attack on benami assets. Even as intelligence agencies note a 50% drop in hawala-related calls post demonetisation, nearly 2.24 lakh shell companies that have been used for hawala have been uncovered; 35,000 have been found laundering 17,000 crore; one of them, 2,484 crore.

Demonetisation means much more. The currency to GDP ratio is down from 13% to 9%, post-

demonetisation. Household financial savings have risen and savings in currency form crashed. Interest rates are down, with the RBI cutting rates by 25 basis points, and banks by 96 basis points. According to a study, digital payments have accelerated by 93% between January and June 2017. Without demonetisation, it would have just grown by just 21% — by a fourth of it. Demonetisation has forced the extra cash floating around into term and time deposits, which have risen by 17 lakh crore. A huge formalisation of the informal economy, which generates half the nation's GDP and 128 million jobs or 10 times the jobs in the formal sector, is under way. Demonetisation is an effort to bring about a fundamental shift in the economy.

The future and a caveat

That GDP growth would slacken for a year is implicit. But it

was not as bad as when Paul A. Volcker, as U.S. Fed chief, applied Milton Friedman's monetary theory and contracted bank credit, a kind of demonetisation for the U.S. That led to the U.S.'s GDP, far from rising, turning minus 3% in 1982, though it later vaulted to 6% in 1983 and 8% in 1984. But despite the fact that demonetisation would slow the GDP, the government, under attack by economists and the Opposition alike, was in denial mode.

Now, the RBI expects growth to improve in the second half of (calendar year) 2017. The rise of the Index of Industrial Production (IIP) by 4.5% in August 2017 over August 2016 and 8 core sector IIP (this consists of eight core industries data) for September by 5.2% seem to signal high growth ahead, though the intervention of the goods and services tax may delay

it for a while.

A caveat at the end. Demonetisation has robbed the informal sector of non-formal credit; the formal credit assured to them through the Micro Units Development and Refinance Agency (MUDRA) formula has not been fulfilled as yet. MUDRA was premised on the assumption that banks cannot reach credit to the informal sector and need last-mile private credit intermediaries, which the RBI opposes. The government must convince the RBI on the need for MUDRA as conceived. Subject to this, demonetisation, in sum, is a fundamental corrective to the economy much like liberalisation was in 1990s. Sadly, this vital aspect is missing in the current discourse. □

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Demonetisation anniversary

Better implementation could have minimised people's suffering

One thing the demonetisation announced by Prime Minister Narendra Modi on 8 November, 2016 has done is that it has made a large number of people pretend to be economists and experts. Political opposition has been vociferous from day one about how bad a decision it is, etc. No one would deny the surprise element in it and how the porous corridors of Lutyens Delhi really kept it a secret till it was broadcast on TV/radio.

There are three ways to appraise such a major step taken by the Government

- 1) Compare with the past
- 2) With other countries experiences
- 3) With expectations or anticipated outcomes.

Comparing with the past and others

There have been earlier efforts but not with much success. In 1946, the currency note of Rs 1,000 and Rs 10,000 were removed from circulation. The ban really did not have much impact as the currency of such higher denomination was not accessible to the common people. However, both the notes were reintroduced in 1954 with an additional introduction of Rs 5,000 currency.

In 1978, the then Prime Minister of India Morarji Desai announced a currency ban taking Rs 1,000, Rs 5,000 and Rs 10,000 out of circulation. The sole aim of the ban was to curb black money generation in the country. It was termed as “an Act to provide in the public interest for the demonetisation of certain high denomination bank notes and for matters connected therewith or incidental thereto.”



This pain hopefully is temporary and Government need to pass the Mudra act to increase credit availability to small businesses and also reduce their dependence on money lenders and cash.

Prof. R. Vaidyanathan



People who possessed these notes were given a week's time to exchange any high denomination bank notes. The one big difference with the announcement is Rs 1,000 and higher value notes were almost impossible to possess then for the common man given the value of these amounts then. The experience of other countries is not meaningful given our size and magnitude of the problem. So we rely on what were expected outcomes and what happened.

