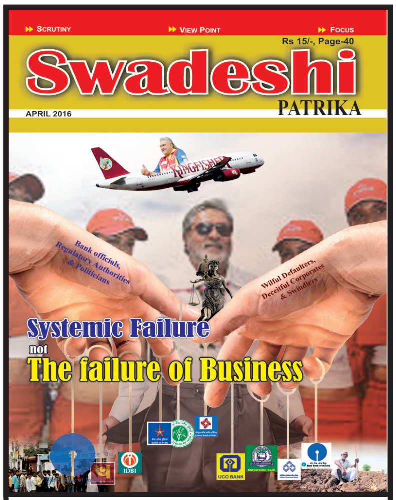

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Kanhaiya Kumar are guilty

Finally the truth is officially out. A high-level inquiry committee of the Jawaharlal Nehru University has found several students guility of "Wilful Defiance". Describing the incident as "unfortunate", and held without the permission of the university administration which amounts to "wilful defiance" the panel has recommended rustication of Kanhaiya Kumar & Co. What will trendy liberals have to say now? It is clear that activists and supporters of the leftists will not accept the reality as they have never done so till now. That is the primary reason for their growing irrelevance world over. But the issue of concern for this country is the parties like Congress, Janta Dal of various hues and AAP who use the façade of middle path to fool the people of India. Kanhaiya Kumr has been found guilty of unsocial behaviour also. He was in fact punished also. Yet he is allowed to grab headlines. Meanwhile, the recent studies by US based National Consortium for the Study of Terrorism and Responses to Terrorism, known as START had listed Indian Maoists as the fifth most dreaded perpetrators of violence. The US study group has listed ISIS as the first most dreaded perpetrators of violence in the World. Second terror organisation in the list is Boko Haram, followed by Taliban and Al Qaeda. The START's study reveals that during 2000 to 2014, the Indian Maoists has conducted 337 "coordinated terrorist attacks." According to Home Ministry statistics, "To create terror among civilians in the LWE affected areas, the Maoist cadres, in their 'Kangaroo Courts', also called 'Jan Adalat', or 'Praja Courts', execute sentence against the civilians, who do not subscribe to their ideology in the areas under their domain or labelling them as police informers.

Biased media is also to be blamed for this sorry state of affairs. Many Media persons have taken up the responsibility to not only bail out guilty students but also to make heroes out of them. They however forget that people Of India have seen through their dubious role and are not ready to believe their version anymore. It is time for the concerned authorities to ensure that these culprits are punished appropriately. Universities have for too long been allowed to remain unaccountable. It needs to be stopped. Hope the rot is stemmed sooner.

– **Vikas Choudhary,** *New Delhi*

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Quote-Unquote

Events give rise to both emotions & lessons. Often we hold onto emotions & don't learn. Wisdom is to drop emotions & move on with lessons.

Sri Sri Ravi Shankar
Spiritual Guru

"RSS supports reservation till discrimination in Society Exists."

Dattatreya Hosabale
Sah Sarkaryavah, RSS

Those who protest against SriSri cultural prog are the very ones who celebrate the antinational programmes in JNU.

S. Gurumurthy
Eminent thinker & Swadeshi Ideologue

Amitabh Bachchan has achieved many a milestone in cultural & social fields and if he becomes president, it will fetch a good name for the country

Shatrughan Sinha
BJP, MP

Because TRUTH can afford to be repetitive. It is the LIE which has to be reinvented all the time.

Anupam Kher
Actor

E D I T O R I A L

Regulating Real estate

Housing for all by 2022- the 75th year of Independence is one of the far-sighted visions of Prime Minister Narendra Modi. Parliamentary nod to the Real Estate (Regulation and Development) Bill, 2015 has further amplified hopes of home buyers in the country. Buying a dwelling has never been easy for common people in India. It is one of the most cherished dreams of every individual to have a roof on the head. Life time savings are being invested in purchasing a house to ensure a protected environment along with some basic comforts for the family. Financial sector liberalisation made availability of housing loans for ordinary citizens fairly simple, easy and comparatively trouble free. But at the same time, while one somehow managed to book a property, there always remains a level of uncertainty as to whether that house will match the expectations of a 'dream home'. Lack of transparency, absence of regulatory framework, rapacious developers, fly by night players, mafia and bureaucratic delays in approvals from multiple authorities very often turned this sense of a life time achievement in to tragic experience for the buyer's. Even genuine Builders many a times, in a bid to offer competitive projects, present a very optimistic plan to consumers, which oftenly is rarely accomplished. Aggressive marketing, high level of ambiguity and inability to source accurate information from some reliable and neutral sources puts the buyer in a disadvantageous position marred by delayed construction, cost enhancement, inferior quality of construction, delivering less than promised area, change in specifications, stalled projects and at times missing dealers. Increase in cases of cheating and malpractices result in law and order issues at times. The Government of India became conscious and in a bid to address the issues confronting the crucial sector of the economy. The Real Estate (Regulation and Development) Bill, 2015 ('the Bill') has been rolled out with a view to make the real estate scenario in India more transparent, predictable, non exploitative and less agonising for the buyers. The Bill seeks to address some of the perennial issues associated with the real estate sector and enhance the buyers' sentiments, which is paramount to achieve the Government's mission of 'housing for all by 2022'. The Bill when becomes the Law will regulate transactions between buyers and promoters of residential real estate projects. It also envisions establishment of state level regulatory authorities called Real Estate Regulatory Authorities (RERAs). This initiative can be a game changer in at least two major ways. On one hand it can ensure sale/ purchase of immovable properties in an efficient and transparent manner, at the same time protect interest of consumers who are looking to either have a home or invest in the real estate sector. Real estate sector has a strong and diversified eco-system and hence will be impacted in a huge manner. There are several welcome provisions in the mechanism proposed. Most important are; registration of projects& real estate agents dealing in these projects with RERAs, important to maintain a separate bank account and deposit 70% of the amount collected from buyers for a project in that separate bank account and must to be used for construction of that project only. Definition of carpet area Common area; Time limit for completion and some relief in case of Structural defects has also been addressed to some extent. This is a welcome step and may resolve several problem areas haunting the sector. However, to expect that it will disentangle all horny knots is grossly unfair. First of all the scope of the Bill is restricted to 'purchase and sale' of real estate projects and does not address other bottlenecks which become excuse for delays and other troubles. Introduction of a 'single window clearance' mechanism was the needed. Also Some States like Maharashtra and Haryana have already implemented State laws, which may now become futile as the Bill is proposed to have an overriding effect on the State laws; to the extent they are inconsistent. That becomes state vs centre issue.

With a noble intent, the Bill, after much deliberation at the Centre, is crafted to set the stage for streamlining the real estate sector in India. However, the actual implementation seems to be an uphill task and needs to be watched carefully. The real estate sector has some other issues such as a lengthy process for project approvals, lack of clear land titles, and prevalence of black money. But we appreciate it as a good beginning.

JPC must to expose bank-made crisis; Mallya merely exposes chinks

Banks have so far tried to largely cover up the bad loan issue by postponing the problem. The RBI's role as regulator also needs relook. Wilful default needs to be made a criminal offence. At present, for civil offences no extradition move can be made, explains **Shivaji Sarkar**

It is a rich to rag story. No it is not one of the biggest defaulters Vijay Mallya, who virtually received unsecured loans of Rs 9,000 crore from consortium of banks. He has gone smiling all the way. It is the government bank themselves biting the dust as they squander away public money threatening the economy. But it is now spreading even to private banks and now their NPA is spiralling. The myth that they have a separate culture and are more careful is busting. Possibly it is easier to swindle private banks, as these remain away from scrutiny by public agencies. They have increased their non-performing assets (NPA) by 39 per cent to Rs 1.16 lakh crore – a large sum considering they operate in a narrow band. This has happened in nine months, April-December 2015

Total outstanding loans by private sector banks stood at Rs 14.3 lakh crore, 20.8 percent – one-fifth - of their total credit. So there would be many Mallyas to loot public money. Yes, private banks have non-government private management but they also deal with the deposits of common depositors. So Mallya may have escaped to a royal villa in the UK but this is the beginning possibly of a new story. It is worth watching how SBI head Arundhati Bhattacharya is now crying. She says that Mallya had not told her of his assets. How innocent Bhattacharya is! Possibly PSBs and private banks suffer from same innocence.

It is certainly smart of Mallya. But what Bhattacharya and her bank were doing? She needs to remember that she is paid salary in crores to protect the deposits of poor people. The banks are mere custodians of depositors' money and they need to guard it. A borrower, all banks know, is supposed to behave erratically. But can the banks also behave in a callous manner. Should we not punish the erring bank officials?

Today public sector banks have net losses, couched as non-performing assets (NPA), of Rs 4.4 lakh crore. Till 2009 it was around Rs 1.4 lakh crore and was considered even then as bad for the health of the banks. At least Rs 1.5 lakh crore loans have been written off during the last two years.

Banks have so far tried to largely cover up the bad loan issue by postponing the problem till the RBI put a deadline of March 2017 for banks to clean up their balance sheets. The RBI's role as regulator also needs relook.

Are banks being merged to cover pug marks? It must be shelved. It is one of the worst situations since the Harshad Mehta, Ketan Parekh, UTI and LIC scams puts together.

The rating firm ICRA says that private banks have been giving more loans. It has increased three times faster at 18.3 percent. They possibly took the strictness that public sector banks (PSB) of late have started adopting. They are sanctioning far less loans than earlier. The PSBs saw a credit growth of 6.2 percent till September 2015. It is also a myth probably that private banks are better managed. Many of the private banks reemployed employees of PSBs. The cultural difference is minimal. A Reserve Bank datum shows that the rate of growth in bad loans at private banks has been equal to the PSBs.

The RBI says that total outstanding loans by private banks stood at Rs 14.33 lakh crore. The PSBs had total outstanding loans of Rs 34.47 lakh crore. Entire outstanding is not bad loan.

In 2014-15, 19 PSBs showed a gross NPA rise of Rs 1.92 lakh crore – 39 percent year on year increase. During the same period new private banks' gross NPA rose by 36 percent, year on year, to Rs 24534 crore. The new banks are Axis Bank, DC Bank, HDFC, ICICI, Kotak Mahindra and Yes Bank. Supposedly the largest ICICI Bank recorded 44 percent rise in gross NPAs at Rs 15,000 crore.

The operations of the private and PSBs are not much different.

The operations of the private and PSBs are not much different. Their exposure too is of the same level. It is said that during 2009-14, they were equally subjected to political dictates. Apart the nature of clientele or exposure to loans is similar. They are extending loans to infrastructure, steel and power. Many companies who have bad debt with PSBs have also said to have taken loans from the private banks.

It has affected profits of many banks. The ICICI has the lowest profit of 4 percent. The profit of Axis Bank is stated to be the lowest in eleven years. The private banks apparently lost more in their spree to capture the market of PSBs. Poor economic situation has definitely created problems for all these banks. But that is not the only reason for rising bad debt.

A joint parliamentary committee (JPC) must be set up to find out how over 100 large companies have emerged as 'defaulters' during these few years. It needs to look into the functioning of the banks – public and private - as well as corporate books. The JPC should expose just not Mallya, but also other corporate defaulters looting bank funds apparently with connivance of the bank officers and may be even some political leaders.

A small home or car loan defaulter is acted on swiftly by the banks and his assets are attached if one fails to pay three monthly instalments. How could IDBI bank give Mallya loans of Rs 900 crore for his Kingfisher Airlines despite its low credit rating? It was approved by IDBI CMD Yogesh Aggarwal even before the loan was formally sanctioned.

The nation should remain thankful to Mallya for exposing the chinks. Almost, may be with miniscule exceptions, most lending to corporate are suspect. The nation needs to go deeper to fix responsibilities and exemplarily punish those who aided the lending process. In the last eight years, the government has infused Rs 90,000 crore in India's 27 public sector banks. This fiscal (2015-16) alone, the government has so far infused Rs 20,000 crore out of the promised Rs 25,000 crore. The next fiscal it is to infuse Rs 30,000 crore.

If the government doesn't simultaneously initiate action on large corporate defaulters to recover thousands of crores of money they owe to banks that would mean taxpayers' money is used to bail out banks looted by large borrowers. The poor depositor is at loss at every step – his deposits are unsafe, he gets measly interest rates and taxes he pays are utilized to recapitalize the malfunctioning banks. He is also levied higher charges and lower interest rates for banks' defaults.

