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Government launches e-RaKAM portal for selling agri produce

NEW DELHI: The government today launched a portal, e-RaKAM, to provide a platform to sell agricultural produce.

The portal is a joint initiative by state-run-auctioneer MSTC and Central Warehousing Corporation arm CRWC.

Launching the portal with Steel Minister Chaudhary Birender Singh, Consumer Affairs, Food & Public Distribution Minister Ram Vilas Paswan said the effort should be to auction 20 lakh tonnes of pulses in the first phase through the platform.

"I personally feel that we should start with auctioning of pulses as we have them in abundance. Twenty lakh tonnes of pulses were lying idle at warehouse and it still has no buyers. E-RaKAM will help us and farmers hugely," Paswan said.

He said initial hurdles will be there as most of the farmers are illiterate and are in bad condition, Paswan said, as per a joint statement issued by MSTC and CRWC. It added that now various crops whose price increases due to rainfall or bad weather conditions, will be managed and get the market.

He said even transport will face initial hurdles that will be sorted out over time.

Steel Minister Singh said, "Our aim is to strengthen the agriculture-oriented Indian economy and farmers, who play a vital role in national development. I congratulate all for the launch of e-RaKAM."

E-RaKAM is a first-of-its-kind initiative that leverages technology to connect farmers of the smallest villages to the biggest markets of the world through internet and e-RaKAM centres.

E-RaKAM is developed by MSTC Limited and supported by marketing & logistics partner CRWC Limited.

E-RaKAM is a digital initiative bringing together the farmers, FPOs, PSUs, civil supplies and buyers on a single platform to ease the selling and buying process of agricultural products.

Under this initiative, e-RaKAM centres are being developed in a phased manner throughout the country to facilitate farmers for online sale of their produce.

The statement said farmers would be paid through e-Payment directly into their bank accounts.

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Cabinet approves MoU between India and BRICs countries to set up BRICS Agriculture Research Platform

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its ex-post facto approval for a Memorandum of Understanding (MoU) signed among India and various BRICs countries for establishment of the BRICS Agriculture Research Platform (BRICS-ARP).

Background:

During the 7th BRICS Summit held on 9thJuly 2015 at Ufa in Russia, Prime Minister Shri Modi proposed to establish BRICS Agriculture Research Centre which will be a gift to the entire world. The Centre will promote sustainable agricultural development and poverty alleviation through strategic cooperation in agriculture to provide food security in the BRICS member countries.

In order to further intensify cooperation among BRICS countries in agricultural research policy, science and technology, innovation and capacity building, including technologies for small¬holder farming in the BRICS countries, an MoU on establishment of the Agricultural Research Platform was signed by the foreign Ministers of BRICS countries in the 8th BRICS Summit held on 16th October, 2016 at Goa.

BRICS-ARP will be the natural global platform for science-led agriculture-based sustainable development for addressing the issues of world hunger, under-nutrition, poverty and inequality, particularly between farmers' and non-farmers' income, and enhancing agricultural trade, bio-security and climate resilient agriculture.

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FCI let over 4 lakh tonne wheat rot away: CAG

NEW DELHI: The Comptroller and Auditor General of India has said in an audit report on the Food Corporation of India (FCI) that more than 4.72 lakh tonnes of wheat valued at Rs700.30 crore got damaged in Punjab till March 2016 due to delay in implementation of the private entrepreneur scheme which was expected to increase the storage capacity of foodgrains in the state.

The damaged wheat was declared as non-issuable for public distribution as it was stored in open areas, said the report which was tabled in Parliament on Friday. The report pertains to implementation of the Private Entrepreneur Guarantee (PEG) schemes in Punjab and the way the FCI managed its debt, labour and incentive payments during 2011-16. The auditor also found that the stateowned FCI sold wheat to bulk consumers at a rate below the cost under open market sale scheme during 2013-14, leading to non-recovery of Rs38.99 crore Further, due to non-rationalisation of surplus departmental labour and deployment of costlier labour at depots resulted in excess expenditure of Rs237.65 crore, it said. The CAG also said that there was delay in award of contracts for construction of godowns.

“The PEG scheme 2008 was launched to enhance covered storage capacities as the covered and plinth (CAP)/kacha storage is prone to damage and deterioration of stock and is not an optimum storage method.

However, as on 31March 2016 in Punjab, 53.56 LMT of wheat stock was lying in CAP/kacha and in mandi,” it said. Such stock increased from 103.36 lakh tonnes in 2011-12 to 132.68 lakh tonnes in 2012-13, the CAG said.

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Let’s talk about a supplemental income

There has been a lot of discussion on universal basic income (UBI) in both developed and developing countries. The primary objective is to enable every citizen to have a certain minimum income. The term ‘universal’ is meant to connote that the minimum or basic income will be provided to everyone irrespective of whatever their current income is. The adoption of a universal basic income can impose a burden on the fisc which is well beyond the capabilities of most developing countries, including India. In discussing the applicability of the concept of basic income to India, three questions arise. The first is whether it should be ‘universal’ or ‘restricted’; the second is what the level of minimum income is and how this is to be determined; and the third is about the financing mechanism for implementing such a scheme.

‘Time ripe for discussions on Universal Basic Income’

Above all, there is a philosophical question, whether support to vulnerable sections should be in the form of goods and services or as cash. Cash gives the discretion to beneficiaries to spend it any way they like. But it is assumed they would be wise in their discretion. On the other hand, the provision of services or goods directly to beneficiaries may be directed to achieve certain objectives in terms of nutrition or health or education. In the provision of services, the concern is about leakages and quality of service. Some countries have adopted a middle path of conditional transfers, which means that transfers in the form of cash are subject to the condition that they are spent on meeting defined needs.

However, as far as India is concerned, we are not starting with a clean state. There are a whole lot of services provided by the state, and it would be impossible to knock them off and substitute them with general income support. We need to think of income support as a supplement to services already provided even though a hard look at some of the provisions is absolutely essential. Poor quality of services from government-run institutions has become a matter of concern.

The price of fiscal folly

Coming to the concept of the UBI, it is necessary to first decide whether income supplements should be ‘universal’ or limited to certain easily identifiable groups. Most calculations involving the provision of income to one and all are beyond the capabilities of the present Central government Budget unless the basic income is fixed at too low a level. It is extremely difficult to cut so-called implied subsidies or hidden subsidies in order to fund resources, as some proponents argue. These supports range from subsidised bus fares to subsidised power tariff. The attempt must be to think in terms of reducing the number of beneficiaries using easily definable criteria. Elaborate exercises for identification will defeat the purpose. It is true that a universal scheme is easy to implement. Feasibility is the critical question. There is also the consideration of fairness. But strict targeting will run into complex problems of identification.

The issue whether the scheme should be universal or restricted depends on the level of basic income that is proposed to be provided. If we were to treat the cut-off used to define poverty as the minimum income, then the total fiscal burden would be enormous. This apart, there is no consensus regarding what that cut-off should be. Our analysis using different poverty lines shows that poverty is concentrated around the poverty line. In fact, more than 60% of the total poor lies between 75% of the poverty line and the poverty line. Therefore, what is needed is a supplement to fill the poverty gap. One alternative would be to determine the required income supplement from the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The total annual income supplement can be equivalent to 100 days of the wages prescribed under the MGNREGS. This is equivalent to 20,000 per year. This amount can be treated as the income supplement.

The hidden agenda of benevolence

The next question is who the beneficiaries should be. Here again, it is difficult to cover the entire population. Even providing one person per household with this income will mean 5 lakh crore per annum, which is 3.3% of GDP. Perhaps what is feasible is a scheme which limits the total expenditure to around 1.5 to 2% of GDP, which is between 2 lakh crore and 3 lakh crore. We need to evolve a criterion which can restrict the total cost to this amount. One way of doing it will be to limit it to all women above the age of 45. This is an easily identifiable criterion because Aadhaar cards feature the age of the person. However, this is only one alternative. But others may be thought of. Restricting the beneficiaries to the elderly or widows or those with disabilities may have only a limited impact. Making available a minimum of 20,000 per year for almost 10 crore people — which means a total expenditure of 2 lakh crore — must make a dent on poverty since at least half of them would be for the poor or people a little above the poverty line.