Many have argued in the immediate aftermath of the announcement that the success of the move depends on how many notes return to the banks and also how it will reduce levels of corruption/black money in the economy. But surprisingly, a significant portion of the demonetised currencies called Specified Bank notes [SBN] by RBI have been returned to banks. From the reports/data earlier published by the Reserve Bank of India (RBI), currency in Rs 1, 000 and Rs 500 denomination in circulation was at Rs 15.44 lakh crore [6857.82 million notes of Rs 1,000 and 17,165.06 million notes of Rs 500 amounting separately to Rs 68,5782 crore and Rs 85,8253 crore]. Taking into consideration, the value of SBNs now reported to have been counted, approximately 98.96 percent of SBNs in value terms have come back to the RBI after demonetisation. In other words, only an estimated Rs 16,000 crore worth of SBNs have not come back to the RBI so far. Even after a year, the RBI is still counting notes for their genuineness, etc.

Earlier, estimates suggested that around Rs 3 trillion would not return to the banking system be-

cause it was unaccounted money. There were long queues before banks to exchange old notes to new ones. We did not see any big businessman/film actor/sports persons/retired judges/ retired army generals/bureaucrats and of course political leaders in queues to exchange notes. None can argue that only the poor, lower and middle classes in those queues were having black money and none of the elites! This argument would be hilarious. But our black money holders are clever. All elites used their servants/dog walkers/driv-

All elites used their servants/dog walkers/drivers, etc. to exchange as much as possible. They also would have used some corrupt bank officials.

ers, etc. to exchange as much as possible. They also would have used some corrupt bank officials. Hence, one can surmise tax evaders had managed to legalize their unaccounted money using mules and proxies to make deposits, made high-value purchases using back-dated bills and colluded with bank officials to exchange old currency.

Measuring the success of demonetisation on the basis of how much cash has come into the system shows "an inadequate understanding". Indeed, "the fact that the

entire demonetised money has come back shows black money has been accounted for completely. In that sense, demonetisation has been a success," said R. Gandhi, former deputy governor of RBI. It is now up to the tax department to do its job, he added. In January, the government decided to use data analytics to identify people whose deposits didn't match their known sources of income.

In his Independence Day speech this year, Prime Minister Narendra Modi said that more than Rs 1.75 trillion deposited in banks after demonetisation was under the scanner. "The trail of deposits" of bank notes "into bank accounts may provide valuable information to the revenue authorities in tracing unaccounted money", RBI said in its annual report. The ministry's note also added that demonetization had resulted in a 24.5 percent increase in the number of income tax returns filed till 5 August.

For instance, RBI's annual report shows a spike in the number of so-called suspicious transaction reports [STR] filed by banks, financial institutions and intermediaries. Banks filed 361,214 such reports in 2016-17, up from 61,361 the previous year. This is evidence that people have been forced to deposit money "illegitimately lying with them". Also substantial amount was deposited in the so-called poor man's account. Banks in the country have added 46.65 lakh new accounts under the Pradhan Mantri Jan Dhan Yojna (PMJDY) during the five weeks after the demonetisation of Rs 500 and Rs 1,000 currency notes on 8 November.

The total balance in PMJDY accounts increased to Rs 74,123.13 crore as on 14 December as against

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Rs 45,636.62 crore on 9 November, recording a growth of Rs 28,486.51 crore. Any which way the Indian black money holders did not shy away from the banking system. Only they hoped they may not be caught.

Shift to financial savings

Typically, Indian households are major savers in the economy contributing 70 to 80 percent of the gross domestic saving. Of these the physical assets—house/gold etc.—constitute a major portion and the financial assets are mainly cash/bank deposits/ etc. Data from the RBI shows that gross financial savings rose to 11.8 percent of the gross national disposable income (GNDI) in fiscal year 2017, a notable climb of 90 basis points from 10.9 percent in the previous year.

Not surprisingly, the improvement into financial savings was led mainly by bank deposits. After all, Indians were given 50 days to deposit their invalid cash into their bank accounts. And that is exactly what the people were preoccupied with during the demonetisation months. So, savings into bank deposits surged 7.3 percent of GNDI in fiscal year 2017 from 4.8 percent in fiscal 2016. Other products also caught a slice or two of financial savings.