Mallya is only one of the flashy borrowers. There are many others who have larger exposure, a real estate firm also into expressways earning tons every day have defaulted by Rs 95,000 crore since 2008. No action is known to have been taken. Another alarm bell is tolling as Jaiprakash Associates fails to pay interest on convertible bonds. It means the bond buyers have to be cautious. Those advocating the bond and equity route, normal western practice, for the corporate to raise funds need to rethink.

Some like JSPL are faltering on repaying $ 550 million to consortium of foreign banks. It is a concern as it affects overall creditworthiness of Indian corporate. The malaise seems graver.

Many banks had converted their loans into equity in the failing Kingfisher Airlines, hoping Mallya would bring in his share of funds, which never came. It is a virtual "gift" to a defaulter as such shares yield nothing – a common practice. If the assets were put on sale, their losses may have been curbed.

Banks have also been considering intangible assets like brands as security. Promoters should be told to give personal guarantees and firm collateral. The banks never objected to Mallya a willful defaulter on the board of United Breweries since 2005, when Kingfisher started nose-diving till 2012 when DGCA suspended its flying licence. The banks are more at default than the flamboyant Mallya.

Banks have never seemed to understand the corporate business methods. RBI deputy governor has said, "There is a need for additional technical capabilities to undertake evaluation and restructuring needs".

They have to know the business they are financing and not be afraid of stopping of incremental loans if something goes wrong. This requires day to day monitoring. The banks are rarely known to do it. It is also no secret that if some individual officials try it, they are reprimanded.

Mallya is only one of the flashy borrowers.

Wilful default is a banking term. It has little legal backing. It needs to be made a criminal offence. At present, for civil offences no extradition move can be made. The ramifications of bad debt are wider than can be perceived. Detailed investigation into each of the unpaid portfolio is required. It calls for probe to see how it not only has hit the economy but also has created threat perceptions for national security.

It was public money. The banks are custodians of the money depositors park with them. The banks are known to have diverted fund prior to independence and some even a few years later. Erratic behaviour now is once again virtually bringing those memories back.

Conversely few realise that whosoever changed the rules has virtually been playing with fire. It has not only emptied bank coffers but also has denuded of their reserves.

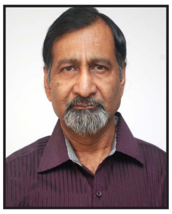
Today it is causing severe problem for the entire economy as credit has become difficult. Finance minister has not only to get back each of the pie lent out but also should order a probe to find out where almost Rs 5 lakh crore termed as bad debt found its way. In 1993-94 NPA was a mere RS 4705 cr. It rose to about Rs 1.4 lakh crore in 2009 and then it phenomenally went up.

The issue is not one Mallya. He only symptomises an ailing system where crooks can get away with public money.

The regulator, RBI, has restricted powers and cannot act case to case. The debt recovery tribunals have slow judicial pace. The malaise is deeper. Much of it has to be tackled before a loan goes bad. An overall cleaning is needed. It requires a macro study and probe. The JPC can provide a macro picture and come out with the picture that will be in public domain. Sooner it is done it would better for the safety of public money and the economy lest it slides into another major Lehman type or SE Asia type crisis.

The Supreme Court taking its note has ruled that bank officials even of private banks are public servant and can be prosecute under anti-corruption laws in February 2016. This should be a deterrent. Bad debt has wider ramifications. Its spread to private banks should ring alarm bells. The country needs to act not only to rejuvenate economy but also save it from other threats. ❑❑

Repetitive systemic failure of PSBs



Escape of Vijay Mallya is an Indian systemic failure that makes all types of escape routes available through time consuming procedures in connivance with corrupt officials and lengthy & tedious legal system that work more for delaying justice, finds **Anil Javalekar**

Indian Businessman Vijay Mallya left India when all his lender banks, their legal advisors and government departments and agencies were preparing for action against him. Indian commons, however, are not surprised. Many were sure that this will happen. Many believe that the businessman must have prior information of all that is waiting for him in a few days to come and, being a prudent businessman, leaving the country was his wise option. Not to mention that he is not the first Indian leaving the country in such a manner. Indian system of governance makes all types of escape routes available either through its time consuming procedural system that work conveniently with corrupt officials and staff or through lengthy and tedious legal system that work more for delaying justice. The escape of Vijay Mallya is thus an Indian systemic failure and a repetitive one. Indian Public sector banking is known for its wilful defaults and high NPAs that many times result in write offs. Government compensate this with tax payer's money. The storyline is that bank's small borrowers commit suicides due to their high indebtedness and large borrowers conveniently escape the country, without paying any penny.

Banking system is helpful to large borrowers

As is known, farmers commit suicides due to their indebtedness while class borrowers use public sector banks to build their empires. Remember that medium and large industries had 55% of total GNPAs including restructured and written off loans as at the end of September 2015 compared to only 8% of agriculture. Wilful default is one major reason as is evidenced by 'Kingfisher'. True, Business is uncertain and things go wrong even with all precautions and best of entrepreneurs can fail and go bankrupt. Tragedy is not when the business and enterprise fail but when businessman wilfully avoids the repayments of debts.

Bank's lending system is very good on paper.

The tragedy is more when the system helps certain entrepreneurs to borrow more, avoid repayments and escape the legal action. Indian story of NPAs is more of systemic failures than failure of businesses.

Indian Public sector banks are core to this failure

There are Indian banks and foreign banks and other financial intuitions doing credit and non-credit businesses. Indian Banks are also divided into public, private and cooperative sector banks. After nationalisation of some banks, Public sector banks (PSBs) gained importance. These PSBs have reached to remote areas and helped agriculture and small entrepreneurs including retail traders to participate in economic development and increase their earnings. However, during these progressive years of PSBs, crooked businessmen, corrupt officers and their wily political masters grabbed these banks and siphoned their funds. Low profitability and high NPAs of these banks compared to private and foreign banks is the evidence.

Looting of Indian banks

All is not well with PSBs. Gross NPA of PSBs reached to 6.2 % as at the end of September 2015 compared 2.2 % and 3.3 % of Private and Foreign banks respectively. Gross NPAs, restructured loans and write offs all put together were at 17% in the case of PSBs compared to 6.7 % and 5.8 % in the case of Private banks and Foreign banks respectively (September 2015). According to the All India Bank Employees Association, public sector banks' bad loans have increased by Rs 4.95 lakh crore over the last seven years. Banks have also written of Rs 1.4 lakh crore worth loans over the period. Bank union have also disclosed that the combined default by 50 corporates totalled Rs. 40,528 crore of bank loans, about 25 per cent of total NPAs of public sector banks at Rs. 164,461 crore. Recent news of writing of more than Rs 2 lakh crores by PSBs during 2004 to 2015 in the name of bad loans is the evidence how PSBs are being looted. A huge chunk of the write-off, that is Rs 1,14,182 crore, was waived off between 2013 and 2015. Reserve Bank of India (RBI) has revealed that the combined bad debts of 29 Indian banks was at Rs 15,551 crore in 2011-12 that shot up by over three times to Rs 52,542 crore by the end of March 2015.

The systemic failure

The problem with PSBs is widespread not only due to its poor lending practices but also because of its positive response to outside influence and inability to control corruption within. Some of the factors that contributed for this systemic failures are as under:

Fill in the blank procedures

Bank's lending system is very good on paper as it takes everything in to account and refer to all that affects the loan and its recovery. There are prescribed application forms incorporating every information in regard to the applicant and the project. The project scrutiny is done on well prepared scrutiny note in consultation with the technical officers (expert of related discipline). Adequate security is taken for the loan and even personal guarantees are asked for in addition to the hypothecation of the material and machinery or mortgage of properties. Even then, defaults are common. The problem and reason is that the banks go with filling the forms and see that the project is technically feasible and financially viable and bankable on paper. The technical parameters are more or less certain and can be assessed reasonably. The financial viability and bankability, however, depends on presumptions based on certain logical experience and market trends. Many times, projects are made financially viable and bankable with Inflated value of assets, unreasonable price assumption for raw material and finished products and high expected turnover. The Kingfisher case is the evidence. The brand value of kingfisher was reportedly valued at Rs 4000 cr while sanctioning loans when its present value is about 6 cr. The hypothecation of properties like helicopters reportedly done when none was in flying condition. These things count when loan default and recovery action is taken. The large borrowers and corporate know the weaknesses of PSBs and manage its personals not only to get the loans sanctioned but also get it restructured and rescheduled regularly.

Formal regulatory practices

PSBs internal and external regulatory system is very much formal. Regulators (mainly RBI) are prescribing stringent norms for income recognition, asset classification and provisioning and ensuring that these banks follow the norms. However, lastly, it is the bank and bank official who decide the type of treatment to loan account. There is internal audit and inspection system in bank apart from Inspections by RBI. These audit and inspection are supposed to point out the deficiencies in the bank-branch functioning and banks are supposed to act to improve over. On paper, it looks fine. In practice, it is a paper compliance. There are special teams visiting branches to see that prudential norms observance is in order and check whether proper system is followed for its recovery. Even with all these procedures and practices, large loans are favoured and are restructured, rephased and rescheduled till it become a loss asset for ultimate write-off. Certain Large accounts survive all check points and escape from legal action.

Interference

Indian independence brought the representative democracy with it and politicians and bureaucrats became sarve-serva. The nationalisation made public sector banks as outlets for government schemes and programmes and right from

Break the selfish collusion of bank personals and large borrowers.

branches to central office, what government (politicians and bureaucrats) say is important. Right from appointment of CMD to catering to the needs of poor sections to priority sector lending to serving of corporate with large loans including restructuring of bad loans is influenced by Indian governance system. This governance system is primarily serving the interest of governing party politicians and their allies and allowed positional advantage to favoured borrowers. Many of PSBs problems are due to this influence and interfering governance.

Global competition

Indian participation in globalisation after 1990s exposed Indian economy to world competition in every of its sector. Indian Enterprise structures are small compared to world giants and mostly dependent on outside world for its technology and are not able to stand the competition with world's top players. Most of global policy contents like freeing of economy for foreign trade, capital and technology, allowing comparative advantage to foreign producers and sellers, accepting foreign competition in every of economic field and supremacy of modern markets in allocation of resources are not beneficial to India and making Indian domestic industry more and more vulnerable. Many of good enterprises are not able to stand in the competition of volatile markets and failing to generate enough revenue surplus so to repay the loan instalments. The widespread sickness in Indian industry is a problem and is an important reason for loan defaults.

Collapsing law and order system

There is no denying that Indian society is changing and its moral value base is shattering. The consumerism is taking the lead and age old socio-economic value system is collapsing. Above this, Indian political governance system has given importance to electoral politics and adopted populist system of ruling that consistently give message to people of India that government money is free and loans from government run banks are not to be refunded. Loan waiver and interest subsidy type schemes are noteworthy. The increase in lawlessness is another fruit of Indian political system that has allowed class people to remain above Indian laws.

Need localised reforms

Indian PSBs need localised reforms more that its universalisation and consolidation. **First, Break the selfish collusion** of bank personals and large borrowers. For this, it is necessary to define responsibilities and fix accountability so to punish for irregularities in loan accounts including restructuring and rescheduling without substantial reasoning. There is a need to minimise the discretion available at all levels for the purpose. **Second, leave the regulation and supervision of banks totally to RBI**. GOI and its ministries should withdraw its nominee directors from banks board and withdraw from the process of appointing CMD allowing RBI to take decisions professionally. Government should keep its ownership but give supervisory power to RBI. **Third, stop globalising Indian economy** for it gives comparative advantage to foreign giants and increase dependency on volatile markets. Exposing comparatively small Indian economic enterprises to world competition is not desirable as their failures lead to defaults in loan accounts and endanger comparatively small Indian banking system. **Fourth,** Indian banks need to **revisit its lending policies**. It is desirable that Indian PSBs remain commercial banks and not sanction long term loans to large infrastructure projects. Better it stops relying on the computerised mathematical forecasting models and use its conservative personalised judgement system while processing and sanctioning loans. **Fifth**, Government and political system need to **stop forcing PSBs** for its governance and political agenda implementation. Using taxpayer's money to recapitalise PSBs to cover up large defaults is dangerous. More danger is the encouragement to defaulters by way of loan waiver and interest subsidies. ❑❑

Glimpses of Swadeshi Activity

Swadeshi Jagaran Manch (SJM) remains active throughout the country. Different programmes are organised at different level at various places all through the year. Some of these activities are as follows.