The feasibility of raising even 2 lakh crore is not easy. Some analysts have suggested that we can remove all exemptions in our tax system which would give us enough money. Apart from the difficulties in removing all exemptions, tax experts advocate removing exemptions so that the basic tax rate can be reduced. Perhaps, out of the 2 lakh crore which is needed, 1 lakh crore can come from the phasing out of some of the expenditures while the remainder must come from raising additional revenue. Perhaps, one can phase out the MGNREGS, which will realise close to 40,000 crore. The employment scheme is very akin to the proposed scheme. Fertilizer subsidies are another item of expenditure which can be eliminated. Perhaps, requesting higher income groups to forego supplemental income will reduce the expenditure, as has been done successfully in the case of cooking gas.

To conclude, introducing the UBI is unrealistic. In fact, the concept of a basic income must be turned essentially into a supplemental income. Such a scheme will be feasible provided we restrict the beneficiaries to groups which can be easily identified. This restriction essentially comes from fiscal compulsions. Regarding finances, it is not easy to remove all implicit subsidies. The design for financing the scheme has to be viewed in a more pragmatic way. Restricting the fiscal burden to 1.5 to 2% of GDP seems desirable and feasible. Half of this can come from phasing out some of the existing expenditures while the other half can come by raising fresh revenue. Lastly, the proposal here refers only to the income supplement that can be provided by the Central government. Similar efforts can be made by the respective State governments, if they so desire.

C. Rangarajan is a former Chairman of the Economic Advisory Council to the Prime Minister and a former Governor, Reserve Bank of India. S. Mahendra Dev is Director and Vice Chancellor, Indira Gandhi Institute of Development Research, Mumbai

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inequality: Startling figures of inequality in India offer an incomplete picture

By Amit Kapoor

The data released by the Bloomberg Billionaire Index reveals some shocking statistics about the rise of inequality in India. It showed that the top 20 industrialists in India added a staggering $50 billion to their combined wealth in the first seven months this year, taking their total valuation to $200 billion -- roughly 10 percent of India's $2 trillion economy.

Similarly, an Oxfam report released this year revealed that 57 billionaires in India own as much as the bottom 70 percent of the population and, more broadly, the richest one percent holds 58 percent of the country's total wealth -- higher than the global average of 50 percent. Therefore, inequality is no longer a first-world phenomenon. It is very much at our shores, but the moot question remains if the trend is undesirable at all.

The general contention is that inequality is inimical to societal development and should be minimised to the fullest extent possible, preferably through redistributive means. However, there is a strong case to make that with rapid growth, rising relative inequalities, more often than not, lead to advancing distributional equity in society. This argument can be rationalised on the basis of insights put forward by US economists Simon Kuznets, Tibor Scitovsky and Albert O. Hirschman.

Kuznets argued that when economic growth takes place, at the disaggregated micro-level, individual economic agents move along the real income scale -- a process which he termed as "income mobility". Now, income mobility can either be upward or downward but it is observed that during phases of rapid economic growth, opportunities for upward mobility far outweigh those for unchanged or downward mobility. Also, in the presence of income mobility, the identity of individuals at different levels of the income scale changes rapidly over time.

In such a scenario, average inequality indicators cannot reflect the true picture on the ground and can, therefore, prove to be misleading predictors of the adverse social outcomes of growing inequality. The tolerance level of inequality for the society in times of rapid economic growth may be much higher than what is reflected in inequality statistics as it fails to take income mobility into account.

Another problem with only looking at inequality statistics is the perception of a simplistic one-to-one correspondence between movements in income inequality and equity. Scitovsky's views offer an interesting take on the matter. He suggested three criteria for social acceptability of rising inequality: Those inequalities arising out of people's merit and contribution to society, those arising in an environment of equality of opportunities, and those that lead to improvement in well-being of individuals at the bottom of the ladder.

In all of these three cases, rising inequality cannot be equated to a one-on-one fall in equity. Therefore, more focus should be kept on the wealth accruing to the people at the bottom of the ladder to understand the real implications of rising inequality. Scitovsky proposed that an egalitarian society should be defined as one where there is equal or near-equal distribution of the necessities of life.

Finally, as Hirschman points out, inequality data fail to take into account the public perception of rising inequality. He pointed out that a stagnant economy leads to a zero-sum game where economic advancement of others provokes a negative signalling effect of a possible deterioration of one's own economic position. However, in times of rapid economic growth, there arises a positive-sum game where economic improvement of others signals an environment where there is hope for a rise in one's own prosperity in the future. Such an exceptional calculus begets gratification which overcomes envy and discontent.

This scenario would make society's tolerance for rising disparities quite substantial. Such an eventuality can be sustained in a society as long as the economic and social barriers to income mobility are broken down through government policy or rapid growth and prosperity is attributed to hard work and chance. Discord arises in societies where such prosperity arises out of corruption and deception like the one seen in the Occupy Wall Street protests.

Thus, it needs to be understood that contrary to the common perception among individuals and policymakers, rising inequality is not necessarily inequitable, if and when it arises out of rapid economic growth. The startling figures of inequality in India that have been brought about of late, therefore, offer an incomplete picture. Moreover, use of these figures to argue that Indian economic development has had adverse distributional consequences offers the incorrect diagnosis and skews policymaking.

The focus on wealth accruing at the top needs to be supplemented with the income mobility achieved by those at the bottom of the pyramid and with a focus on elimination the social and economic barriers that they face in achieving upward mobility. A skewed focus on the top hardly serves any purpose other than providing shock value.

(Amit Kapoor is chair, Institute for Competitiveness, India. The views expressed are personal. He can be contacted at amit.kapoor@competitiveness.in and tweets @kautiliya. Chirag Yadav, researcher, Institute for Competitiveness has contributed to the article)

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GM food crops: India in no hurry to grow GM food crops

NEW DELHI: The government is in no hurry to introduce genetically modified food crops in the country, three months after the sector regulator gave its nod to commercialisation of GM mustard, because of widespread opposition from different quarters.

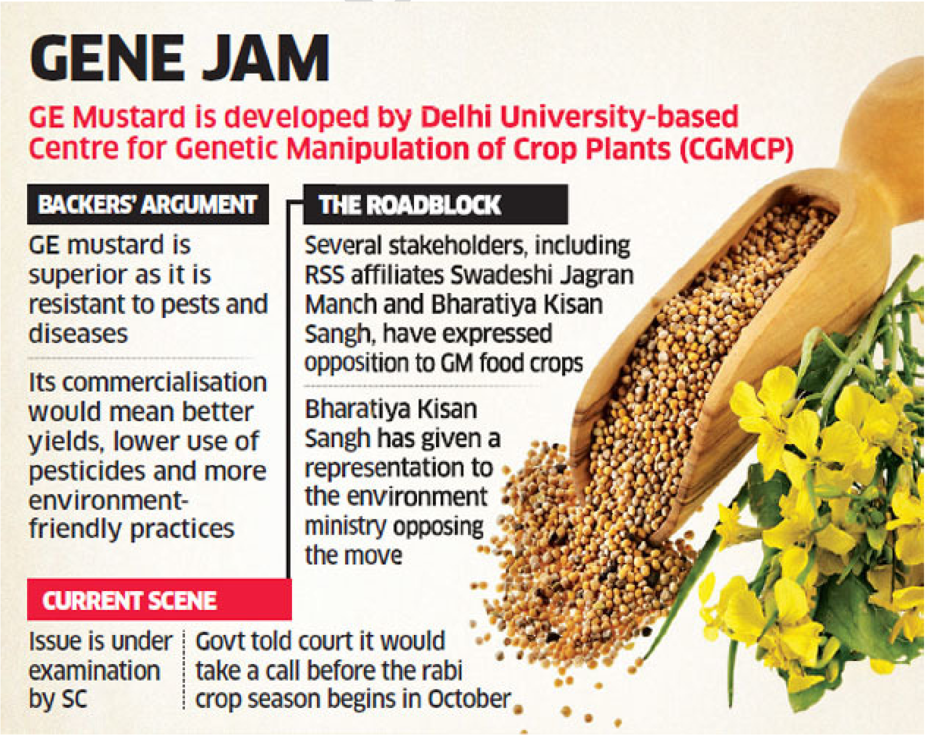
The government has decided to examine all objections raised by scientists and farmers before taking a decision on genetically engineered (GE) mustard, environment minister Harsh Vardhan has said. "Pursuant to recommendation of GE mustard by GEAC (Genetic Engineering Appraisal Committee), several representations and concerns have been raised by a wide range of stakeholders including scientists, policymakers, farmers and NGOs," Vardhan told ET. "The issues raised are manifold, like long-term health and environmental impact, herbicide tolerance, loss to honey bees and pollinators, outperformance of native varieties, no enhancement in yields, etc. All these issues are under examination," he said.