Indians invested 1.2 percent of their disposable income into shares and bonds, a massive improvement from the average 0.2 percent in the years before. A look at how stock indices have soared since demonetisation should be enough to add a sense of certainty to this. The inflows into equity mutual fund schemes are another indicator of how the stock market gained from getting a bigger



Indians invested 1.2 percent of their disposable income into shares and bonds, a massive improvement from the average 0.2 percent in the years before.

slice of household savings. The insurance sector also benefited with 2.9 percent of disposable income flowing into it. In other words, demonetisation seems to be encouraging people into financial products including MFs, etc.

Many pseudo-experts argue that black money is kept in the form of real estate. Unfortunately, economists are not taught rigorous courses in accounting. Transaction has two sides. If I buy land or house paying let us say Rs 50 lakh in cheque and Rs 30 lakh in cash, then the seller gets my black money of Rs 30 lakh—it is not obliterated. Also, one finds that there is a decline in the ratio of

white to black transaction in real estate sector. Earlier, what used to be 60/40 levels—that is white 60 percent and black at 40 percent—it has come down to as low as 85/15 levels. Large number of people do not want to carry huge amount of cash. Even in transactions like TV/fridge, etc., items including gold transactions in lakhs in cash come down. The regulations in terms of cash transactions have become stringent and people are concerned about IT capturing data from transactions.

One of the important points stressed by the prime minister regularly is using digital modes of transaction in day to day life. He thinks larger digitization will reduce corruption and to some extent rightly so. The invalidation also resulted in an increase in digital transactions. In a note, the finance ministry said that number of digital transactions increased 56 percent between October 2016 and May 2017 to 1.1 billion. The demonetisation exercise was announced on 8 November, 2016. Retail level one sees more use of methods like Paytm/Bhim/credit cards etc even in the level 2 and 3 towns. And



Govt has made cash transactions to be limited to Rs 2 lakhs in case of capital items & Rs 10,000 in case of revenue expenditure.

technology in a sense is addictive—once you start using it u continue due to ease of transaction/ability to keep records etc.

There has been significant impact on Naxal terrorists and Kashmir Jihadists due to demonetisation since old notes could not be used. Even trafficking in women from east and NE has come down. The looting of banks in J&K indicate the desperation of the Jihadi groups to get new money.

Implementation is critical

The implementation of any such idea is more critical in a country like India than the policy itself. Of course the opposition talks of hundreds of deaths due to demonetisation-but such hyperbole needs to be taken with a ton of salt. The Government could have minimised the suffering with better planning. Initial stage BSF/CRPF/Police vehicles could have been used to transfer funds to far flung location instead of depending only on bank approved security vehicles. We also have companies-both in FMCG and Financial who have extensive country wide network.

We have HLL/ITS/Sundaram Finance/Oil companies/Shriram /LIC etc who have branches and distribution network in far flung locations. These should

have been co-opted as “temporary Banks” or “correspondence Banks” to distribute new notes etc. Also RBI should have alerted Government about incompatibility of ATMs with new notes and time taken for re-calibration.

Of course the element of secrecy might have been lost of so many were involved in planning stage itself. Also to remember Introduction of larger denomination of Rs 2,000 is not related to demonetisation at all. That decision was done as early as June/July and was getting implemented.

We estimate at least 10 percent of our GDP every year is not accounted or black money. At around Rs 150 lakh crore of GDP in 2016-17 –it comes to Rs 15 lakh crore. This is annual number and hence need to tackle it on a war footing. The next best step would be to limit the holding of cash to Rs 10 or 15 lakh per individual which, if implemented will dramatically change the whole situation. Currently there is no restriction on holding any amount of cash. An expert committee formed by LK Advani in 2008, just before the 2009 general elections, which I was a part of, had proposed certain measures to curb black money menace.

One of the proposals was to

make the possession of cash above Rs 10 lakh or Rs 15 lakh – a crime, a punishable crime. That will automatically lead to reduction in stashing the cash. I hope this government will do it.