A seminar on sustainable development was organised in Jamshedpur on 13th February 2016. Sh. Kashmiri Lal ji (Rashtriya Sangathak) was the key speaker. Terming the current development model responsible for growing inequality in the world, he said that just 4 percent people are consuming 40 percent resources under this system. This model is also damaging nature and destroying cultural value system. Much needed balance is possible only under sustainable development model, he stressed. Present model can't be sustained as it is based on unrestrained consumption, he added. He emphasised that world is now realising the need for a sustainable model that SJM has been advocating from very beginning.

Prof. Dr. K.K. Sharma from co-operative college, R.K. Sinha also spoke on the occasion, JKM Raju presided over.

Similarly SJM Jabalpur also organised a one say seminar on sustainable development in Jabalpur on 21st February 2016. Several experts addressed the gathering. Dr. Nipun Silavat a scientist from MP Science and Technology Conference explained different ways of supplementing the income of farmers. Explaining what real development means, Dr. Ashwani Mahajan (National Co-convenor of SJM) said that increasing consumption or improving technology does not mean real development. Real development in Indian view is when employment is available to every person, environment is protected and human values are equally protected. This will be sustainable development. Jagat Narain ji presented the backdrop of SJM.

Others who spoke on the occasion include Dr. Shubda Pandey, a Gandhian from GS Degree College; Dr. Devinder Vishvakarma, Ranjit Jain of Ganga institute, Dr. Pradip Dubey. A number of Journalists and other people.

State conference of Karnataka was held in Tumkur. Inaugural function was done in traditional way whereby every guest on stage performed different auspicious activity. Prof. Kumarswamy thrashed Mogri, Sundram ji cut the coconut to take water out, someone watered

basil plant and Kashmiri Lal played tabla!

The conference was held on 19th & 20th March around 400 participants attended the conference. An impressive Swadeshi Sandesh Yatra was taken out through the markets of Tumkur.

Delhi unit organised a massive protest March

against antinational intellectuals on March 22, 2016. Protestors marched from Mandi House to Jantar Mantar and concluded with burning of an effigy at Jantar Mantar. Thousands of prominent citizens participated in the march that was led by Lt Gen (Retd) Shri NS Including Malik; Lt Gen (Retd) Shri V.N.Patil, Air. Coomdr. V.K. Gandhi and Brig. Raj Bahadur Sharma. ❑❑

G-20 Meet and the Global Economy

There is an urgent need to rethink how should we organize the global system of trade, cross boarder investments, money, banking and finance, including the global financial architecture to avert recurrence of crises being faced in the wake of the ongoing neo-liberal economic policies since mid 80s, asserts **Prof. Bhagwati Prakash**

Seven years have passed since the 'G-20 economic grouping of nations' has emerged as the guardian of global economy for sustainable growth and stability, and 16 years since its constitution. But, this group of 20 large economies of the world is still struggling to make any noticeable impact collectively on the pace and direction of the global economy. Though, at the recent meeting of finance ministers of this 20-nation elite club, they have called for stepping up the infrastructure funding to boost growth. But, according to the observers of global economy they could pay only lip service in this regard. Same is true about their calling for the global co-operation over macroeconomic policies. Indeed, none of these G-20 members has bothered much about each one ignoring the views of the rest of the group on policy propositions. Each of the 20 nations has gone in its own way on trade, fiscal, monetary and exchange rate policies ever since the crisis of 2008.

The G20 is an international forum for the governments and central bank governors from 20 major economies of the world. The members include 19 individual countries-viz Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom and the United States along with the European Union (EU) as 20th member. The EU is represented by the European Commission and by the European Central Bank. The G-20 was founded in 1999 with the aim of studying, reviewing, and promoting high-level discussions of policy issues with focus on international financial stability. Collectively, the G-20 economies account for around 85% of the Gross World Product (GWP), 80% of world trade (and 75% on excluding EU intra-trade), and two-thirds of the world population. The G-20 heads of government or heads of state have periodically conferred at summits since their inaugural meeting in 2008. The group also hosts separate meetings of finance ministers and central bank governors.

In the recent meeting of G20 finance ministers held in Shanghai on Feb 25th as well, the stakes for failing to co-ordinate the policies were much higher for the entire world than any other moment of the past. Especially, in the light of the recent financial market turmoil and all time high uncertainty about the Chinese economic prospects, greater activism was imperative. Notwithstanding the fact that the global economy has continued to expand, need for a more assertive effort to plan monetary and fiscal stimuli has become all the more pressing. Though, one may feel that it may be too much to hope from the G20 countries to move together with concurrence, yet, they should at least satisfy themselves and the world that their policies are consistent with the greater good, and minimum desired reciprocity.

Scores of economists, including the former Bank of England Governor Lord Mervyn King have long been warning that the world appears to be on the cusp of another crash, if the regulators and policy formulators fail in their attempts to reform the ailing financial system, badly exposed since the last crisis. Another crisis appears imminent on the failure to tackle the ongoing disequilibrium in the world economy. This ongoing disequilibrium may induce a much widespread crisis to erupt more likely and much sooner rather than later. It may be true that ever since the last crisis, governments and regulators have been hyperactive at the national levels but were devoid of requisite coordination depicting a self-defeating state of paradox.

Another crisis appears imminent in the world economy.

One of the major failings before 2007 too was the lack of consistency and reciprocity in monetary trade and fiscal policy frameworks.

So, the crisis of 2008 was not merely a failure of individual policymakers or regulators. But, was out of the then prevailing disjunction in the system as a whole. The indiscriminate liberalization and unlimited leveragings were the culprits. There was a general misunderstanding of how the world economy worked after the reckless elimination of geo-political barriers from trade and investments, without concern for the problems of individual nations, mostly the developing ones. Hasty neo liberal endeavors to create an enabling and seamless market for the multinational corporations of the developed world, leading to the free mobility of goods and capital across the boarders. This led to the erosion of domestically owned capacities in manufacturing, commerce and even agriculture and gradual replacement of real global trade by the intra-firm branch transfers have created unsustainable paradoxes of high and low disposable incomes, spending around the world, economic activities and value additions ultimately leading to large and cumulative trade surpluses and deficits, causing a "disequilibrium" between major economies, with respect to their trade, investments, economic ownerships and relative outflow of investment incomes. This distorted the balance of payments, real interest rates and exchange rates for majority of the economies. All of these led to rampant economic disparities, dampening of income-growth for vast majority of individuals causing ceaseless decline in demand - growth output and investments across the world. Simultaneous fueling of stock markets facilitating creation of artificial wealth via financial innovations led to bubble bursts in housing, derivatives etc.

Thereafter, in the post of 2008 - crisis era, the low interest rates in the industrialized countries have also fuelled asset prices for some time in a desperate search for yield, while, leaving the central banks trapped "in a worst ever prisoner's dilemma" unable to raise rates for fear of slowing domestic growth and causing successive downturns. Still, their frequent rate maneuverings within small ranges too, especially of the US Fed rates have caused tremors in financial markets of emerging market economies time and again. Now, the commodity prices are in the trap of a tailspin.

So, urgent fundamental rethink of how should we organize the global system of trade, cross boarder investments, money, banking and finance needs to be revisited, including the global financial architecture to avert recurrence of such crises being faced in the wake of the ongoing neo-liberal economic policies since mid 80s. Without the reform of the global trade and financial system and without restoring sovereign powers of the national governments to regulate the entry of foreign goods and capital to ramp up domestic manufacturing value chain, the ongoing spate of crises cannot be averted.

Moreover, the failure to tackle the ongoing disparities and disequilibrium in the world economy as well as the uneven flow of funds would continue to strangulate the natural process of growth and development requisite to restore the health of national economies constituting the global economy as a whole. ❑❑

Why GM is facing rough weather

Today when GM supporters are trying hard to get approval for the commercial production of Genetically Modified mustard, supposedly developed by Deepak Pental, Ex. Vice-Chancellor of University of Delhi, the chief promoter of GM/BT, Monsanto Company has been going into deep trouble. The Ministry of Agriculture is contemplating price control on its BT seeds, citing the argument that the Monsanto BT seed has become ineffective against pink bollworm, which was the claim of the company for charging huge royalty from farmers. Courts also seemingly are in no mood to give any relief to the company.

The issue of approval for commercial production of GM mustard is being hotly debated. As per rules and also the directions of the Supreme Court and even logically, the Genetic Engineering Appraisal Committee (GEAC) is supposed to place the data emanating from field trials and also scientific outcome of the trials for public and scientific scrutiny. This had been the convention earlier also. However, GEAC has been shying away from publishing (placing on its website) this data. Deviating from past practice, GEAC is not even placing minutes of meetings on its website.

The secretive manner in which the whole exercise has been going on naturally creates doubts amongst the stakeholders that possible ill effects health and environment are deliberately being withheld from public domain. Responding to the concerns expressed by those opposing commercial products of GM mustard, GEAC has put now the decision on hold and has outlined several steps to be taken before it is reviewed.

Deviating from past practice, GEAC is not even placing minutes of meetings on its website. The secretive manner in which the whole exercise has been going on naturally creates doubts amongst the stakeholders, says **Dr. Ashwani Mahajan**

There is nothing new in bringing reforms by introducing new technology in agriculture. However, scientists are not one on the subject of GM crops, and that is the reason why GM supporters have not been able to promote these crops, or even get any new field trial done. Opposition is so sharp that 19 countries of Europe including Italy, France, Germany, England, Norway and New Zealand and host of other countries including Russia have already banned GM crops.

Despite all efforts of MNCs at promoting "their science", hardly 10 per cent of cultivated area in the world grows BT/GM crops and of total GM production in the world, more than 90 per cent is in five countries, of which, more than half is in the US. Therefore, the claim of GM supporters that it is a worldwide phenomenon is not tenable. During the last UPA government, initially GM could not go ahead.

In later period GEAC under environment minister Veerappa Moily brought a flood in field trial of GM/BT during his regime; however it is also a fact that no approval has been given so far for commercial production of GM/BT (after the start of BT cotton production, though without permission). After the Narendra Modi government came to power, GEAC recommended for field trial of 15 crops approval of which was withheld by the Ministry of Environment.

In fact, what happened about a decade and a half back without there being a regulator of GM in place and absence of public awareness about the implications of GM/BT technology, Monsanto was successful in spread of its BT cotton seeds through its dealers, on the main plank of its effectiveness against pink bollworm. It is really surprising that the success story of BT Cotton is being cited to argue for GM/BT crops.

Leaving aside scientists, who are generally associated with and some of them also the 'beneficiaries' of GM technology, there are 'some other' advocates of this technology. They argue that with BT cotton, farmers have benefitted from increase in per hectare productivity, reduced use of pesticides and therefore increase in their income.

It is notable that area under BT underwent a major shift between 2006 and 2013 from 34.6 lakh hectare to 114.6 lakh hectare. In 2006 hardly 37.7 per cent area was covered by BT, which increased to 95.7 per cent in 2013. During this period, yield per hectare increased from 421 kg/hectare to 532 kg/hectare. In terms of growth in productivity it comes to 3.36 per cent per annum.

Claim of GM supporters that it is a worldwide phenomenon is not tenable.

It may be noted that in the same period growth in productivity in food grains was 2.6 per cent per annum. We also find great upheavals in productivity during this period when productivity declined to 403 kg/hectare in 2009, before reaching 532 kg/hectare in 2013. Therefore the claim of the GM/BT supporters that BT cotton has been a great success in increasing the production and/or incomes of the farmers is not supported by the data on productivity.

Yet another claim that use of BT reduces the use of insecticides/pesticide is also not supported by the data, which shows that use of insecticides on cotton was 4623 metric tonnes, which increased to 11598 metric tonnes. This has happened because although the requirement of pesticide declined initially due to effectiveness of the seed against bollworms, and with now reduced effectiveness of the seed against pink bollworm and also attack of sucking and other pests, requirement of pesticide has multiplied. With these facts coming to the fore, Monsanto company is in no position to defend itself. It has so far reportedly collected more than Rs 4,000 crore from farmers in the name of royalty. It is heartening to note that the government panel on genetically modified BT cotton has recommended a steep reduction in royalty fees payable to technology companies. This decision of the government is likely to benefit millions of cotton farmers.