GEAC, India's regulator for transgenic products, had given a green signal to GM mustard in early May, paving way for introduction of genetically modified food crops. After the regulator's nod, the final call is taken by the government.

Developed by Delhi University-based Centre for Genetic Manipulation of Crop Plants (CGMCP), GE mustard is argued to be superior as it is resistant to pests and diseases. Suppor Supporters also claimed that its commercialisation would mean better yields, lower use of pesticides and more environment-friendly practices.

But several stakeholders, including Rashtriya Swayamsevak Sangh (RSS) affiliates Swadeshi Jagran Manch and Bharatiya Kisan Sangh, have expressed opposition to GM food crops. Bharatiya Kisan Sangh has already given a representation to the environment ministry opposing the move. Though impact of these organisations on Narendra Modi government's decision making is questioned, sources believe this is one of the reasons for the government's cautious approach.

Also, in its 2014 election manifesto, BJP had said, "GM foods will not be allowed without full scientific evaluation on its long-term effects on soil, production and biological impact on consumers."



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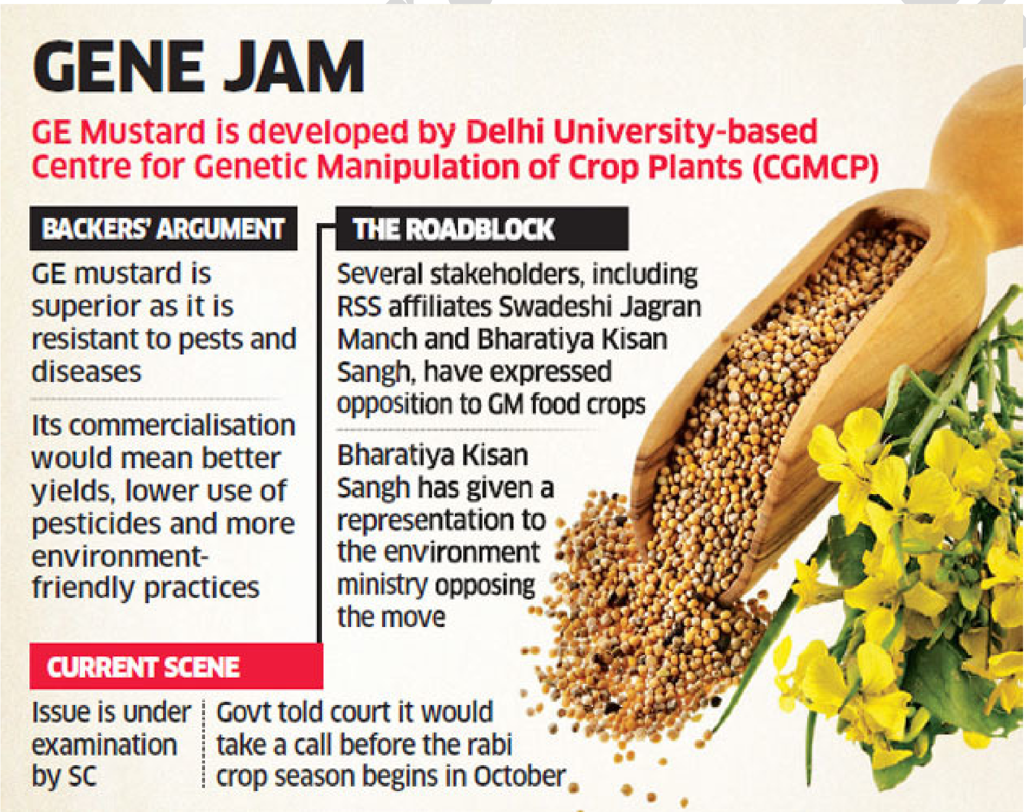

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minimum wage: Bill to fix minimum wage for unorganised sector introduced in Lok Sabha

NEW DELHI: The Code on Wages Bill that seeks to fix a national minimum wage for all categories of over 40 crore unorganised sector workers and provide a fixed timeline for their payment -- in some cases only through electronic means or cheque -- was introduced in the Lok Sabha today.

The Code provides for the government to determine the minimum wages every five years using factors like skills required for the job, arduousness of work, geographical location of work place and other aspects.

Such wages are to be fixed on recommendation of panels comprising an equal number of representatives of employers and employees, and independent persons, according to the Code on Wages, 2017, Bill.

Under this, the government will fix the number of hours of work that would include a day of rest every seven days. The payment for work on a day of rest will not be less than overtime rate.

Introducing the Bill, Labour Minister Bandaru Dattatreya said 'The Code on Wages' Bill will consolidate and amend the laws relating to wages and bonus.

The Bill seeks to amalgamate four laws -- the Payment of Wages Act 1936, the Minimum Wages Act 1948, the Payment of Bonus Act 1965 and the Equal Remuneration Act 1976.

"It is for simplification, rationalisation and making it less cumbersome. No way workers' right is being infringed... It is going to bring in a historical change in the wages for workers and universal minimum wages will be implemented for the first time in India," Dattatreya said.

The Bill will help generate employment and attract entrepreneurs, he said, adding that there are 44 labour laws which are being clubbed in four codes and the Bill introduced today deals with the code on wages.

"40 crore unorganised sector workers can avail of the universal minimum wage. The Bill has a very large perspective. As far as workers' right is concerned, it is in no way exploitation of workers," Dattatreya said.

As N K Premachandran (RSP) opposed the introduction of the Bill in such a short notice, the government sought to assuage the concerns, saying the Bill is being only introduced and discussion will take place later.

The Code stipulates that the wages are to be paid in coin or currency notes or by cheque or through digital or electronic mode or by crediting the wages in the bank account of the employee and the government may specify industrial or other establishment where the salary will be paid only through cheque or digital mode.

Daily wages have to be paid at the end of the shift while the weekly ones on the last working day of the week. Workers engaged in fortnightly employment will get wages before the end of the second day after the end of the working period.

For the monthly earner, the payment will have to be made before the expiry of the seventh day of the succeeding month.

Where an employee is removed or dismissed from service as also when he or she resigns, the wages payable shall be paid within two working days.

The Code provides employers with authority to make deductions from the wages only in case of fines imposed, absence from duty, damage or loss of goods expressly entrusted with the employee custody, housing accommodation and amenities and services.

A bonus at the rate of 8.3 per cent of wage earned or Rs 100, whichever is higher, will be paid.

Any employer paying to any employee less than the amount due in wages or bonus or any other dues will be punishable with a fine of up to Rs 50,000, the Code said.

Repeat offence within five years will be punishable with imprisonment of 3 months or fine of up to Rs 1 lakh, or with both.

The central government under the Code will fix the national minimum wage as also for different states or areas.

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For the monthly earner, the payment will have to be made before the expiry of the seventh day of the succeeding month.

Where an employee is removed or dismissed from service as also when he or she resigns, the wages payable shall be paid within two working days.

The Code provides employers with authority to make deductions from the wages only in case of fines imposed, absence from duty, damage or loss of goods expressly entrusted with the employee custody, housing accommodation and amenities and services.

A bonus at the rate of 8.3 per cent of wage earned or Rs 100, whichever is higher, will be paid.

Any employer paying to any employee less than the amount due in wages or bonus or any other dues will be punishable with a fine of up to Rs 50,000, the Code said.

Repeat offence within five years will be punishable with imprisonment of 3 months or fine of up to Rs 1 lakh, or with both.

The central government under the Code will fix the national minimum wage as also for different states or areas.

END

UN: UN chief concerned about India's plans to deport Rohingya refugees

UNITED NATIONS: UN Secretary General Antonio Guterres is concerned about India's plans to deport Rohingya refugees from Myanmar, his spokesperson has said, underlining that refugees should not be returned to countries where they fear persecution once they are registered.

Minister of State for Home Affairs Kiren Rijiju had told Parliament last week that the central government had directed state authorities to identify and deport illegal immigrants, including Rohingyas, who face persecution in the Buddhist-majority Myanmar.

"Obviously, we have our concerns about the treatment of refugees. Once refugees are registered, they are not to be returned back to countries where they fear persecution," Guterres' deputy spokesman Farhan Haq told reporters here yesterday.