The SIT has made the following recommendations in the Fifth Report — Cash holding: The SIT has further felt that, given the fact of unaccounted wealth being held in cash which are further confirmed by huge cash recoveries in numerous enforcement actions by law enforcement agencies from time to time, the above limit of cash transaction can only succeed if there is a limitation on cash holding, as suggested in its previous reports. SIT has suggested an upper limit of Rs 15 lakhs on cash holding.

Further, stating that in case any person or industry requires holding more cash, it may obtain necessary permission from the Commissioner of Income tax of the area. In the recent budget, Government has made cash transactions to be limited to Rs 2 lakhs in case of capital items and Rs 10,000 in case of revenue expenditure. But no limit for holding cash for individuals as well households.

Of course, lots of small businesses have been impacted since cash is the primary medium of transactions for them. Do not confuse cash with black money. This pain hopefully is temporary and Government need to pass the Mudra act to increase credit availability to small businesses and also reduce their dependence on money lenders and cash.

Of course that is another story for another time. □□

(The writer is a former IIM professor and author of 'Blackmoney and Tax Havens')

Make China comply with WTO norms: SJM



China must comply with World Trade Organisation's [WTO] norms, the Swadeshi Jagaran Manch [SJM], the economic wing of the Rashtriya Swayam-sevak Sangh [RSS], demanded at a recent meeting with a team designated by Prime Minister Narendra Modi.

India is "suffering due to heavy imports" from China which is enabled by Beijing's non-compliance with WTO norms, an SJM memorandum to the Prime Minister said. The memorandum to the team led by Defence Minister Nirmala Sitharaman was handed over by an SJM delegation, led by Arun Ojha, national convener of SJM. China "has not complied" with WTO norms, argued Dhanpat Ram Agarwal, national co-convener of SJM. (www.thehindu.com)

RSS-affiliate body accuses NITI Aayog of misleading govt

Swadeshi Jagran Manch (SJM), a RSS-affiliated body, on Tuesday attacked NitiAayog for pushing packed dietary supplements for malnourished children instead of supplying fresh, home-cooked meals by seeking Prime Minister Narendra Modi's intervention in tackling the problem. SJM has long been opposing ready-to-use therapeutic foods (RUTF) provided by several states to malnourished children.

Talking to DNA, SJM national co-convener Ashwani Mahajan said NitiAayog is trying to mislead the government by pushing for RUTF which would benefit certain private entities.

"We, however, will continue to oppose the move tooth and nail as RUTF is not a sustainable solution to malnutrition. There are no studies to indicate its long-term health risks," Mahajan said.

In a letter to the PM, Mahajan said, "We are concerned about the decision taken, especially with inputs from NitiAayog – who had recently constituted

a working group on nutrition riddled with conflicts of interests. This is in spite of the fact that National Nutrition Strategy – launched by the Deputy Chairperson of NitiAayog in September — recommends avoiding conflicts of interest in its guiding principles."

"These food supplements will only serve the corporate interests rather than treating the malnourished children," Mahajan wrote in the letter. He also stated that evidence is not in favour of use of RUTF adding that Union Health Minister JP Nadda had said RUTF may not benefit a common household in developing appropriate food habits for children against home-cooked food. RUTF food packets or supplements are a mixture of protein, carbohydrate, lipid and vitamins and minerals.

In August, the Women and Child development ministry issued a circular to state governments telling them that the use of RUTF food to tackle Severe Acute Malnutrition is not 'accepted policy' of the Centre. In his letter, he also stated that in a response to parliament question in 2010, then Minister of External Affairs SM Krishna stated that UNICEF distributed RUTF in contravention to Government of India guidelines and was asked to ship it out.

As a proof of that, the ministry referenced a February 2009 circular issued by the health ministry. The circular came a few days after the RSS-linked Swadeshi Jagran Manch objected the use of packet foods as RUTF because they felt that the move will only benefit corporate bodies and in states where it has been launched, RUTF have proved to be an expensive affair.

However, WHO deputy director and former ICMR chief Soumya Swaminathan had told DNA that there is no health issue with the usage of RUTF food.

"In several cases that we have observed, RUTF food has helped severely-malnourished children regain back their health without side-effects. I would recommend it," said Swaminathan. (www.dnaindia.com)



Organic farming for financial independence



Swadeshi Jagran Manch's national convenor Sh. Arun Ojha said that the SJM will make organic farming a tool for the economic independence of the country.