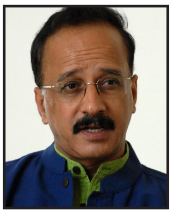
Farmers incurring huge costs in the form of costly seeds, pesticides and other inputs; could not gain even in the early days of BT cotton. Rather failure of crop in various parts of the country drove them to misery and thousands committed suicide. Therefore there is no need to fall for the claims of interested sections about the benefits of GM/BT. We must keep in mind that GM technology in irreversible, because we know that once GM/BT is adopted we will not be able to go back to natural seeds. ❑❑

It is the denial of a legitimate income that is killing farmers

Two days after Finance Minister Arun Jaitley, while presenting Budget 2016, promised to double farmers' income in the next five years, three farmers in Punjab – the food bowl of the country — committed suicide. The moment I read this news report the very first thought that came to my mind was: "Oh God! Couldn't they have waited for another five years?"

For several decades now, Indian agriculture has been in the throes of a terrible crisis. With every passing year, the agrarian crisis has been worsening. In Punjab, as per official estimates, 449 farmers had taken their own lives in 2015. In Marathwada, the spiral death dance on the farm continues unabated. With 124 suicide already recorded between January and February 15 this year, there appears to be no respite from the continuing tragedy on the farm. The grim scenario is no different elsewhere in the country.

The year that passed by – 2015 –was perhaps the worst as far as I can remember. The rate of farm suicides per day, which was hovering around 42 in the past five years, has now jumped to 52. Knowing the existing grim realities I was therefore hoping for a paradigm shift in economic thinking that brings a smile on the face of 600 million farmers, including their families. I waited with abated breath.



For several decades now, Indian agriculture has been in the throes of a terrible crisis. With every passing year, the agrarian crisis has been worsening. Expanding irrigation is certainly a welcome move, But more needs to be done, stresses ***Dr. Devinder Sharma***

Last year too, while presenting the 2015-16 budget, Arun Jaitley had listed 'Raising Farm Incomes' as his top most challenge. And yet farm incomes did not figure anywhere in his budget speech. In fact, the total outlay on agriculture was later reduced to 15,809-crore in the revised estimates. In reality, the budget provisions for the year that just passed by was even less than the Rs 18,000-crore that

the country spent on importing pulses. No wonder, agriculture continues to be in dire straits.

Over the years, agriculture had been systematically starved of funds. The total public sector investments in agriculture for the 12th Plan period are a modest Rs 1.5-lakh crores. In the 11th Plan, the total outlay for agriculture was around Rs 1-lakh crore. This is peanuts considering that agriculture is the biggest employer, with nearly 52 per cent population engaged in farming or related activities. Compare this with the investments made for Delhi airport alone. CAG had pointed to Rs 1.63-lakh crore scam in Delhi airport deal. This is more than the total outlay for agriculture in the entire 12th Plan period.

So this year, when the Finance Minister said: "We need to think beyond 'food security' and give farmers a sense of 'income security'," I was certainly elated. But when he announced his intention of doubling farmers' income in the next five years, I was greatly disappointed. I am sure if Arun Jaitley had carefully gone through the Economic Survey that was presented two days before the budget, he would have known how severe the economic crisis in agriculture was. The average income of farmers from agricultural operations in 17 States was Rs 20,000 a year. In other words, with a paltry Rs 1,666 as monthly income in these 17 States, what should the farmers be doing? Wait for another five years?

Perhaps going by the Economic Survey recommendations, which makes a very good diagnosis of the existing farm crisis, but comes out with a faulty prognosis terming the central challenge of

Indian agriculture as low productivity, Arun Jaitley too emphasized on raising farm productivity to enhance incomes. This is a faulty prescription. Take the case of Punjab. Farmers produce 4,500 Kg/hectare of wheat and 6,000 Kg/hectare of paddy in a region which has 99 per cent assured irrigation. And yet, five farmers are committing suicide every two days. Let's be therefore clear. It is not productivity or irrigation but it is the denial of a legitimate income that is killing farmers.

Nevertheless, a careful perusal of the budget proposals for agriculture shows that there is nominal increase in the allocations. The total budget provision of Rs 35,983-crore looks a quantum jump but when you look carefully you realize that it's all a game of statistical jugglery. Rs 15,000-crore of interest subvention on the farm credit, which is part of the Financial Ministry allocations, has been shifted to agriculture thereby giving the impression as if a lot of public sector investment is being made in farming. Even the investment for irrigation under the *Pradhan Mantri Krishi Sinchai Yojna* has in reality come down.

The average income of farmers from agricultural operations was Rs 20,000 a year.

Expanding irrigation is certainly a welcome move, but it needs more than a cosmetic infusion. According to the Economic Survey, only 33.9 per cent of the total cropped area is irrigated. Instead of investing on river linking, which is likely to be a wasteful expenditure considering the receding glaciers and multitude of hydroelectric dams is reducing the water flow, the emphasis should be on reviving ponds, wells and investing in watersheds. I see MNREGA being utilized for this purpose, which is a positive step. But more needs to be done. Similarly, there are some right kinds of initiatives like bringing 5-lakh acres under organic farming etc but these have hardly any possibility of doubling farm incomes.

Doubling incomes is certainly possible, and the farmers do not have to necessarily wait for five years, provided there is an economic rethinking. An increase in farm incomes will have a multiple impact on the country's economic growth. More income in the hand of farmers' means more domestic demand will be created. Increase in demand would push the wheels of industrial growth which have been stagnating for quite some time. This is the paradigm shift that the country needs for boosting economic growth. Agriculture alone has the potential to reboot the Indian economy. Give farmers the right income and they will do the rest.

Farmers have been systematically kept impoverished all these years. Let me illustrate. In 1970, the minimum support price for wheat was Rs 76 per quintal. In 2015, wheat MSP was fixed at Rs 1,450 per quintal, an increase by 19 times. In the same period, the basic salary (plus DA) of the government employees was raised by 120 to 150 times; of college/university lecturers by 150 to 170 times; of school teachers by 280 to 320 times; and of corporate employees by 300 to 1,000 times. If the farmers' income (measured through MSP he gets) was also raised in the same proportion in the past 45 years, rural India would been a vibrant and progressive economy. In other words, farming has deliberately been rendered uneconomical.

A new dawn for rural India needs bold policy decisions. I have two suggestions:

1. Provide farmers with Rs 3-lakh crore economic bailout package. And don't be startled. If India Inc can be given Rs 3-lakh crore economic packages when faced with an economic meltdown in 2008-09, agriculture too needs a similar bailout package after two consecutive back to back droughts. Let's not forget, in Punjab alone, rural indebtedness has grown 20 times in past 10 years. They can't wait for five years. They need a bailout package now.
2. Since only 6 per cent farmers get the benefit of MSP, and 94 per cent are dependent on markets, which are largely exploitative, it is time to move from 'price support' to 'income support' for farmers. The need therefore is to provide a guaranteed income support to farmers, which is possible by setting up a National Farmers Income Commission. If the salaries of government employees can double every five years, I see no reason why a similar income structure cannot be established for farmers. ❑❑

For a paradigm shift in fiscal deficit

"There is a suggestion that fiscal expansion or contraction should be aligned with credit contraction or expansion respectively, in the economy." This statement, by Union Finance Minister Arun Jaitley, in his Budget speech, hints at a paradigm shift in how to determine fiscal deficit. Currently, the Fiscal Responsibility and Budget Management (FRBM) Act insists on a blanket 3 per cent arithmetical limit on fiscal deficit.

Mr. Jaitley seems to recognise the possibility of an inverse correlation between fiscal deficit (fiscal expansion) and bank credit (monetary expansion). That is, if credit growth falls, fiscal deficit may need to rise and if credit rises, fiscal deficit ought to fall — to ensure adequate money supply to the economy. As the FRBM Act ignores the possible inverse link between monetary and fiscal economies, the Finance Minister has rightly looked for an objective basis for fiscal deficit.

Had the fiscal deficit not been above the Fiscal Responsibility and Budget Maintenance law's ideal limit of 3 per cent in the last four years, growth would have suffered even more. The Finance Minister is right in deciding to get it reviewed, believes **S. Gurumurthy**

No objective basis

The logic of correlation between credit expansion and fiscal deficit has five sequential limbs.

One, money is the blood of economic growth.

Two, most money that fuels the economy is created by banks, not by government.

Three, banks and financial institutions fund business and others, and it is that credit money which drives the economy.

Four, if, for whatever reason including lack of business confidence, the bank credit to the economy does not adequately grow, like it did not in the last few years, economic growth will suffer for want of adequate money.

Five, that is when the Budget needs to step in, to pump money into the economy by incurring deficit (spending more than the income), and, for the purpose, borrow the money lying with banks or even by printing more money, if that is needed.

The fifth limb ensures that growth does not decelerate for want of enough money circulating in the economy. Otherwise, it will. The FRBM law has ignored the fourth and fifth limbs of the logic and fixed the 3 per cent fiscal deficit as inviolable. The time has come to uncover how far its intents match with the reality and how rational its fixation with the 3 per cent limit is. The working of the FRBM law, particularly in the last few years, needs a reality check.

To preface the reality check on the FRBM law, it is necessary to know how the 3 per cent fiscal deficit limit emerged. The story is amusing, even bizarre. The magic number made its debut in the famous Maastricht Treaty to form the European Union (EU) in 1992. The treaty prescribed four criteria which EU members had to comply to be eligible to adopt the Euro as the common currency. One criterion was the 3 per cent fiscal deficit limit — the others being limits on inflation, long-term interest rates and public debt.

Why did the EU treaty mandate the 3 per cent limit? EU members like Greece and Italy were operating on high fiscal deficits while Germany and France had much lower numbers. In the tussle between prudent and profligate EU members, the limit emerged as a negotiated rate after give and take. There was "no objective economic basis" for it (See: Crises in Europe in the Trans Atlantic Context: Economic and Political Appraisals, Routledge Studies in the Modern World Economy CRC Press 2015). That the 3 per cent limit was not aligned to the economic realities of EU was soon established by its own experience. Ten of the 12 EU members breached the 3 per cent limit over 12 years, from 1999 to 2011 — Greece, every year; Portugal, 10 years; Italy, eight; France, seven; and the strongest one, Germany, five.

The Indian context

Now, come to how the 3 per cent limit got its celebrated status in Indian fiscal economics. It was an open secret that the FRBM Act enacted in 2003and implemented from 2004, had adopted the ready-made EU limit of 3 per cent. But some fake reports had first hinted that an expert committee, which never existed, had recommended the limit. Faced with criticism that the EU rate of 3 per cent was carbon copied into the FRBM Act, some convoluted arithmetic was devised retroactively to explain the logic of the magic figure of 3 per cent. The explanation went thus: the time-series household financial savings of India plus external savings was 13 per cent; out of that, 5 per cent would "go" to private sector corporates; of the balance 8 per cent, 2 per cent would "go" to public sector undertakings, "leaving" 6 per cent for Central and State governments to be shared between them (50:50), that is 3 per cent each, to fund their deficits. The expert view rested on two basic assumptions: one, the financial savings would ever remain at 13 per cent, neither rise nor fall; two, obeying the experts, 5 per cent of it would "go" to private corporates. What if the private sector refused to take part of it? That is, if the credit offtake goes down, as it has in the last few years in India? And what if the financial saving rises? Or falls? The experts appear to have no answers. The fake explanation for 3 per cent was intended to hide the copycat fiscal economics written into the FRBM limits.

3 per cent limit was not aligned to the economic realities.

Both – lack of money supply as well as lack of demand for credit –weaken growth.