Haq was responding to a question on India's plans to deport Rohingyas from Myanmar regardless of whether they are registered as UN refugees or not.

Haq said UN principles of non-refoulement applies in this case. According the these principles, no nation shall expel or return a refugee in any manner to territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion.

When asked which agency would convey this message to India, Haq said the first point of contact will be through the UN High Commissioner for Refugees.

Rijiju had said that according to available data, more than 14,000 Rohingyas, registered with the UNHCR, are presently staying in India.

"However, some inputs indicate that around 40,000 Rohingyas are staying in India illegally and the Rohingyas are largely located in Jammu, Hyderabad, Haryana, Uttar Pradesh, Delhi-NCR and Rajasthan," he had said.

The Home Ministry had said that infiltration of (Rohingyas) from the Rakhine state of Myanmar into Indian territory, especially in recent years, besides being a burden on the limited resources of the country, also aggravates security challenges posed to India.

END

Why can’t the government provide a higher income for farmers, asks M.S. Swaminathan

It is 11 years since agronomist M.S. Swaminathan handed over his recommendations for improving the state of agriculture in India to the former United Progressive Alliance government, at the height of the Vidarbha farmer suicides crisis, but they are still to be implemented. To address the agrarian crisis and farmers’ unrest across the country, he urged the government to take steps to secure farmers’ income. As India marks 50 years of the Green Revolution this year, the architect of the movement says sustainability is the greatest challenge facing Indian agriculture. Excerpts:

There are two major challenges before Indian agriculture today: ecological and economical. The conservation of our basic agricultural assets such as land, water, and biodiversity is a major challenge. How to make agriculture sustainable is the challenge. Increasing productivity in perpetuity without ecological harm is the need of the hour. In Punjab, and in other Green Revolution States, the water table has gone down and become saline. Further, during the Green Revolution the population was about 400-500 million; now it is 1,300 million and it is predicted to be 1.5 billion by 2030. The growing population pressure has made it pertinent to increase crop yield.

Also, the economics of farming will have to be made profitable to address the current situation. We have to devise ways to lower the cost of production and reduce the risks involved in agriculture such as pests, pathogens, and weeds. Today, the expected return in agriculture is adverse to farmers. That’s why they are unable to repay loans. Addressing the ecological challenge requires more technology while the economics requires more public policy interventions. In my 2006 report, I had recommended a formula for calculating Minimum Support Price, C2+50% (50% more than the weighted average cost of production, classified as C2 by the Commission for Agricultural Costs and Prices). This would raise the current MSP and has now become the clamour of farmers and the nightmare of policymakers.

Yes. All kinds of excuses have been given by governments for not implementing this recommendation like food price inflation. But the question is, do the farmers of this country, who constitute nearly half of the working population, also not need to eat? The government is willing to pay Seventh Pay Commission salaries to insulate government servants from inflation, but they cannot provide a higher income for farmers to improve their lot? If you really look at what is happening now, farm loan waivers are posing a bigger burden on the government exchequer compared to what higher pay for farm produce will incur. But the government is not prepared to give the 20,000 crore or so for farmers by way of higher MSP. In 2009, the UPA government gave 72,000 crore as farm loan waiver, but no government is prepared to take long-term steps to ensure the economic viability of farming.

There are three ways to improve the incomes of farmers. MSP and procurement is one. We also need to improve productivity. The marketable surplus from agriculture has to be enhanced. We should also look at making a value addition to biomass. For example, paddy straw is a biomass product that could be used to make edible mushrooms.

We are not really analysing the causes of farmer suicides. Instead, we are simply attributing it to the inability to pay off debts. Some serious thought needs to be given to how we could reduce the cost of farm production, minimise risks and maximise returns. The solution for ending farmer suicides is not only paying compensation. I’ve seen in Vidarbha — so many men have committed suicide and their families are left in the lurch. One of the first projects we initiated in Vidarbha at that time was to rescue children and give them education. Farming is the most important enterprise in this country and farmers are an integral part of our country. In China, farms are owned by the government, and farmers are mere contractors. In our case, land is owned by the people. How do you treat this largest group of entrepreneurs? Unfortunately, all policies today are related to corporate powers. What about food security and 50 crore farmers? We need to think about them too.

After the Green Revolution, I came up with the concept of the Evergreen Revolution. In this we will see increase in farm productivity but without ecological harm. This will include integrated pest management, integrated nutrient supply, and scientific water management to avoid the kind of environmental damage witnessed during the Green Revolution. I’ve addressed these issues in my 2016 paper on Evergreen Revolution. I recommended mandatory rainwater harvesting and introduction of fodder and grain legumes as rotation crops to be adopted by wheat farmers in States like Punjab to ensure sustainability of farming. We can also declare fertile zones capable of sustaining two to three crops as Special Agricultural Zones, and provide unique facilities to farmers here to ensure food security. Soil health managers should be appointed to monitor and ameliorate the soil conditions in degraded zones and rectify defects like salinity, alkalinity, water logging, etc.

The Prime Minister recently went to Israel. We have several practices to emulate from there. They have a clear sense of where water is needed and where it’s not. The idea of more crops per drop has been implemented well in Israel. We should adopt those practices here. You should see how a water controller works in an Israeli farm. Everything is remote-controlled. They know exactly which portion of the field requires how much water and release only the exact amount. We cannot sacrifice on productivity now, because land under crop cover is shrinking. Post-harvest technologies like threshing, storage, etc. will have to be given greater attention now.

There are many methods of plant breeding, of which molecular breeding is one. Genetic modification has both advantages and disadvantages. One has to measure the risks and benefits before arriving at a conclusion. First, we need an efficient regulatory mechanism for GM in India. We need an all-India coordinated research project on GMOs with a bio-safety coordinator. We need to devise a way to get the technology’s benefit without its associated risks. At MSSRF (M.S. Swaminathan Research Foundation), we used GM technology with mangroves to create salt-tolerant varieties of rice. For this we took the genes from the mangroves and inserted them it into rice. To make the most of GM technology we must choose a problem where there is no other way to address the challenge.

Barring the U.S., most countries have reservations about adopting GM technology. Europe has banned it on grounds of health and environmental safety. I’d say GM in most cases is not necessary. Normal Mendelian breeding itself is sufficient in most cases — 99% of what is being done under GM initiatives is not justifiable. Parliament has already suggested a law based on the Norwegian model where there are considerable restrictions on GMOs.

Organic farming can have a good scope only under three conditions. One, farmers must possess animals for organic manure. Two, they must have the capacity to control pests and diseases. Three, they should adopt agronomical methods of sowing such as rotation of crops. Even genetic resistance to pests and diseases can help organic farmers.

If you look at the organic farms in Pillaiyarkuppam near Puducherry that were started by the Sri Aurobindo Ashram, it is a good model to follow for organic farming. They have adopted the requisite crop-livestock integration.

Both less rainfall and a higher mean temperature affect farming adversely. Currently we are witnessing drought, excess rainfall, sea-level rise… There are both adaptation and mitigation measures to follow in this regard. I’ve evolved a drought code and a flood code... some of the recommendations I’ve made in recent times include setting up a multi-disciplinary monsoon management centre in each drought-affected district, to provide timely information to rural families on the methods of mitigating the effects of drought, and maximising the benefits of good growing conditions whenever the season is normal. Animal husbandry camps could be set up to make arrangements for saving cattle and other farm animals because usually animals tend to be neglected during such crises. Special provisions could also be made to enable women to manage household food security under conditions of agrarian distress.

In the case of temperature rise, wheat yield could become a gamble. We should start breeding varieties characterised by high per day productivity than just per crop productivity. These will be able to provide higher yields in a shorter duration.

India has done well in production, but not in consumption. What we are witnessing today is grain mountains on the one side and hungry millions on the other. The Food Security Act must be implemented properly to address the situation. We should also enlarge the food basket to include nutri-millets.

The novelist explains how his books, including ‘Exit West’ that is shortlisted for the Man Booker Prize, originate from personal crises

END

TRIFED celebrates World Honey Bee Day

To create awareness about Beekeeping and uses of its products including Honey, Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) is celebrating World Honey Bee Day (WHBD) on 19.08.2017 in the Country and on 18.08.2017 at all its Regional Offices and 43 Retails Outlets spread in the country. In Delhi, this would be celebrated in TRIBES India Showrooms at Dilli Haat, Mahadev Road and Baba Karak Singh Marg on 18.08.2017. The main theme of celebrating WHBD is to save Indian honey bee.