Talking to reporters Ojha said that the chemical fertilizers are hazardous for human health and environment. He said that the SJM has decided to launch a nationwide movement against farming based on chemical fertilizers and encourage farmers to go for organic farming as it is the only way for economic independence of the country. Mahatma Gandhi had made khadi as his weapon to make the country independent while SJM has decided to use 'Khad' (organic fertilizer) as its tool for this movement, he said. SJM has given a slogan 'Tab Khadi ab Khad' for this movement that will be launched across the country.

Ojha and the National Organizer of SJM Sh. Kashmiri Lal discussed plans for improvement in the organizational structure and its work. Lal called upon the SJM members to hold events based on employment, environment and family in all the districts of state. Earlier, they addressed the convention of workers of east UP region. They said that western model of development has failed in generating employment opportunities. So there is a need of focusing on indigenous model. Several office bearers of the organisation were present at the convention.

SJM warns govt against succumbing in WTO talks

Urging India to continue its pressure in the World Trade Organisation (WTO) to drop subsidies-related Aggregate Measurement of Support (AMS) from negotiations, RSS affiliate Swadeshi Jagran Manch (SJM) has said India should push for a permanent solution on development subsidies and public stock-

piling of food (for the Public Distribution System) in the forthcoming 11th ministerial conference in Buenos Aires on December 10 and 13.

Participants urged Minister of State SS Ahluwalia, who attended the conference here, to ensure that India counters the efforts by European Union, Brazil to divide the 100-odd developing countries and Least Developed Countries (LDCs) on the issues. Instead of a (temporary) Peace Clause, India should push for a permanent solution and the demand for exemption of these subsidies should be pressed, the participants said, according to SJM National Convener Ashwini Mahajan. Among others who participated in the day-long deliberation were former minister and senior BJP leader Murli Manohar Joshi, trade experts and civil society members. Asserting that every country had the right to adopt special measures to curb sudden surge in supply of agriculture produce by increasing import tariffs, the SJM said India should negotiate for the Special Safeguard Mechanism in this regard.

"The market is already distorted by developed countries' subsidies and standard barriers," the participants agreed.

On the proposal to bring rules on Fisheries subsidies, the meeting expressed concern about the attempt to allow developed countries to continue with their subsidies while banning subsidies by developing countries for small scale, traditional fishing.

The SJM also opposed the proposal for investment facilitation which it said might end up in 'commitments (from India) on investor protection and market access'. It said that India should tread carefully on the issue of freeing e-commerce from regulation as it was a "complex and unknown area" which might restrict the government's ability to regulate giant, multi-national e-commerce companies. "India should not allow the WTO to decide on regulatory rules shaping key policies on health, labour, trade, in-



dustry, agriculture and finance. Losing all tariff revenue on e-commerce, as well as regulatory control over imports is unthinkable for a country like India.”

The SJM also warned the government against succumbing to pressure on e-Commerce being pushed in trade negotiations in the Regional Comprehensive Economic Partnership (RCEP) and said that it will impact retailers and custom duty revenues. Giving the example of China, it said the neighbouring country was pushing the interests of a wholesale manufacturer and supplier of Chinese goods which seeks duty-free access using the e-commerce route. (www.uniindia.com)

Swaminathan proposals, the crux of farmers' tussle with the Centre over MSP

Two years ago, the Centre dropped the proposal to provide a minimum support price (MSP) 50 per cent higher than the cost of production. But even now, farmers continue to demand the implementation of that recommendation, which was made by the Swaminathan Committee.

Thousands of farmers took to New Delhi's Parliament Street Monday, seeking a one-time full waiver of loans, and to remind the Centre of its promise to improve their plight.

The recommendations were the product of the national commission on farmers formed in 2004 under the chairmanship of M.S. Swaminathan, the father of the Green Revolution. The committee drafted five reports released in 2004, 2005, and 2006. The reports explored the causes for farmers' distress, suicides, and contained suggestions to achieve faster and inclusive growth. The topics focused on were land reforms, productivity, credit and insurance, employment etc.