Looking at FRBM norms

Here, now, is a reality check on FRBM norms. Banks create and control most money stock in the economy. This constitutes the monetary economy which is entirely under the control of the Reserve Bank of India. The revenues and expenditure of the government constitute the fiscal economy. If the government spends more than its income, then deficit arises, which it has to finance by borrowing money created by banks. The FRBM Act says it cannot borrow more than 3 per cent of GDP — even if banks do have money, even if the private sector does not take it, and even if the economy needs it for growth. The money may lie idle in banks, and yet the law will not allow the government to borrow! This is perverse economics. The guild of economists the world over — which rarely agrees on most issues — unanimously agrees that as money is critical for economic growth, without adequate money, GDP growth will suffer. The economic debate on the money-growth link dates back to the Great Depression of the 1930s. While the celebrated Nobel laureate, Milton Friedman, talked about inadequate money supply as the cause of the Great Depression, James Tobin pointed to inadequate demand for money (credit) as the cause. That is even if there is money, a lack of business confidence or high interest may reduce the demand for money. There is no doubt that both — lack of money supply as well as lack of demand for credit — weaken growth. From 2012-13 to now, i.e. 2015-16, the Indian economy seems to have been experiencing both the Milton and Tobin effects — shrinking money expansion and credit demand shrinking even faster.

Growth, expansion decline

Look at how the monetary and fiscal segments have operated in the last few years. Money supply growth had averaged 17.8 per cent between 2006-7 to 2010-11. It began declining later. It declined from an average growth of 16.5 per cent in the two years ending 2010-11 to an average growth of 13.5 per cent in the three years ending 2013-14. In 2014-15 its growth had come down to 11.5 per cent — a fall in growth of 45 per cent as compared to 2010-11. The money supply growth is less than the growth of nominal GDP for 2014-15. The year-on-year growth in bank credit too more than halved from 16.7 per cent in 2009-10 to less than 8 per cent in 2015-16. As a proportion of the growth of nominal GDP too bank credit growth has fallen. The credit growth, which had equalled the growth of nominal GDP in 2010-11, almost halved in 2014-15. The credit expansion as related to GDP too fell to 5.6 per cent in 2014-15 and to 4.4 per cent in the nine months of 2015-16, from 11 per cent in 2009-10. This establishes that, in the last six years, both money supply growth and credit expansion have halved absolutely and in relation toGDP growth. Even the combined fiscal deficit (fiscal expansion) and credit growth (monetary expansion) as a percentage of GDP has halved from 17.4 per cent in 2009-10 to 8.8 per cent, which is less than nominal GDP growth. Three things are obvious. Money supply growth has reduced. Credit expansion has fallen. And even fiscal deficit and credit growth put together have declined, all pointing to the growing economy being starved of the needed money needed, in which the FRBM Act has also lent its hand.

The conclusion is clear. Aligning the monetary and fiscal economies means this. If bank credit growth falls, fiscal deficit may need to go up. If bank credit growth rises, fiscal deficit should reduce. This is particularly true for a growing economy like India. Had the fiscal deficit not been above the FRBM ideal limit of 3 per cent in the last four years, the growth would have suffered even more. It does not need a seer to say that the FRBM law as it stands harms the economy. The Finance Minister has rightly decided to get it reviewed. ❑❑

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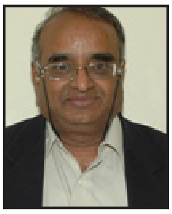
Ethics committees of our Parliament:

Mallya and Rahul



Transparency is best source of disinfectant for many ethical issues. Both houses of Parliament must keep registers for all members like in UK and it should be available on the net. The deliberations of the Ethics committee must be open to public and experts should be encouraged to give evidence/their views, suggests **Prof. R. Vaidyanathan**

I am sure many of you may be smiling on seeing Ethics and our Parliament in the same sentence. But believe me. Both houses of parliament have ethics committee and the Rajya Sabha one is oldest. It was the first among the two Houses to form an ethics committee, with a full standing committee status, on 30th May, 1997. Lok Sabha, in contrast, formed an ad hoc ethics panel in 2000 and has been operating as one until August 2015 when it was given a permanent standing committee status. The ethics committee in the Lok Sabha has 15 members chaired by LK Advani, while the Rajya Sabha has 10 members chaired by Dr. Karan Singh.

Basically ethics committee formulate code of conduct for its members/ monitor the same and also consider the cases referred to it.

Interestingly Rajya Sabha's Ethics Committee acts both on complaints as well as takes up issues suo moto, Lok Sabha's committee acts only on complaints made either by any member of the public or any other member of the House. Rajya Sabha has explicitly provided for a 'Register of Members' Interest', where MPs have to declare their interest in five categories: remunerative directorship, remunerated activity, majority shareholding, paid consultancy and professional engagement. In addition to that, members are required to declare any financial interest on an issue that is being debated in the House or under consideration by any other standing committee and hence refrain from taking part to avoid conflict of interest. *[http://rajyasabha.nic.in/rsnew/committees/committ_ethics_rules.asp].*

Interestingly we need to know if Mallya has provided all these information to the Ethics committee. This is all the more important since he seems to have left India with seven pieces of luggage in Jet Airways in 1st class on a diplomatic passport provided by Rajya Sabha as a law maker. It is possible that his luggage

may not be checked due to Diplomatic passport. Incidentally Rajya Sabha registry is not open to public nor kept in its web page. It can be accessed perhaps by RTI.

Lok Sabha does not maintain such a registry of members interests and apart from disclosing their assets and liabilities, MPs are not obliged to declare other financial interests that might be in direct or indirect conflict with their role as public servants.

In other words Lok Sabha is not concerned about its member's pecuniary benefits from shareholding etc.

The United Kingdom is perhaps one of the best examples of a good ethics and standards process. The 'Committee on Standards' as it is known in the UK, maintains a comprehensive register of member's financial and material interests that might influence an MPs public function. This has 10 categories including employment, earnings, shareholdings, land and property and even family members engaged in lobbying.

It has a Parliamentary Commissioner of Standards, whose job it is to act on complaints. The Standards committee oversees the work of the commissioner and takes up issues or complaints raised by her. All current and past enquiries are openly listed on their website.

The House of Representatives in the United States also mandates its members to disclose in all of the above mentioned categories as well as embargo on gifts and sponsorships. They are required to separate official and campaign funds, extra-parliamentary income. Family member's interests need to be disclosed as well. The House follows a process of self-regulation system through two offices: the Office of Congressional Ethics (OCE) and the House Committee on Ethics.

The US Senate goes a step further and prohibits senators from participating in commercial activities as well as sitting on non-fiduciary advisory bodies. The Code is administered and enforced by the Select Committee on Ethics, which is non-partisan and has three members from each party.

https://factly.in/parliamentary-ethics-committee-in-dia-lok-sabha-has-new-standing-committee-on-ethics-but-does-it-have-enough-teeth/

Framework of Code of Conduct for Members of Rajya Sabha; as accepted by all parties– the report submitted by S B Chavan in Dec 1998

The Members of Rajya Sabha should acknowledge their responsibility to maintain the public trust reposed in them and should work diligently to discharge their mandate for the common good of the people. They must hold in high esteem the Constitution, the Law, Parliamentary Institutions and above all the general public. They should constantly strive to translate the ideals laid down in the Preamble to the Constitution into a reality. The following are the principles which they should abide by in their dealings:

i. Members must not do anything that brings disrepute to the Parliament & affects their credibility.
ii. Members must utilise their position as Members of Parliament to advance general well-being of the people.
iii. In their dealings if Members find that there is a conflict between their personal interests and the public trust which they hold, they should resolve such a conflict in a manner that their private interests are subordinated to the duty of their public office.
iv. Members should always see that their private financial interests and those of the members of their immediate family do not come in conflict with the public interest and if any such conflict ever arises, they should try to resolve such a conflict in a manner that the public interest is not jeopardised.
v. Members should never expect or accept any fee, remuneration or benefit for a vote given or not given by them on the floor of the House, for introducing a Bill, for moving a resolution or desisting from moving a resolution, putting a question or abstaining from asking a question or participating in the deliberations of the House or a Parliamentary Committee.
vi. Members should not take a gift which may interfere with honest and impartial discharge of

Family member's interests need to be disclosed as well.

their official duties. They may, however, accept incidental gifts or inexpensive mementoes and customary hospitality.

vii. Members holding public offices should use public resources in such a manner as may lead to public good.

viii If Members are in possession of a confidential information owing to their being Members of Parliament or Members of Parliamentary Committees, they should not disclose such information for advancing their personal interests.

ix. Members should desist from giving certificates to individuals and institutions of which they have no personal knowledge and are not based on facts.

x. Members should not lend ready support to any cause of which they have no or little knowledge.

xi. Members should not misuse the facilities and amenities made available to them.

xii. Members should not be disrespectful to any religion and work for the promotion of secular values.

xiii Members should keep uppermost in their mind the fundamental duties listed in part IVA of the Constitution.

xiv Members are expected to maintain in high standards of morality, dignity, decency and values in public life.

[http://rajyasabha.nic.in/rsnew/publication_electronic/ethics_committee.pdf]

While the Rajya Sabha does provide for the maintenance of members register of interest, it mandates disclosure only in five categories as opposed to global standards of at least ten. Besides, the registry is not open to public by default.

Rahul Gandhi is alleged to have become a citizen of UK.

Kindly note that this is applicable only to members of RS. One is not sure if all RS members are acting as per these guidelines and if ethics committee under Karan sigh is monitoring it.

Lok Sabha does not maintain a list of complaints or enquiries, nor does the Rajya Sabha. This either means that there is poor data management and disclosure or that no complaints have been made to the ethics committees nor have cases been taken up suo motu. This despite the fact that several clear conflicts of interests exist between members private interests and parliamentary functions as thisreport shows.

[https://factly.in/parliamentary-ethics-committee-india-lok-sabha-has-new-standing-committee-on-ethics-but-does-it-have-enough-teeth/]

For instance Abhishek Manu Singhvi—leader of Cong party- represented and appeared for Dow Chemicals in 2006 (the company that bought over Union Carbide India Limited, or UCIL—when UPA government was deciding about relief packages to affected victims.

Hema Malini wanted a tax cut for water purifiers when she was endorsing Kent Water purifiers. The examples are plenty

This reveals that in Indian context there are only interests and no conflicts exist.

As earlier indicated Lok Sabha does not require its members to provide information to any registry. The ethics committee takes up the complaints as and when they arise. A major issue awaits the deliberations and decision of the ethics committee of LS headed by L K Advani.

Rahul Gandhi is alleged to have become a citizen of UK and also secretary of a company in that country. The papers pertaining to it have been published by Dr. Subramanian Swamy. The same has been submitted to ethics committee of LS by a LS member Mahesh Giri from Delhi.

[http://www.tribuneindia.com/news/nation/speaker-sends-swamy-plaint-on-rahul-citizenship-to-house-panel/180003.html]

Reports suggest that the Ethics Committee headed by LK Advani has sent a notice to Rahul Gandhi to explain his position in the matter

[http://economictimes.indiatimes.com/news/politics-and-nation/citizenship-row-parliament-ethics-panel-sends-notice-to-rahul-]

We wait with bated breath about the way this ethics committee headed by L K Advani is going to deal with this serious case.

We feel that transparency is best source of disinfectant for many of these ethical issues.

Both houses of Parliament must keep registers for all members like in UK and it should be available on the net. The deliberations of the Ethics committee must be open to public and experts should be encouraged to give evidence/their views.

As of now unfortunately our elected representatives are perceived as a bunch of self-seekers and treasury looters. After 70 years of our democracy we must take steps to rectify such perceptions and then alone younger generation will be less cynical and more respectful of our elected leaders. ❑❑

The author is Professor of Finance at IIM Bangalore. The views are personal.

MUDRA- Empowering the Vulnerable

*Creative ideas do not always breed in top educational institutions; at the grass root level too, a lot many young entrepreneurs are breeding revolutionary ideas, conversion of which to viable business enterprises demands financial backing at an organized level, find **Mayank Gupta & Dr. S. Lingamurthy.***

More than 5 crore small-scale business units and the potential market of more than INR 2 Lakh crore for microfinance are some luring as well as demanding figures. Demanding in terms of imminent vulnerability of small businesses and individuals to fall into the trap of exorbitant rates of interest from local moneylenders (or to lose out on expansion and entrepreneurial ideas), and luring in terms of a market that can be tapped for mutual economic benefits. While it has always been alleged that the disparity in income distribution has led to chronic differences in living standards, the focus of lending institutions has predominantly been skewed in favor of corporate houses and urban entrepreneurs. Collaterals, securities, paperwork and such other formalities for securing a loan from banks have prevented the unorganised sector from fetching any real benefits of the lender-borrower concept that otherwise has enabled corporates to thrive and expand their setups. True, why would any lender risk financing the need of a vegetable vendor or a local grocery shopkeeper when there is a general perception that this cluster will be a probable defaulter, apart from being a non-lucrative investment.