Beekeeping has been useful in pollination of crops, thereby, increasing income of the farmers/beekeepers by way of increasing crop yield and providing honey and other beehive products, viz. royal jelly, bee pollen, propolis, bees wax, etc. that serves a source of livelihood for rural poor. Therefore, honeybees/ beekeeping has been recognised as one of the important inputs for sustainable development of agriculture/ horticulture.

TRIFED is an apex organisation at National Level and functioning under the administrative control of Ministry of Tribal Affairs. TRIFED is serving the interests of Tribals, who are engaged in collection of NTFP and making of Tribal Art & Handicraft Products for their livelihood so as to ensure better remunerative price for their products as well as for the socio-economic betterment through Self Help Groups, Empanelled NGOs, State level Tribal Development Corporations, Forest Development Corporations for undertaking marketing development of the tribal products.

Honey, being an important Minor Forest Produce, TRIFED is playing and lead role in protecting, promoting and multiplication of Honey Bees by Scientific, Non-destructive collection practices, thereby increasing the livelihood of tribal people living in various forest areas of the country, contributing to the growth of Honey Bees population and reducing the mortality rate of Honey Bees drastically. About 90% of the Scheduled Tribes of the country live in and around forest areas and the forests provide 60% of the food & medicinal needs of tribals and 40% of their income from Minor Forest Produce (MFP) mostly of which come from Honey.

Samir/JD/jk

END

Safeguarding the interests of farmers

"The PDS in Tamil Nadu is intact and continues to retain the feature of universal coverage even after implementation of the National Food Security Act, 2013." A PDS outlet in Coimbatore. | Photo Credit: M. Periasamy

Transformational changes are taking place in India currently, improving the way we live. These changes are impacting all our lives in small or significant ways. It is gratifying to know that the citizens at large are happy with these changes. However, for some who have fed themselves on the fodder that such changes are not for the near future, there is consternation. Even worse, these people find it difficult to comprehend that technology and policy are working together to remove discretion and opaqueness.

The ongoing discourse, particularly in Tamil Nadu, on the Public Distribution System (PDS), the procurement of grains/pulses from farmers, public storage in Food Corporation of India godowns, commitments made in the World Trade Organisation (WTO), Direct Benefit Transfer, etc. is interesting. However, there are strands in this discourse which are impressionistic and not based on data. They create a populist narrative and distract from the core issues. It is necessary, therefore, to infuse facts into the discourse.

The PDS in Tamil Nadu is intact and continues to retain the feature of universal coverage even after implementation of the National Food Security Act, 2013 (NFSA). Although the guidelines under the NFSA prescribe identification of priority households, there is no denial of any benefit under the PDS. There is no reduction even in the total coverage from the earlier Targeted Public Distribution System, which was effective till Tamil Nadu joined the NFSA in November 2016. The average annual offtake or the annual allocation has remained 36.78 lakh tonnes. The major part of the subsidy for the distribution of foodgrains (90.81% for rice and 91.70% for wheat) is borne by the Government of India.

The implication of this subsidy allocation to Tamil Nadu alone on the Government of India is approximately 843 crore per month and approximately 10,120 crore per year. Since the central issue price under the NFSA is much lower compared to the erstwhile Targeted Public Distribution System, the burden on the State government has come down. On implementing the NFSA, the savings for the State exchequer on account of this subsidy, thanks to the lower central issue price, is approximately 436.44 crore per year.

Union Consumer Affairs Minister Ram Vilas Paswan on August 1 stated in a series of tweets the data for Tamil Nadu and also highlighted the fact that Tamil Nadu gets the highest allocation in the country as 'tide over' allocation of 12.52 lakh metric tonnes of foodgrains. The narrative in Tamil Nadu cannot be devoid of these facts.

Another disturbing strand in this narrative in Tamil Nadu is that the Indian government has callously sold away the interests of our farmers at the WTO by agreeing to the Trade Facilitation Agreement. Nothing can be further from the truth than this!

The Trade Facilitation Agreement was agreed on in 2013 in Bali and came into force from February 2017 after two-thirds of the WTO's 164 members ratified it. Several trade-related issues such as transparency, predictability and efficiency at the ports, faster clearance procedures, and improved appeal rights for traders are to be addressed by countries. They shall notify various provisions to bring in the facilitation, over three years or more. Only the basic set of provisions will be implemented within one year. The Trade Facilitation Agreement allows for consultations before any new trade rules are notified. A WTO study indicated that when the Trade Facilitation

Agreement is fully implemented, trade costs for member countries will decrease by an average of 14.3%. It is also estimated that the time taken to export and import will come down drastically. Finance Minister Arun Jaitley has made budgetary allocations for bringing in single-window clearance and improving customs clearance at the ports. A high-level committee chaired by the Cabinet Secretary will monitor logistics and efficiency at ports and related issues.

Thus, it can be seen that the Trade Facilitation Agreement is not about market access but inter alia about facilitating and bringing trade transparency. By ratifying the Trade Facilitation Agreement, India has not forgotten the developmental agenda lying unfulfilled at the WTO.

The Public Stock Holding issue remains unresolved at the WTO. Although agreed on in Bali in 2013 and reiterated in Nairobi in 2015, that a permanent solution for Public Stock Holding be found by 2017, it is still a 'work-in-progress'. The existing WTO rules would have allowed a legal challenge to our Public Stock Holding and minimum support price-based procurement programme in case we breached 'the limit' on procurement. 'The limit' is defined as 10% of the value of production of the particular grain being procured.

WTO rules classify procurement and holding of public stocks for food security purposes as 'Green Box' or non trade-distorting. However, if foodgrains for the public stocks are procured through an administered price/minimum support price and if this minimum support price is higher than the archaic fixed reference price (calculated on base period 1986-88), then it is considered as trade-distorting agriculture support. Such trade-distorting support should be within 'the limit', which is 10% of the value of production of the particular grain being procured.

One of the first things that this government did in 2014 was to intensely engage with the WTO to obtain a 'peace clause' so that even if we did breach 'the limit', no one shall challenge our programme till such a time a permanent solution is found, agreed on, and adopted by the WTO membership. Prime Minister Narendra Modi, on this matter, personally engaged with global leaders, and by November 2014 we obtained an open-ended peace clause from the General Council of the WTO, which was later reaffirmed at the Nairobi Ministerial. So Prime Minister Modi has safeguarded the interests of the farmer and ensured that India's sovereign right to protect them is not diluted.

Providing food to the poor or targeted groups at subsidised prices is fully WTO-compatible. This does not figure at all in the WTO calculations. We have not undertaken any commitment in the WTO for any kind of limit on the food supplied under the NFSA .

An informed discourse based on facts is welcome and I believe such a discourse shall strengthen public policy.

Nirmala Sitharaman is Minister of State (Independent Charge) for Commerce and Industry, Government of India

The new U.S. Fed Chairman is unlikely to opt for policies that might upset the President's plan

END

70 years of Independence

Special Feature – I-Day 2017

Job creation: a priority of government in Independent India

***K R Sudhaman**

Father of the nation Mahatma Gandhi often used to say that India lived in its six lakh villages spread over length and breadth of the country. So no government in independent India can ignore this fact and hence job creation has been central theme of economic policy of all governments. Right from independence successive governments have rooted their economic philosophy on Gandhian thoughts that cottage industries is key to providing jobs particularly in rural India. The fine quality of Indian handicrafts and handlooms is often described by the famous Dacca Muslin. Traditional Indian weavers are known for their intricate and fine work that a six yard Dacca Muslin cloth can be made to pass through a ring. That used to be the craftsmanship of Indian weavers before British came and destroyed Indian cottage industries to promote their machine made cloth from Manchester using Indian raw cotton. This used to be the exploitative approach of the British to use cheap labour to produce raw material, which used to be made into finished industrial products and sold back to vast population in India at a very high profit to sustain their Industrial revolution. This killed the Indian industry and craftsmanship pushing the vast majority of Indian people to solely depend on agriculture in which there was already disguised unemployment as farming is seasonal in nature.

The emphasis in independent India, therefore, has been to lay emphasis on promoting small scale industries particularly cottage and micro industries so that there is livelihood for people throughout the year in rural India. Today, there are over five crore Medium, Small and Micro industries in the country accounting for nearly 40 per cent of India's manufacturing and 45 per cent of merchandise exports.