One of the most important recommendations



was that “MSP should be at least 50 per cent more than the weighted average cost of production”. This would ensure a fixed ‘take home’ income for the farmer, apart from input costs and expenses.

The BJP had also promised this in its 2014 election manifesto. However, when a PIL was filed in the Supreme Court by the Consortium of Indian Farmers Associations (CIFA) in February 2015 demanding implementation of the national policy on farmers, the Centre filed an affidavit stating that the recommended MSP could not be provided.

“Hence, prescribing an increase of at least 50 per cent on cost may distort the market,” the government had said in the affidavit, which has been accessed by ThePrint.

“A mechanical linkage between MSP and cost of production may be counter-productive in some cases. No comparison can be made about increase or decrease of price of one commodity as compared to other commodities as the same depends on demand and supply and market forces.”

The government added: “It may be noted that pricing policy i.e. the fixing of MSP is not a ‘cost plus’ exercise, though cost is an important determinant of MSP. The pricing policy seeks to achieve the objective of fair and remunerative price and is not an income policy.”

Now, 13 years since the recommendations were first made, experts say that it is time to take another look at all the policies and laws concerning agriculture. Vijay Sardana, an agricultural analyst, said: “More options have to be explored with modern concepts to ensure security in agricultural markets and farmers' income.”

He added that the Swaminathan Committee's report fails to balance the price gap between the increase in the MSP and the cost of feeding the Indian population, which is highly middle- and lower class.

Activists like Yogendra Yadav continue to support the cause of the farmers, urging the Centre to fulfil the committee's recommendations.

“Farmers need a reasonable income for the investment they make, and that is where Swaminathan Committee's recommendations are relevant. The entire exercise is not an impossible task,” said Chengal Reddy, chief advisor to CIFA.

“When teachers in government schools earn close to Rs 40,000 per month, why shouldn't the farmer who feeds the country fight for his income?” (<https://theprint.in/>)

SJM opposes Ready-to-Use foods for malnutrition

Pitching for proper nutrition and basic health care for malnourished children, the Swadeshi Jagran Manch (SJM) on Tuesday opposed Ready-to-Use Therapeutic Foods (RUTF) for children suffering from Severe Acute Malnutrition (SAM) and alleged “conflict of interest” with manufacturers who were behind the move to push the programme. Referring to a move that came out of the Prime Minister’s Office which left the decision to state governments for implementing RUTE, the SJM, in a letter to Prime Minister Narendra Modi, said it would not be prudent to leave the decision to states.

“In India, the global collaborative Scaling Up Nutrition (SUN) movement has tied up with Maharashtra, Uttar Pradesh and Jharkhand to promote therapeutic food as a solution to malnourishment. Pilot projects have been taken in the three states and in Bihar,” SJM national co-convener Ashwini Mahajan said in the letter.

“SUN has clear conflict of interest having RUTF manufacturers like Amul, Valid Nutrition, Nutriset and Edesia as members of the SUN Business Network. Other food industry in SUN Business Network include Pepsi, Cargill, Britannia, Unilever, General Mills, Glaxo SKB, Mars, Indofood, Nutrifood and DSM. (However), against the backdrop of the decision taken by the Ministry of Health and Family Welfare and Women and Child Development that RUTF is not to be used for children with severe malnutrition, it would not be prudent to leave the decision to states,” the letter said.

“We do feel that this will allow as an entry point of all ‘nutrition products’, be it for moderate or mild mal-nourishment. This situation will only lead to erosion of our national sustainability and self-sufficiency



with no value for money for our human resource and capital. If we cannot give basic foods and health care to the deprived, commercially vested products will not solve the problem,” the letter said.

The SJM believes that states do not have the requisite technical capacity and are potentially susceptible to the vested influence of international agencies and the commercial sector.

“This is a game changing mission of (ready-to-use) food industry to introduce RUTF as a life saving magic bullet, which it is not,” it said. (www.uniindia.com)

India asks UN to declare 2018 as International year of millets



India has asked the United Nations to declare 2018 as the ‘International Year of Millets’ and promote it as nutrition-rich smart food across the world.