A New Ray of Hope

The announcement of Micro Units Development and Refinancing Agency (MUDRA) was a shot in the arm for not only Micro Finance Institutions and Self Help Groups but also for small business owners and entrepreneurs with not that lucrative-appearing and big bang commercial ideas. Needless to say, from Indian exports to absorption of vast unskilled workforce, micro and small enterprises have played the role of a protagonist. Governments, financial institutions, think-tanks and bureaucrats may have escaped their accountability towards this segment, the will and ability of people did not let them bury their dreams of survival and success. Regional Rural Banks, MFIs and SHGs have been catering to these

enterprises, however, capital inadequacy and high rates of interests have neither allowed these financers to tap 100 per cent market potential nor have they invigorated the borrowers.

MUDRA is the new and convincing backbone of this structure with focus on refinancing players in the financing sector including public sector banks, private banks, MFIs and RRBs, along with last mile financers including trusts, associations and other small scale finance banks. MUDRA offerings also include development and financial literacy support in terms of skill development, marketing assistance and other trade related trainings. 'Shishu', 'Kishor' and 'Tarun' categories under the scheme denote 'loans upto INR 50,000', 'loans above INR 50,000 and upto INR 5 Lakh' and 'loans above INR 5 Lakh and upto INR 10 Lakh' respectively. Directions are in place to ensure that minimum 60 per cent of sum disbursed under MUDRA flows to the Shishu class.

By refinancing loans MUDRA will accord new wings.

Another step towards Financial Inclusion

The Pradhan Mantri Jan Dhan Yojana is a clear win in terms of numbers of bank accounts opened and cutting of subsidy leakages by direct benefit transfers to the beneficiary's account. Up until 28 October 2015, more than 19 crore bank accounts have been made operational under the PMJDY as against the target of 10 crore accounts, with more than 16 crore account holders been issued with RuPay debit cards; more than INR 25,000 crore as deposits have been mobilized in these bank accounts. Those who opened their accounts under this scheme during the duration, 15 August 2014 to 26 January 2015, were given an extra benefit of life insurance cover of INR 30,000;an accidental insurance cover of INR 1 lakh comes as a benefit to PMJDY account holders along with the RuPay debit card, plus an overdraft facility of upto INR 5,000 is also available to RuPay card holders. As per the latest data, more than 600 accidental insurance claims andmore than 1400 life cover claims have been settled under the ambit of PMJDY. The overdraft facility has been used by more than 8 lakh account holders and total sum released under this is more than INR 11,000 lakh.

Financial inclusion, however, doesn't stop here and the MUDRA program will heed to this call. For serving different clusters, right from pickle making and sweet shops to tailoring and cycle repair shops, almost every small business activity falls under the ambit. A shift from traditional financing (collateral backed financing) to innovative tactics (idea backed funding and cash flow inclined repayment options) will spare small businesses of bottlenecks. Credit counseling centers and dissemination of knowledge on available venues and products of financing will be an assisting hand for the class which many a times is unaware of financial avenues in place for them.

Creative ideas do not always breed in top educational institutions; at the grass root level too, a lot many young entrepreneurs are breeding revolutionary ideas, conversion of which to viable business enterprises demands financial backing at an organized level. By refinancing for loans in the range of INR 50,000 to INR 10 Lakh, MUDRA will accord new wings to rural and small entrepreneurs and also to those working at the very bottom of the pyramid. For progress of any country, indeed, empowering people with easy finance is a pre-requisite, MUDRA scheme by making a positive impact on interest rates and by letting the till-date deprived loan-seekers start or expand existing trades is this tool of empowerment.

Add-Ons

The government has planned linking the PM Jan Dhan Yojana savings accounts of loan-seekers with a MUDRA card that will work at ATMs and will be preloaded with the amount of loan sanctioned – A move that shall address liquidity issues of micro finance institutions. A credit guarantee instrument is being foreseen that will boost lenders to sanction loans where tangible assets as security or collateral aren't available. Credit enhancement for securitized loans will come from a corpus for credit guarantee – a credit risk cover for lenders against probable losses.

Financial awareness and education programmes for promoting grass root institutions will be a part of MUDRA, along with facility of incubators (places at low rents for novel and small business concepts) for starters that will serve as a turning point for small-scale innovators. There is also a plan to facilitate lending via credit bureau interventions – Proper credit records and faster dispensing of loans to credible borrowers can be expected.

Delivery till-date

As per thefigure quoted by the Finance Ministry on 7 January 2016, more than INR 70,000 crore has been disbursed so far to the MSME sector under the ambit of the MUDRA scheme post-commencement of the scheme with effect from 8 April 2015; number of beneficiaries has been estimated to be more than 1.7 crore. For the fiscal year 2015-16, the government has targeted a total disbursement of INR 1,22,000 crore under MUDRA (in his Budget speech on 29 February 2016, the FM verified more than INR 1 lakh crore disbursement under the scheme to more than 2.5 crore borrowers by February 2016; and target of disbursement was increased to 1,80,000 crore under MUDRA for next year), public sector banks are projected to release INR 70,000 crore, private sector and foreign banks are projected to lend INR 30,000 crore, while for regional rural banks the figure stands at INR 22,000 crore.

What has encouraged financial institutions to assist the not-so credible borrowers is the revised guideline under priority sector lending where 7.5 per cent of adjusted net bank credit or credit equivalent to off-balance sheet exposure, whichever is higher, has to be loaned to micro units. In the latest move by the cabinet, MUDRA Ltd, an NBFC, has been converted into MUDRA Small Industries Development Bank of India (SIDBI), which is a wholly owned subsidiary of SIDBI. Credit Guarantee Fund is also expected to guarantee more than INR 1 lack crore loans disbursed under the MUDRA Yojana (this will reduce substantially the credit risk of lending institutions).

In recent Chennai floods, where an estimated 14,000 micro and small units have been upset and the size of workforce impacted is about 50,000, the Finance Minister has assured disbursement of help under MUDRA scheme – corporate sector will see aid from insurance claims, the non-corporate small sector will reap benefits of MUDRA. A turning point can also be seen in the micro finance category as this scheme will cut refinancing rates for MFIs (who usually borrow from large banks at high rates), the benefit of which will flow to borrowers – one such impact has already been witnessed by the market with one of the top MFIs bringing its lending rate to sub-20 per cent.

Public sector banks are projected to release INR 70,000 crore.

Implementation Hurdles

Though MUDRA has been conceptualized and targeted in the manner expected, there are still some implementation hurdles, removal of which will ensure smooth credit flow from lenders to small units. Foremost is the biased approach of institutional credit channels towards loans against collateral and in its absence denial of applications. Two years' sales report to be submitted by existing businesses for application under MUDRA, where they can even approach district/ Taluk industrial offices, is also a restricting factor. MUDRA is also to serve as the regulator of micro finance units and lay guidelines to be adhered to– this may give rise to multiple and contradicting regulations with RBI doing this job currently. Financial awareness and education are easily said than done tasks, calling for cooperation of public sector banks and their branches in rural areas and also thelocal elected representatives can be a viable option for disseminating awareness.

Nonetheless, MUDRA scheme with its long-term projected positive impact on both micro finance institutions as well as on credit seekers from small business category will be a sure-shot boost for country's economy, also for encouraging innovation and trade and export expansion. ❑❑

Mayank Gupta, Lancaster University, U.K
Dr. S. Lingamurthy, JNU, New Delhi

No respite for our rivers

We the people are masters of our destiny. We have to decide whether we want jaundice or the exhilaration of seeing a free flowing Ganga, asks
Dr Bharat Jhunjhunwala

The Chief Justice of India recently visited Allahabad and offered worship at the confluence of the Ganga and Yamuna Rivers. The priest asked the Chief Justice to give clean and free-flowing Ganga towards payment of his fees. The "clean" and "free-flowing" aspects of the river are interconnected. One cannot get clean river without ensuring free flow. But we are trying to clean the Ganga and also obstruct her flows. This will not work.

We mostly think of the economic benefits to be derived from the rivers. More water for irrigation means that more sugarcane can be grown and the price of sugar will be less. More pollutants discharged into the river means lower cost of production of leather, paper and sugar. More municipal sewage discharged into the river means that lesser expenses will have to be incurred by the municipality in running the Sewage Treatment Plants and people will have to pay less property tax. More navigation means cheaper transport of imported coal from Haldia to the upstream power plants and cheaper electricity. More use of nitrogenous fertilizers by farmers living on the banks of the Ganga provides cheaper food grains even though the nitrates contaminate the groundwater and the river water. We are not much bothered if our rivers die. Few in Delhi, for example, cry about the Yamuna having become a string of stagnant reservoir in Delhi instead of the dancing and chirpy river that it once was. Reason is that we are not aware of the harm that river pollution does to us.

Polluted river water overflows into our piped water supply. We spend money is installing RO systems in our houses. The Municipalities spend more money in treating the water for supply to the households. Fisheries suffer. The catch of fishes upstream of the Farakka Barrage has declined to about one fourth of the catch in the seventies. Lacs of fishermen have abandoned that trade and have added to the slum populations of our cities. We are struggling to maintain law and order due to the unemployment that is so created.

The ground water is recharged by the rivers. Polluted river water overflows into ground water and enters our food chain. The fish and the crops ingest the contaminants. Our food gets poisoned. Drinking of contaminated water leads to disease such as jaundice, cholera, dysentery and worms.

The disinterest on the part of the officials is a reflection of the disinterest amongst the people. Problem is compounded by the fact that officials are less interested in making the river clean and more interested in building large sewage treatment plants that remain idle. A change in strategy is required. The Government must make a scheme to buy treated sewage and supply it to the farmers for irrigation. The private businessmen will then establish these plants and run them.

This approach has to be supplemented by establishing free-flow of the river. The Ministry of Environment has recently filed an affidavit in the Supreme Court saying that hydropower projects that obstruct free and uninterrupted flow of the Rivers Alaknanda, Bhagirathi and Mandakini may be constructed. The Government claims that stopping the flow of the river behind the dam and then releasing the water will do no harm. This is not correct.

Stagnant rivers deprive us of a huge income from tourism.

Stagnant rivers deprive us of a huge income from tourism. A friend from Himachal Pradesh narrated the story of a temple located on the banks of a river. About one lac pilgrims used to come here every year. Then water of the river was diverted for generation of hydropower. Now barely 25,000 pilgrims come every year and this continues to decline. The economy of Garhwal region in Uttarakhand is hugely dependent on the Char Dham Yatra. Imagine the loss to hoteliers and cab operators if the rivers die and persons coming for the Yatra decline. Cities like Delhi and Lucknow could develop a huge industry of water sports. Recreational areas like the Chowpatty can be made. Water sports can be started here. We are losing these economic benefits from river-based tourism by obstructing free flow of the river.

Dams have many other impacts. The river carries sediments along with the water. These sediments carry beneficent metals like copper that have bactericidal properties. The sediments are trapped behind the dams; or they are entirely removed from the river and supplied to the agricultural fields from diversions such as at Narora in Uttar Pradesh. Run-of-river hydropower projects flush the sediments after every week or so. That is like giving a child a half a liter of ghee once a week instead of giving milk everyday! Second, the fishes clean the pollution of the river. The better fishes like the Hilsa in downstream Ganga and Mahseer in upstream Ganga migrate hundreds of kilometers upstream to lay eggs. The hatchlings flow downstream and grow. This movement of the fish is obstructed by making barrages. Third, the rivers, the Ganga in particular, carry spiritual charges from the shrines of Badrinath and Kedarnath. These charges are destroyed as the pristine water hits against the blades of the turbines in hydropower projects. Lastly, there is loss of beauty of the free flowing river. For these reasons the barrages made for irrigation and hydropower impose huge economic and emotional costs upon, we the people.

A living example of these impacts is the Srinagar hydroelectric project. Local people supported it during construction. Now they are crying. Water from the canal is seeping into the homes. Houses and fields are developing cracks as the land on the ridge slides into the reservoir. The entire cities of Srikot and Srinagar are suffering from jaundice because contaminated water is being supplied. Local people have been deprived of sand, stone and fish that they were harvesting from the river. Hundreds of workers have been thrown out of jobs because construction is complete.