This did not mean India did not require large and heavy industries. They are needed for example in the power sector, manufacture of machine tools, vehicles, steel making, defence manufacturing, automobile. and so on and so forth. But small industries are needed for job creation as capital intensive heavy industries using automation and hi-tech cannot be driver of employment, which can only come in labour-intensive construction, infra development, like roads and railways, logistics business, textiles, handlooms, besides small and cottage industries. An investment of Rs 1-1.5 lakh is needed to create one job in small and cottage industries whereas an investment of Rs 5-6 lakhs are required to create one job in capital intensive heavy industries. Also one car produced, creates three jobs in the services sector like mechanics, drivers, cleaners, etc. Likewise one truck or one tractor produced creates 7 jobs. So services sector is the key especially in rural India where there is dearth of jobs other than agriculture. This will prevent large scale migration to urban areas as well.

So rightly stress on micro and small industries since independence has created industrial clusters dotting all over the country besides evolving funding mechanism including micro finance institutions so that exploitation by money-lenders is minimized. Taking this theme forward Modi government has taken several initiatives during the last three years that will give the much needed boost to job creation. The results might not be evident immediately but it has certainly done the ground work for it. The more than doubling of highways construction, speeding up of rural roads development, spending of Rs 8.5 lakh crore on capital expenditure in railways in the next five years, metro rail projects will all push employment. Also allowing 100 per cent FDI in food processing will create more jobs in rural India apart from ensuring that Rs 40,000 crore of fruits and vegetables that rot every year is drastically reduced. This will also ensure better remuneration to farmers as well and create alternative occupation to rural population in their own backyard. The Mudra scheme has ensured that several crores of youth got jobs through self employment. The youth of rural India not only get jobs for themselves but also become employers for few others in their start-ups. Improved connectivity through better infrastructure has ensured more industrial corridors are came up in the country, which in turn will create more industrial clusters like Tiruppur in Tamil Nadu, Moradabad in Uttar Pradesh, Ludhiana in Punjab, Surat in Gujarat, Murshidabad in West Bengal.

Food Processing parks in areas where farm produce is abundantly available will ensure rural jobs and better income to farmers.

Work is going on full swing in Mumbai-Delhi, Ludhiana-Kolkata, Vizag-Chennai, Chennai-Bengaluru and Bengaluru-Mumbai. The Government proposed to take up a few more industrial corridors in the coming years including extension of Vizag-Chennai corridor to Kolkata on one side and up to Tuticorin on the other side. All these will create the ambience for more small scale industrial clusters.

The digitization of the economy, hastened by demonetisation and rollout of Goods and Services Tax too will result in more jobs. Demonetisation will result in improving ease of doing business without corruption. The GST will push up GDP growth by a couple of percentage points.

The Modi government’s stress on clean energy, particularly solar power including roof-top power generation will ensure a lot of jobs for skilled and semi skilled workers. This is already visible in states like Tamil Nadu, Rajasthan, Andhra Pradesh, Gujarat, Karnataka where wind and solar power development have taken a big leap forward.

There might have been some hiccups in the short run in job creation because of these systemic and structural reforms but they have kick-started the sagging economy and created necessary base for big jump in employment generation in the coming years.

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**K R Sudhaman, who has over 40 years experience in Journalism, has been Editor in Press Trust of India and Economics Editor in TickerNews and Financial Chronicle.*

Views Expressed in the article are author’s personal.

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70 years of Independence

Special Feature – I-Day 2017

Last Person to be Reached & Empowered

*Prof. B. K. Kuthiala

Post-independence story of the common man of India is that of rising and falling expectations. Masses in large numbers helped the leaders to force British empire out in the hope that rule by own countrymen will end their miseries, the outcome of more than a thousand years of foreign exploitation and loot. Determined to work hard for a better living the poor masses of the nation got disillusioned within two decades of independence. Masses once again ousted the ruling dispensation, after unprecedented repression before and after emergency. Expectations for a just and better living once again rose high but new system just failed to survive. After more than a decade of another severe desperation, common man once again saw a bright light in the dark clouds of the nation when liberalisation and globalisation was launched with promises that the innovative change in the mind-set of the governing machinery will bring the last man to the forefront of development and progress. However, Indian liberalisation failed to elevate the life of poor and our nation could not become global either.

Lok Sabha elections of 2014 saw a massive rejection of the political system that had brought the nation to a situation of extreme political, economic, social and cultural bankruptcy. NDA led by Narendra Modi was given the clear mandate to make India once again *Sone ki chidiya* where there is neither poverty nor hunger. Mandate was for an integrated India where every person lives as an Indian irrespective of faith, caste or region. It was a cry of the people for good governance and inclusive growth. Expectations have once again been risen and every Indian is not only waiting for his share of good life but is also willing to be the change that was being planned. People of India have once again proved that they have full faith in the intrinsic strengths of a nation that is at least five thousand years old. On the independence day of 2017, the nation looks back at the performance of the government that it elected three years ago. Leaving aside the chronic sceptics, there appears to be a massive sense of relief and hope. It appears that nation is back on the wheels with instant positive changes and the initiation of measures that are bound to change the socio-economic scenario of the country not in far distant future but within a few years.

A plethora of schemes and programmes have been launched by the Modi Government for the poor and marginalised sections of the society. For farmers and farm labourers schemes like Jan Dhan, life and crop insurance and village irrigation schemes are bound to prove as game changers for the majority of rural India. Subsidised cooking gas and construction of thousands of toilets in villages and priority lighting of rural households have already started showing results and improving the lives of rural women. For the young, both from rural and urban India, the schemes like Make in India, Digital India, Start-up India, Skilled India and others have opened doors not only for large scale employment opportunities but also for creating self-owned industry and business.

For the first time, people of India were witness to a massive onslaught on black money by sudden announcement of demonetisation. Added to this is the success of the present Government by making Swiss to disclose the names of the Indians holding accounts in that country. Most of our money, illegally accumulated by some people, is parked in other countries thus not available for our own developmental tasks. In three years, this money has reduced to one third. Modi has promised total return of black money deposited with foreign banks, and experience so far indicates that Modi delivers what he promises.

There is also a paradigm shift in the philosophical belief system in the Indian polity. India's rich knowledge traditions have thrown up a realistic and nature friendly philosophy of Integral Humanism. Entire creation of living and non-living is an integrated organic being, every unit is interconnected and dependent upon each other. Diversities arise from the basic unity and not that the diversity creates an illusory unity. The practical formula of Integral Humanism has been amply explained by Deendayal Upadhaya, the ideologue of BJP. If this political philosophy is followed by the Modi Government in letter and spirit, in a few years a new India can be built where last man has been reached and empowered and the issues of caste, minority-majority and deprived-benefited will just become the phenomena of the past.

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Views expressed in the article are author's personal.

(The feature has been contributed by PIB Bhopal)

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The Union Finance Minister Shri Arun Jaitley: Jan Dhan Yojana and the 1 Billion-1 Billion-1 Billion "JAM" Revolution it is Unleashing.

Following is the full Text of the Article written by the Union Finance Minister, Shri Arun Jaitley on "Jan Dhan Yojana and the 1 Billion-1 Billion-1 Billion "JAM" Revolution it is Unleashing":

"Three years ago today, Prime Minister Narendra Modi announced a flagship program: Pradhan Mantri Jan Dhan Yojana (PMJDY) aimed at providing financial services to the poor. These included opening bank accounts for the poor, giving them electronic means of payment (via RUPAY cards), and placing them in a position to avail themselves of credit and insurance.

The vision underlying it was, of course, much broader: nothing short of ending the financial, and hence economic, digital and social exclusion faced by India's poor. India's poor would not only be able to overcome their economic deprivation but they would also become an integral part of the social mainstream.

Three years on, the achievements have been remarkable along many dimensions.

1. Total PMJDY accounts opened increased from 12.55 crore in January 2015 to 29.52 crore as of 16th Aug 2017.

2. The number of rural accounts opened under PMJDY has grown from 7.54 crore in January 2015 to 17.64 crore as of 16th Aug 2017.

3. No. of RuPay cards issued increased from 11.08 crore in January 2015 to 22.71 crore as of 16th Aug 2017.

4. The total balance in beneficiary accounts Rs. 65,844.68 crore and the average balance per account increased from Rs. 837 in January 2015 to Rs. 2231 as of 16th Aug 2017.