A letter in this regard has been written to UN Secretary General Antonio Guterres by Union Agriculture Minister Radha Mohan Singh. In the letter, Singh said there is a need to promote millets as the “awareness is low” among consumers, policy makers, industry and R&D sector. Sorghum, Bajra and Ragi are some popular millets in India.

“Promotion of production and consumption of millets through conscious efforts at global level is likely to contribute substantially in the fight against the targeted hunger and mitigate the effects of climate change in the long run,” he said.

The yield of millets can be increased three times and they have multiple untapped uses such as food, feed, biofuels and brewing. Therefore, millets are smart food and good for consumers, farmers and the planet, he added.

“Considering the importance of millets ...the Government of India along with other country governments urges the UN to declare 2018 as the ‘Inter-

national Year of Millets’,” Singh said. This will go a long way in popularising millets which would benefit future generation of farmers as well as consumers, he added. Singh said millets are nutritionally superior to wheat and rice owing to their higher level of protein with more balanced amino acid profile, crude fibre and minerals. They are traditionally grown in resource poor agro- climatic region. (indianexpress.com)

States sense public anger, crack whip in pvt health care

It started off with the Valentine’s Day announcement capping stent prices. Prime Minister Narendra Modi talked about it in his campaign speeches in Uttar Pradesh the next day. Advertisements with his pictures reiterating his resolve to cap stent prices appeared in national dailies and billboards across the country. Healthcare was finally being acknowledged as a possible vote-getter at the highest level.

The year 2017 may well go down as the year regulation of private healthcare became the Big Issue in response to growing public anger with rising costs and unnecessary treatment for profit. West Bengal (Trinamool), Kerala (Left), Karnataka (Congress) and Maharashtra (BJP-Sena) have all moved to regulate private healthcare.

Barely a fortnight after stent price capping, on February 22, West Bengal chief minister Mamata Banerjee held a televised meeting with heads of private hospitals in Kolkata where she lashed out at them for overcharging patients and shoddy service, the two most common complaints. The fact that Banerjee chose to hold the health portfolio herself shows she realised its significance early on.

On March 3, the West Bengal Clinical Establishments (Registration, Regulation and transparency) Bill, 2017 was passed unanimously in the assembly, a recognition of the public mood. Banerjee thundered: “Some hospitals are overcharging patients, making exaggerated bills. The greed is crossing all limits. When the limits of patience are broken, steps have to be taken.”

The Indian Medical Association (IMA) and local doctors associations bitterly criticised the new law. They petitioned the governor and high court to repeal the act. Neither was in a mood to oblige. The governor gave his assent and the bill became law on March 17. The high court dismissed the petition on August 21. This is a recurring pattern across states —



repeated and determined efforts by governments to enact a law to regulate the private sector in the face of stiff opposition from doctors’ associations. While doctors’ strikes and demonstrations forced governments to back off on previous occasions, there is now little or no public sympathy for doctors and private hospitals. Sensing this, governments too are unwilling to be cowed down by the pressure tactics of corporate hospitals and doctors’ associations.

“Anger against the medical profession and the private healthcare system has been building up since a decade. It is evident in the rising incidents of violence against doctors and hospitals. But in Karnataka, the medical fraternity has been putting relentless pressure on the government to restrict regulation. Hats off to the government for taking a tough stance,” said Dr N Devadasan of the Institute of Public Health in Bangalore.

The Karnataka Private Medical Establishments (Amendment) Bill 2017 to regulate the private sector was tabled in the assembly in June. The IMA and local hospital associations went to court against the bill. They launched an indefinite strike, but had to call it off after the high court asked them to hold talks with the government. “The doctors expected a lot of anger against politicians, especially the government. But common people are congratulating the government,” added Dr Devadasan.

In Mumbai, a hospital hoarding saying “No Commission only honest opinion” kicked off a row about doctors taking commissions from hospitals and diagnostic labs for referring patients. Responding to the outrage, in September, the state government released the draft Prevention of Cut Practice in Health Care Services Bill, 2017, the first in India to formally recognise the menace of cut practice. The bill proposes up to five years of imprisonment for demanding or accepting commissions. The 40,000-member strong IMA in Maharashtra protested vehemently but the government is moving ahead. (<https://timesofindia.indiatimes.com/>) □□