Hill states like Uttarakhand need to change their approach. They should develop the service sectors. Dehra Dun, Shimla and Darjeeling were once premier centers of education. Today Kota and Pune have marched ahead. Bengaluru and Hyderabad have developed the health and software sectors. The hill states should develop these sectors. Better education, health, and software can be developed along the beautiful river banks. The river will also flow and the states will also develop. Ultimately, we the people are masters of our destiny. We have to decide whether we want jaundice or the exhilaration of seeing a free flowing Ganga. The Courts can go only so far; and the Government will go only as far as we plod it to go. ❑❑

RSS demands Quality medical facilities for all at affordable prices

Nagaur, March 12, 2016: After asking the government to check "subversive" elements indulging in "anti-national" activities in universities like JNU, the RSS today called for value-based and nationalistic education in an atmosphere of equal opportunity.

The RSS in the annual meeting of its highest decision-making body – the Akhil Bhartiya Pratinidhi Sabha (ABPS) – has passed two resolutions on education and medical and healthcare, while calling upon the state governments to make efforts to make these two sectors accessible to all the people in the country.

Asserting that the private sector was becoming aggressive, the RSS also pitched for a stronger regulatory body, possibly decentralized to ensure quality education for all.

A resolution said the ABPS is of the opinion that every child should get "value-based, nationalistic, employment-oriented and skill-based education in an atmosphere of equal opportunity".

"Privatisation and commercialisation of education has created difficulties for the common man to get their wards quality education. Quality education should be available to all at an affordable price," said Anirudh Deshpande, Akhil Bhartiya Sampark Prakukh of the RSS at the press briefing on the second day of the three-day ABPS meet.

He said a strong regulatory body was needed in the country to take care of it and to "control the private institutions". "Though we have a regulatory body, but we need to strengthen it and if required, it should be decentralised."

Deshpande claimed with the course of time, governments are also withdrawing from the sector of education and budget allocation is also reducing.

"Governments are withdrawing and the private sector is becoming aggressive which has made the situation problematic for the student. The government should increase budget allocation for education," he said.

"The government should strengthen the autonomous self- regulatory mechanism for the education institutions in terms of their quality, infrastructure, service conditions, fees and standards so that its policies are implemented in transparent manner.

"It is utmost essential to ensure proper training, appropriate salaries and strengthen the dutifulness of the teachers to enhance their standard, both in state-run and private schools," the resolution said.

"Quality medical facilities should be available to all at affordable prices…There is also need to spread the medical education, inclusion of other branches like Ayurveda and Unani is also required,"

Need for effective health care and easy access to affordable medical services

It is most essential to pursue healthy and hygienic life style and provide access to medical facilities to the common people, for ensuring healthy and disease free life for all the citizens. Today, when the diseases arising out of unhealthy life styles are growing fast, medical services are becoming out of access for common citizens due to forbidding cost. Consequently, innumerable families are either getting indebted or large number of families are even deprived of their means of subsistence for want of treatment of the earning members of the family. Akhil Bharatiya Pratinidhi Sabha expresses its deep concern over this state.

For the sound health, it is most necessary to accord significance to healthy diet, way of -living and lifestyle along with virtuousness, spirituality, yog, daily exercise and cleanliness. Children should be vaccinated timely. It is also very significant that society becomes free from all kinds of intoxications. Akhil Bharatiya Pratinidhi Sabha is of the opinion that all the conscious citizens, including the sawaymsevaks should endeavour to arouse wider public awareness in this direction.

On account of concentration of medical facilities in the large towns, there is shortage of medical facilities in the remote and rural areas. Large number of people are deprived of medical facilities due to inadequate medical facilities and shortage of medical personnel, and the long queues for admission, diagnosis and treatment. Rising cost of medical education is one of the major causes for the expensive medical services and deterioration in their quality and credibility. Quality medical services should be accessible to all citizens, including women and children in the country. For this, well functioning medical services of all kinds and systems need to be expanded across the country especially in rural and tribal areas. Information technology should be effectively used for the continuity in treatment and expert counsel.

Hospitals run by various social, religious and community organisations with charitable and philathropic attitude at various places in the country, have been providing treatment to the common people in society very effectively and judiciously. Government support needs to be extended to such endeavours, worth emulation. Appreciating all such endeavours, the Pratinidhi Sabha calls upon the country's industry groups, voluntary and social organisations and charitable trusts to further come forward in this direction. From this perspective, public and community partnerships and co-operative institutions need to be promoted.

The schemes of free distribution of medicines started in some states in last few years and the proposal made for 3000 generic medicine centres by the central government in the recent budget are welcome moves. To bring medicines within the reach of common people, promotion of generic medicines, effective control of drug prices and making of the patents regime humane is necessary. To ensure the quality of medicines, they should be regularly tested in the laboratories. Standardisation and development of methods of testing of medicines of Ayurvedic, Unani and other systems is also important.

The Akhil Bharatiya Pratinidhi Sabha calls upon all the countrymen, including swayamsevaks, voluntary organisations and the government to endeavour to make lives of all citizens disease free by awakening the society for healthy life style, child and mother's healthcare, eradication of malnourishment and deaddiction against intoxication. For making all kinds of medical services accessible to common people, the central and state governments should bring requisite improvement in the infrastructure, policies and procedures, with the allocation of adequate resources. For this, coordinated expansion, regulation, teaching and research be promoted in all the systems of medicine, and the regulatory mechanism and statutory provisions be executed transparently. ❑

http://rss.org/Encyc/2016/3/12/Resolution-Eng-1.aspx

Deshpande said.

In the resolution, the RSS has appreciated free medicines schemes initiated in some states.

"The schemes of free distribution of medicines started in states in last few years and the proposal made for 3000 generic medicines centres by the central government in the recent budget are welcome moves.

The ABPS also called upon the country's industry groups, voluntary and social organisations and charitable trusts to further come forward to make facilities available for people. ❑❑

Interest rate on PPF cut to 8.1%

In a move that will hit the common man, the government slashed interest rates payable on small savings including PPF and Kisan Vikas Patra (KVP) . As a part of its February 16 decision to revise interest rates on small savings every quarter, the interest rate on Public Provident Fund (PPF) scheme will be cut to 8.1 per cent for the period April 1 to June 30, from 8.7 per cent, at present. Similarly, the interest rate on KVP will be cut to 7.8 per cent from 8.7 per cent, according to a Finance Ministry order. While the interest rate on Post Office savings has been retained at 4 per cent, the same for term deposits of one to five years has been cut.

The popular five-Year National Savings Certificates will earn an interest rate of 8.1 per cent from April 1 as against 8.5 per cent, at present. A five-year Monthly Income Account will fetch 7.8 per cent as opposed to 8.4 per cent now. Girl-child saving scheme, Sukanya Samriddhi Account will see interest rate of 8.6 per cent as against 9.2 per cent. Senior citizen savings scheme of five-year would earn 8.6 per cent interest compared with 9.3 per cent. The government had on February 16 announced moving small saving interest rates closer to market rates. On that day, rates on short-term post office deposits was cut by 0.25 per cent but long-term instruments such as MIS, PPF, senior citizen and girl child schemes were left untouched. ❑

Govt. tells banks to sell guarantors' assets

Realising the Vijay Mallya kind of loan default cases, the Government has directed public sector banks (PSBs) to immediately invoke personal guarantees of promoter directors and recover loans from them in case the companies fail to repay. This move comes at a time where bad loan of PSBs has been piled up at over Rs3.61 lakh crore at the end of December 2015. Issuing such directive to heads of PSBs, the Finance Ministry regretted that they seldom recover loan from guarantors in case of loan default by companies. "It has been observed that there are a less number of cases where action has been taken for recovery against guarantors for attachment of assets owned by them and sell the same for recovery of defaulted loan," it said while issuing the directive in consultation with the RBI.

The Ministry further told banks that it would be prudent to take steps against guarantors immediately when no sign of revival is visible. Asking banks to approach Debt Recovery Tribunal (DRT), it said action against guarantors should be taken under SARFAESI Act, Indian Contract Act and relevant legislations. Exit of beleaguered liquor baron Mallya to London early this month created huge uproar in Parliament as well as outside. Various companies associated with him owe over Rs 9,000 crore to different banks. Mallya and his group firms are being probed by several agencies including Enforcement Directorate. The banks, it said, should also keep a watch on periodical statement of book-debts and receivables submitted by the borrower and take steps for attachment and recovery of such book-debts under SARFAESI.

Operational readiness always top priority: Parrikar

The 'Make in India' vision is a priority for defence procurement but "operational readiness" is the military's primary task as "we don't want people to look at us with big eyes", Defence Minister Manohar Parrikar has said.

"We need adequate equipment and that cannot change. Make in India is in its place, our military preparedness is paramount," he said speaking at a panel discussion on Make in India initiative in the defence sector on the opening day of the three-day technical festival ? Cognizance 2016 ? of IIT Roorkee.

"I would like to make it clear... Make in India is our priority for defence procurement...but the first priority cannot be forgotten, the primary task of our military, which is operational readiness...in view of our neighbours...so that no one can look at us with big eyes," he said.

There have been calls for stepping up the country's defence preparedness after the terror attack on the Pathankot Air base and in Gudsaspur. Opposition Congress had in Parliament recently criticised the government for its handling of the Pathankot incident in which seven security personnel were killed.

Hyderabad seminary fatwa rejects 'Bharat Mata ki jai' slogan

Islamic seminary Jamia Nizamia has issued a fatwa declaring that "reason" and Islamic "faith" do not allow Muslims to chant the slogan `Bharat Mata ki jai'. The fatwa, which is an Islamic cleric's jurisprudential opinion, came after Syed Ghulam Samdani Ali Quadri, a religious figure from the Old City here, approached the seminary for an answer three days ago. Explaining the rationale behind the ruling, Mufti Azeemuddin, who heads the Darul Ifta, or fatwa centre of the seminary , wrote that according to the principles of reason, only a human gives birth to a human and treating the "land of bharat" as a mother is against "reason". "The mother of a human is human. No piece of land and no animal and no other object gives birth to humans," an excerpt from the fatwa reads.

India Inc has a long way to go in managing risks: EY

India Inc has a long way to go in managing risks at a time when economic woes are increasing and reputation can be harmed by cyber-security failures and frauds, according to an EY report. It highlights that most companies do not appoint a 'Chief Risk Officer' and risk management activities are governed by the audit and risk committees of the board in 70 per cent of the businesses surveyed. Leveraging technology will not only ensure adequate identification of potential risks but also reduce cost and efforts, it added.

In India, reputation-risk, competitor innovation and economic uncertainty emerged as the top three concern areas, while the top three concern areas globally were economic uncertainty, regulatory compliance and cyber security. Moreover, there is a relative lack of emphasis on leveraging technology more effectively across risk functions as 62 per cent of the businesses surveyed do not utilise technology to enable risk management activities or are unaware of any technological solutions, the survey said. ❑

Indira jaising faces CBI probe for fund misuse

The Centre is likely to order CBI probe into the fund misuse by an NGO, Lawyers Collective, run by former Additional Solicitor General (ASG) Indira Jaising. The Union Home Ministry has already served a notice on the NGO for allegedly receiving foreign funds of over Rs11 crore when she held the post of ASG between 2009 and 2012. In its notice, the Ministry said Jaisingh received foreign funds while holding a Government post, which is violation of the Foreign Contribution Regulation Act, 2010 (FCRA). Sources said that while no decision has been taken on the nature of probe to be ordered against the former ASG, there is enough evidence to engage the CBI in this matter.

They pointed out several instances of FCRA violations were noticed in the account books of the Mumbai-based NGO during a recent scrutiny of documents carried out in January. On the receipt of a complaint from one Raj Kumar Sharma on the mis-utilisation of foreign contribution by Lawyers Collective, the Ministry inspected the books of account of the NGO for the period from 2009-10 to 2014-15.

In contravention of the FCRA norms, the NGO allegedly participated in political activities and allegedly diverted and misutilised foreign contribution. Discrepancy between the return filed with Union Home Ministry and that with Income Tax authorities - a comparative analysis of the foreign contribution received during FY 2009-10 to FY 2011-12 by Lawyers Collective as per Foreign Contribution return filed with MHA and the return filed with Income Tax authorities revealed discrepancies of about Rs 3 crores.