5. Zero balance accounts under PMJDY declined from 76.81 % in September 2014 to 21.41 % in August 2017.

6. As of March 2014, women constituted about 28 per cent of all savings accounts, with 33.69 crore accounts. As of March 2017, according to data from top 40 banks and RRBs, women's share has risen to about 40 per cent. This includes 14.49 crore accounts opened by women under PMJDY, out of a total of 43.65 crore women's accounts. This represents a sizeable and rapid growth in financial inclusion of women.

In addition to financial inclusion, the government has taken steps to provide security to the poor via life insurance under the Pradhan Mantra Jeevan Jyoti Bima Yojana (PMJJBY) and accident insurance Pradhan Mantra Suraksha Bima Yojana (PMSBY). As on 7th August, 2017, total enrollment was 3.46 crore under the PMJJBY and 10.96 crore under PMSBY. In both schemes, close to 40 percent of the enrollees are women.

The entire network created by the Pradhan Mantri Jan Dhan Yojana (PMJDY) has also enabled implementation of the Mudra Yojana. As on 18.8.2017, Rs.3.66 lakh crore have been distributed to 8.77 crore beneficiaries. These monies have all gone into their bank accounts.

But as it turned out, PMJDY and the other schemes were only the first step because in turn they have unleashed the “JAM” revolution.

JAM, a term coined, and a vision conceptualized, by our Chief Economic Adviser, is nothing short of a social revolution because it has brought together financial inclusion (PMJDY), biometric identification (Aadhaar) and mobile telecommunications. Today, about 52.4 crore unique Aadhaar numbers are linked to 73.62 crore accounts in India.

As a result, the poor are able to make payments electronically. Every month now, about 7 crore successful payments are made by the poor using their Aadhaar identification.

Above all, the government now makes direct transfer of Rs. 74,000 crore to the financial accounts of 35 crore beneficiaries annually, at more than Rs. 6,000 crore per month. These transfers are made under various government anti-poverty and support schemes such as PAHAL, MNREGA, old age pensions, student scholarships etc.

Now with the BHIM app and the Unified Payments Interface (UPI), JAM can become fully operational. A secure and seamless digital payments infrastructure has been created so that all Indians, especially the poor can become part of the digital mainstream.

The JAM social revolution offers substantial benefits for government, the economy and especially the poor. The poor will have access to financial services and be cushioned against life’s major shocks. Government finances will be improved because of the reduced subsidy burden; at the same time, government will also be legitimized and strengthened because it can transfer resources to citizens faster and more reliably and with less leakage.

Within reach of the country is what might be called the 1 billion-1 billion-1 billion vision. That is 1 billion unique Aadhaar numbers linked to 1 billion bank accounts and 1 billion mobile phones. Once that is done, all of India can become part of the financial and digital mainstream.

Just as GST created one tax, one market, one India, the PMJDY and the JAM revolution can link all Indians into one common financial, economic, and digital space. No Indian will be outside the mainstream. This is nothing short of a social revolution”.

DSM/SBS

END

‘JAM’ will end exclusion: Jaitley

Arun Jaitley

Finance Minister Arun Jaitley on Sunday wrote an article highlighting the benefits of the Pradhan Mantri Jan Dhan Yojana, which has completed three years, saying the combination of the scheme with Aadhaar and the mobile revolution would bring all Indians into the mainstream and would end economic and social exclusion.

“JAM, a term coined, and a vision conceptualized, by our Chief Economic Adviser, is nothing short of a social revolution because it has brought together financial inclusion (PMJDY), biometric identification (Aadhaar) and mobile telecommunications,” Mr. Jaitley wrote.

“Today, about 52.4 crore unique Aadhaar numbers are linked to 73.62 crore accounts in India,” Mr. Jaitley added.

Cushion against shocks

“As a result, the poor are able to make payments electronically,” he added. “Every month now, about seven crore successful payments are made by the poor using their Aadhaar identification.”

“The JAM social revolution offers substantial benefits for government, the economy and especially the poor,” Mr. Jaitley wrote. “The poor will have access to financial services and be cushioned against life’s major shocks. Government finances will be improved because of the reduced subsidy burden; at the same time, government will also be strengthened because it can transfer resources to citizens faster and more reliably and with less leakage.”

The Finance Minister also added that the government now makes direct transfers worth Rs. 74,000 crore to the financial accounts of 35 crore beneficiaries annually under various government schemes such as PAHAL, MNREGA, old age pensions and student scholarships.

The number of PMJDY accounts opened stood at 29.52 crore as of August 16, up from 12.55 crore in January 2015. The number of rural PMJDY accounts grew from 7.54 crore to 17.64. The number of RuPay cards issued increased from 11.08 crore to 22.71 crore.

The total balance in beneficiary accounts stood at Rs. 65,844.68 crore and the average balance per account increased from Rs. 837 in January 2015 to Rs. 2,231 as of August 16, 2017 and the proportion of zero balance accounts fell from 76.81% in September 2014 to 21.41%.

“As of March 2014, women constituted about 28% of all savings accounts, with 33.69 crore accounts,” Mr. Jaitley wrote. “As of March 2017, according to data from top 40 banks and regional rural banks, women’s share has risen to about 40%. .”

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Under-employment severe in India: NITI

Making a case for promoting highly productive and well-paid jobs, NITI Aayog has said that not unemployment but a “severe under-employment” is the main problem facing the country.

The government think-tank, in its three-year Action Agenda, released last week, has said that a focus on the domestic market through an import-substitution strategy would give rise to a group of relatively small firms behind a high wall of protection. “Contrary to some assertions that India’s growth has been ‘jobless’, the Employment Unemployment Surveys (EUS) of the National Sample Survey Office have reported low and stable rates of unemployment over more than three decades.

“The more serious problem, instead, is severe underemployment,” the Aayog said in the Action Agenda. “What is needed is the creation of high-productivity, high-wage jobs,” it added. Citing examples of South Korea, Taiwan, Singapore and China, it said: “The ‘Make in India’ campaign needs to succeed by manufacturing for global markets.” Noting that with Chinese wages rising due to an ageing workforce and many labour-intensive sectors in that country looking for lower-wage locations, the Aayog said, “with its large workforce and competitive wages, India would be a natural home for these firms.” “Therefore, the time for adopting a manufactures— and exports—based strategy could not be more opportune,” it added.

The Aayog recommended the creation of a handful of Coastal Employment Zones, which may attract multinational firms in labour-intensive sectors from China to India. Making a case for reforming labour laws, the Aayog noted that recently fixed-term employment has been introduced in the textiles and apparel industry.

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India’s rural distress puzzle

The state of India’s rural economy is puzzling. There is enough evidence to support two opposing statements: one, that the rural economy has improved; and, two, that the rural economy is in the doldrums.

On the one hand, some indicators are positive. The unemployment rate has been falling while rural wages have been rising. On the other hand, instances of rural distress are rife and rural consumer sentiment has weakened. There has been a surge of demands for farm loan waivers. Four states have already announced waivers worth about 0.5% of national gross domestic product (GDP). Four more are threatening to do the same and, if they do, waivers could rise to 0.75% of GDP, endangering a hard-won reduction in debt and deficit ratios.

Some of this distress was likely triggered by the large fall in food prices and the resulting shift in the terms of trade (the cost of producing food versus the income derived) to the detriment of rural India. Even if some of the causes of falling food prices are one-time (for example, a bumper crop) or short lived (such as demonetization and goods and services tax related uncertainties), other factors may keep food prices low for longer (such as structural improvements in food distribution).

Which of the two opposing claims is true, and how long will the confusion in data last?

It helps to solve the puzzle if we note that the rural economy consists of two distinct parts, “landless” and “landed”. We define landless as those owning less than a hectare of land, and landed as those owning more than a hectare. The landless, by our definition, make up about 70% of rural households and the landed the rest.

This distinction illuminates three other things. One, we find that the landless rural population has a negative income-consumption gap, which basically means that its income is hardly enough to cover its consumption requirements. On the other hand, the landed have a positive income-consumption gap. Two, it is the landed who are more indebted as a group than the landless. They also use more formal sector sources of credit than the landless. Finally, we find that a majority of the income for the landless comes from wages while that of the landed from cultivation.

Putting all this together, we can build a compelling narrative. After a two-year drought, the good monsoon rains in 2016 increased the demand for labour. As a result, real wages have risen gradually and the unemployment rate has fallen in tandem. This has largely benefited the landless, given that the majority of their income is from wages.