Air India gives wing to Eco-friendly Khadi

The national carrier Air India has decided to use the natural and eco-friendly khadi fabric for its VVIP flights that carry the Prime Minister on international tours. While women cabin crew will wear khadi silk sarees, the male crew will sport Khadi silk jackets. Chairman of the khadi and Village Industries Commission Vinay Kumar Saxena told media that Air India has placed an order for supply of 150 silk sarees for women cabin crew and 25 pieces of Jodhpuri bandhgala coats, 40 pieces of trousers and 40 pieces of jackets for the male cabin crew.

The Air India has already decided to use natural and eco-friendly khadi products for its International flights and placed an order worth Rs1.21 crore to Khadi & Village Industries Commission (KVIC) for the supply of 25,000 units of amenity kits. The products will be supplied by Khadi Gramodyog Bhavan, a flagship showroom of KVIC. The amenity kits are given by Air India to its First class and Business class International passengers.

The kits include khadi hand sanitizer, khadi moisturizer lotion, khadi lemongrass, khadi handmade soap, khadi lip balm, khadi rose face wash, essential oils etc. KVIC will supply 25,000 kits by 31.01.2017 to Air India in which 5,000 kits are for First class passengers and 20,000 kits for Business class. This order will generate more than 60,000 man hours which will be a boost to the workers. ❑❑

China's logistic hub in Djibouti to stabilize region, protect interests

China's first overseas logistic base for warships is being built in the East African nation of Djibouti. As bilateral trade with African countries grows, the base will help China better safeguard its national interests and manage the increasing peacekeeping responsibilities it is taking on in the continent. But experts say the base may not be limited to resupplying ships in the future. Chinese naval vessel the Guangzhou arrives for resupply in Djibouti during its escort mission in the Gulf of Aden on May 3, 2010. About 7,700 kilometers away from Beijing, in Djibouti in the Horn of Africa, China's first overseas installation for naval vessels is under construction. Scheduled to be completed in 2017, the base is set to resupply Chinese warships, according to government statements. But despite Beijing's insistence that the facility will simply help with escort missions, peacekeeping and humanitarian rescues in the Gulf of Aden and the waters off Somalia, many have argued this move represents Chinese "military expansion" beyond the Asia-Pacific region. ❑

Neymar told to pay $53 mn for tax evasion

A Brazilian court has ordered Neymar to pay 188.8 million reais ($53 million) in back taxes, interest and fines after finding him guilty of tax evasion. A judge at a federal court in Rio de Janeiro ruled that Neymar failed to declare earnings from his current club Barcelona, former club Santos and sponsor Nike, Xinhua newa agency reported citing the report of Folha de S.Paulo newspaper. The 24-year-old is expected to appeal the decision. The decision came just weeks after a Brazilian court had frozen assets belonging to Neymar worth 192.7 million reais, including a private jet, yacht and several properties. Neymar's representatives did not immediately respond to requests for comment.

Aus ups scrutiny on infrastructure sales to foreigners

The sale of major Australian state-owned infrastructure to private foreign investors will face tougher scrutiny under new rules announced today, after a deal involving a Chinese company last year drew criticism. The new rules will apply from March 31 and ensure that sales of critical infrastructure to private foreign investors will be subject to a formal review by Australia's foreign investment advisory body. Under previous rules, the Foreign Investment Review Board (FIRB) was only required to assess the sale of such infrastructure to foreign state-owned enterprises.

The rules cover major assets such as airports, ports, public transport infrastructure, and electricity, gas, water and sewerage systems, while existing and proposed roads, railways, telecommunications infrastructure and nuclear facilities could also be reviewed by the body. The new rules follow the granting in 2015 of a 99-year lease for the Port of Darwin to China's Landbridge Group. United States President Barack Obama, whose Marines rotate through Darwin, reportedly chided Prime Minister Malcolm Turnbull over that deal, with the Australian Financial Review quoting him as saying: "Let us know next time".

Canberra defended the decision which had been made in consultation with Australia's Department of Defence, but a review of the rules followed. Under pressure over the seemingly increasing foreign ownership of farmland, the government is already in the process of compiling a register of agricultural land owned by foreigners. It has also lowered the threshold for screening proposed foreign purchases of agricultural land to Aus 15 million.

Innovation, reform in defense, military upgrade

Xi Jinping, general secretary of the Communist Party of China Central Committee has highlighted theoretical and technological innovation as the key to upgrade the country's military and national defense. Speaking to national lawmakers from the military at the ongoing annual parliamentary session, Xi, also Chinese president and chairman of the Central Military Commission, said the future of the People's Liberation Army (PLA) hinged on innovation and reform.

He urged the armed forces to fully implement the innovation-driven development strategy, place combat capacity at the center of all their work, and step up theoretical and technological innovation. Military administration and personnel competence were also identified as areas to be improved. The PLA should focus on priority areas in order to kickstart across-the-board innovation and make the military stronger, Xi said. He told PLA lawmakers that the 13th Five-Year Plan period (2016-2020) is crucial to China's national defense and military development, and urged the armed forces to uphold political integrity, reform and rule of law, and strengthen their military buildup and combat readiness. Earlier this month, China announced its lowest defense budget increase in six years in the wake of rising economic headwinds.

Indian President of ISA

An Indian Professor has become the president of a scholarly group in the US dedicated to international studies. Prof TV Paul took over as the 56th president of International Studies Association (ISA), at its annual convention at Atlanta, Georgia. In his address, which among others was attended by former Canadian Prime Minister, Joe Clarke, Paul called on international relations scholars to explicitly deal with grand strategies of peaceful change more effectively, especially in the context of the rise of new powers such as China & India.

Born in Kerala, Paul in his speech encouraged scholars with historical understanding to offer ideas for policy makers about which strategy produced conflict and which strategy generated unnecessary violence. The James McGill Professor of International Relations at McGill University, Montreal, Canada he is a leading scholar of international security, nuclear proliferation, and South Asia. He called upon the International Relations discipline to become the lead source of ideas for peaceful change and not to leave strategy to a narrow group of politicians, their advisors and diplomats who sometimes lack deep vision or historical understanding.

"The need for strategies for peaceful change is growing in a complex, globalised world, and with the rise of China, India and the resurgent Russia along with several other pivotal centers of power and transnational forces challenging peace, Paul said.

He was ISA's Vice-President during 2013-14, founding Director of the McGill/-University of Montreal Center for international Peace and Security Studies (CIPSS) and founding Editor of the Georgetown University Press book series: South Asia in World Affairs.

Benefits of Iran nuclear deal are 'Undeniable': Obama

US President Barack Obama says the benefits of the Iranian nuclear deal are "undeniable" although it may still take time for people to begin enjoying them. Obama says the deal makes it possible for Iran to rejoin the global economy through increased trade and investment, creating jobs and opportunities for Iranians to sell their goods around the world. Obama says the U.S. Still has "profound differences" with Iran, but he says the fact that the countries are talking regularly for the first time in decades could help solve them. Obama addressed the Iranian people in his annual video message marking Nowruz (noh-ROOZ'), the Persian New Year. Citing his trip today to Cuba, he says it's possible for old adversaries to start down a new path after decades of mistrust. ❑

EU-Turkey deal in LIMBO

The agreement between the European Union and Turkey on ending illegal migration even though went into effect – but its implementation still remains uncertain. Greek authorities say they're not sure any migrants entering Greece will be processed and turned back. Greece is expecting 2,300 European experts, including migration officers and translators, to help implement the deal. None have arrived yet.

Instead, 875 new refugees have arrived in four of Greece's Aegean islands close to the Turkish coast. In one of the boats arriving on the island of Lesbos, two Syrian men were found dead of yet unknown causes.Greece is still relocating migrants from the islands to temporary camps on the mainland. A ferry carrying 1,169 migrants arrived Sunday at a port west of Athens.

Holi a holiday in Sindh

For the first time, the colourful festival Holi will be a public holiday in Pakistan's Sindh province, the government has announced. In an unprecedented move, the provincial Sindh government issued a notification declaring March 24 as a public holiday. Earlier only the minority Hindu community in Pakistan were given holiday to celebrate the "festival of colours."

"But this is the first time we have declared Holi as a public holiday throughout the province," said a spokesman for the Chief Minister House. The announcement comes days after Pakistan's National Assembly adopted a non-binding resolution to take steps to declare Holi, Diwali and Easter as public holidays. Hindu lawmaker Ramesh Kumar Vankwani of Pakistan Muslim League-Nawaz had moved the resolution. The decision was hailed by many, including the Pakistani media, as an attempt to steer the country towards a "more moderate ideological direction." The federal government, however, is yet to issue any notification to declare these festivals as public holidays. Hindus make up around 2 per cent of Pakistan's 200 million population, and mostly live in the Sindh province. Christians account for 1.6 per cent. Pakistan's religious minorities have long faced economic and social discrimination. ❑❑

GATS violation dispute against USA

India has initiated dispute proceedings against the USA for measures that has increased the fees for L-1 (L1A and L1B) and H-1B categories of non-immigrant temporary visas into the US and, measures related to numerical commitments for H-1B visas. Both H-1B and L-1 visas are temporary work visas that allow employers to hire foreign workers. Dispute proceeding were started on 3 March. India has argued that the current measures, as with earlier measures, are inconsistent with the terms, limitations and conditions agreed to by the United States in its Schedule of Specific Commitments under the General Agreement on Trade in Services (GATS). According to India, US is according less favourable treatment to juridical persons from India having a commercial presence in the US as compared to juridical persons in the US, engaged in providing like services in sectors such as the computer and related services—this is a sector in which the US has taken commitments in its Schedule of Specific Commitments under GATS.

Further, it affects the movement of natural persons seeking to supply services in a manner that is inconsistent with the US' commitments under GATS, i.e, the Movement of Natural Persons Supplying Services provision. These measures nullify or impair benefits accruing to India, either directly or indirectly, under the GATS. The above-mentioned measures and comparable measures violate several provisions under GATS, India has stated. This is the second dispute for the WTO in 2016.

$100bn WTO ruling hit to solar manufacturers

WTO ruling in late February in favor of a U.S. case against India's domestic content requirement (DCR) under its National Solar Mission (NSM) could hit Indian solar manufacturers' bottom lines severely, the president of the Solar Energy Society of India (SESI) has remarked. Ajayprakash Shrivastava, SESI's president, believes that the WTO's decision in favor of the U.S. claim could hit the industry to the tune of $100 billion. "It's very bad news for the Indian solar industry," he said. "If the opportunity to manufacture panels and cells for the 100 GW NSM is lost, then we are probably losing business worth $100 billion."

For the SESI president, the concern is that many semi-skilled jobs reliant upon a growth in module manufacturing – specifically soldering, which employs a disproportionate amount of women in India – could be injuriously affected. The Indian government's "Make in India" program could also be adversely affected by the ruling, SESI's general secretary, Prafulla Pathak, added.

"The ruling is having a reverse effect on startups in the sector. From being one of the most attractive, it has lost its sheen."

Greenpeace India campaigner Pujarini Sen said that the ruling by the WTO will set back the country's ability to tackle climate change.

Turkey notifies acceptance of TFA

Turkey has ratified the new Trade Facilitation Agreement (TFA), becoming the 71st WTO member to do so. H. E. Ambassador Haluk Ilicak and Hüsnü Dilerme, Deputy Under-Secretary with the Turkish Ministry of Economy, presented their country's instrument of acceptance to WTO Deputy Director-General Yi Xiaozhun on 16 March. Concluded at the WTO's 2013 Bali Ministerial Conference, the TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit.

It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area. The TFA will enter into force once two-thirds of the WTO membership has formally accepted the Agreement.

Japan files dispute against Korea

Japan has requested consultations with Korea under the dispute settlement system concerning measures imposing anti-dumping duties on valves for pneumatic transmission ("pneumatic valves") from Japan. Request for consultations was made on On 15 March 2016. The request for consultations formally initiates a dispute in the WTO.

Consultations give the parties an opportunity to discuss the matter and to find a satisfactory solution without proceeding further with litigation. After 60 days, if consultations have failed to resolve the dispute, the complainant may request adjudication by a panel. ❑❑