In contrast, the landed, who pay these wages and depend more directly on income from cultivation, have borne the brunt of falling food prices, as what they have received from selling farm produce has been lower than expected.

Real indebtedness for this group has been growing at a faster clip than real incomes since FY14, which explains the growing clamour for bank farm loan waivers (*see chart*).

Eventually, however, one would imagine that the fates of the landed and landless are likely to move together (given that the landless are often indebted to the landed). For now, the fact that these two groups are not yet moving in the same direction is throwing up confusing signals about the health of the rural economy.

There are two broader points to be made here: The first is that one-off reforms cannot improve an economy. There needs to be a series of reforms, each supporting the other. In the worst case, stray reforms may even do harm.

Let us explain. Inflation-targeting was a welcome reform with distinct economy-wide benefits. But the large fall in inflation that it helped engineer has hurt the indebted by increasing “real” indebtedness, i.e. debt relative to inflation. And that is the bitter truth. Large and desirable reforms always tend to hurt some sub-groups.

What is needed now is another spate of reforms to help those who have been hurt. Agricultural reforms, such as in irrigation and warehousing infrastructure, can help increase farm productivity and therefore incomes. They will not just help fund consumption expenditure, but will leave extra funds in the hands of rural India, which can then be used to service the higher real debt bill.

The second broader point to be made is that farm loan waivers may do more harm than good. They spoil the credit culture, making formal finance more nervous about serving rural India. They also erode macro-economic stability. In particular, a rapid rise in farm loan waiver expenses could bind India’s states in a vicious cycle, increasing their interest bill or lowering the quality of their spending, or both.

Rural distress is a recurring theme in India. Every few years, farm loan waivers or a good monsoon provide some short-lived respite. Clearly, the benefits from neither are sustainable. The panacea for rural distress can only be reforms that will help raise farm productivity and incomes.

Pranjul Bhandari is chief India economist at HSBC.

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Lessons from Pradhan Mantri Jan Dhan Yojana

This month marks the completion of the third anniversary of the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY), the financial inclusion scheme implemented by the National Democratic Alliance (NDA) government. Along with the opening of a bank account, the PMJDY scheme comes with other benefits for account holders. The account holders get access to credit and pension facilities and also a debit card with a built-in accident insurance cover for Rs1 lakh. More importantly, the account holders can get government subsidies delivered to them in cash, directly into their accounts.

As per the website of PMJDY, as of 16 August, there were 295.2 million beneficiaries or account holders, with a total bank balance in their accounts of Rs658.45 billion (a little over $10 billion). That is a little under half a per cent of the Indian gross domestic product (GDP) of around Rs150 trillion. It is similar to the mobile phone connectivity that India achieved for its citizens in the first decade of the millennium.

An empirical study (*Bank Accounts For The Unbanked: Evidence From A Big Bang Experiment*, May 2017) has shown that PMJDY accounts are increasingly being used actively: “70% of the accounts migrate out of dormancy into active use. Second, activity levels in PMJDY accounts increase over time, a pattern not necessarily seen in non-PMJDY accounts. These findings are especially stark given that non-PMJDY account holders in our sample appear to be much poorer and have transaction sizes that are one order of magnitude smaller. Finally, we find that the active accounts experience significant increases in cash balances. Government direct benefits transfer aids but does not fully explain usage. Overall, the data indicate that the unbanked learn by doing, and increase usage of accounts for transactions, liquidity management, and increasingly, balance accumulation.”

More good news is possible out of the successful financial inclusion initiative. Another paper (*Who Wants To Be An Entrepreneur?*, May 2016) suggests that, “Financial development facilitates economic growth by moving workers out of less productive, informal entrepreneurial activity into formal jobs in more productive firms.” In other words, there are multiple benefits arising out of access to finance for the poor. If this were to happen, India could reasonably aspire to resemble the prosperous high-growth economies of the West.

But it would take time and much more remains to be done to get from here to there. The important and underlying requirement is that productive firms create formal jobs. Unfortunately, it is not happening. It requires fixing two issues. One is the issue of non-performing assets (NPA) in the banking system and the other is the absence of dynamism in the formal business sector.

That a scheme like PMJDY was required after five decades of public sector banking is testimony to the fact that the poorer sections of society were not able to access financial services adequately from the organized financial system. Therefore, if the government were keen to take credit for the successful implementation of the PMJDY, and correctly so, it must be prepared to take the blame for allowing NPAs in public sector banks to fester for three years. The logic that the NPA problem is a legacy of the previous government would be inconsistent, for financial non-inclusion too was a legacy of previous governments.

No doubt the government has passed the bankruptcy legislation and empowered the central bank to direct the banks under its supervision to invoke its provision to recover their dues. But the big challenge that banks face is the share of bad assets in the overall loan portfolio, and it has shown no sign of peaking yet. Credit Suisse estimates that total stressed loans in Indian banking (recognized and unrecognized bad debts together) constituted 17.75% of total bank loans as of

March 2017. It was 16.9% as of March 2016. The reason that the NPA problem has not peaked is the absence of economic dynamism in the country. Economic dynamism will remain elusive unless long-term capital investments are made by industry. Domestic capital formation remains elusive because there is too much uncertainty in the air.

Much as the government policies and legislation—the bankruptcy legislation, real estate sector regulation and regulation dealing with *benami* transactions— passed in the last two years are essential for the long-term growth of the economy, they induce uncertainty and paralysis in the short term. The judiciary has done its bit to make operating conditions unpredictable for businesses. The government has not mitigated these short-term costs. Worse, the (sometimes overzealous) pursuit of tax offenders and the failure to deliver on the promised corporate tax rate reduction have compounded the problem.

There is much to learn from successes, as there is to learn from failures. The PMJDY is a success story. It is a rare case of a popular policy that delivers political and long-term economic benefits. Hence, the government applied itself to the task. It needs to repeat the formula for economically pragmatic, in contrast to popular, decisions.

The previous NDA government fell on the sword of “India shining”. *Achche Din* might prove to be this government’s Damocles sword if it does not wake up to its failure to add to its rather meagre economic successes such as the PMJDY.

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Comments are welcome at baretalk@livemint.com.

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Financial inclusion and the right to privacy

As India uses Aadhaar to advance financial inclusion efforts, it is essential that both privacy and financial interests of the poor are protected. The Supreme Court in a landmark ruling on 24 August decided unanimously that there is a fundamental right to privacy in India. It called on the government “to examine and put into place a robust regime for data protection”. Legislation to protect the privacy interests of the poor should now be top of the agenda.

What should that legislation look like? Unhindered by the outdated and entrenched approaches to privacy in jurisdictions such as the US and Australia, India has the unique opportunity to put in place a model system for the governance of privacy, one that is far better suited for the digital age and for expanding financial inclusion.

A data protection law is especially important at this early stage in the development of databases, policies and systems in India that rely upon Aadhaar. While Aadhaar promises to bring improvements in the delivery of services to poor people and under-served communities, it could also facilitate the collection of massive amounts of information, which would expose vulnerable consumers to privacy risks—competing factors that well-crafted legislation can address.

Integration of Aadhaar into the economy helps the financially excluded to access life-changing loans, insurance, savings and payments services more easily, and the costs of the financial services delivery likely will fall as a result. Aadhaar can also help citizens receive timely and complete payment of their government benefits.

Yet, if government and the private sector collect Aadhaar numbers for everything from utilities to health services, from car insurance to residential leases and link the information collected from countless databases, Aadhaar could become the organizing tool for the compilation of sensitive, detailed and constantly evolving individual profiles. Corporations and government with access to these profiles could use them in abusive ways to describe, predict, and ultimately influence the behaviour of individuals, sometimes without their knowledge.

Data from a person’s purchasing history, location, habits, income and social media activity can be used to classify consumers and customize the price of financial products or the interest rates charged to them. Such customization could exploit the consumer unfairly, based on their habits, or enable financial service providers to discriminate directly or indirectly based upon the customer’s ethnicity, gender, caste or religion. Government access to profiles can also raise privacy concerns. The vast amounts of data generated by new technologies and linked to Aadhaar increase the potential for abusive data practices and privacy invasion. The Supreme Court’s ruling is a vital first step in responding to this danger.

Many countries base their data protection regimes on the exercise of consumer choice or “informed consent”. But putting the burden on consumers to read lengthy and legalistic privacy notices and then to exercise choice about how their data will be used is unrealistic anywhere in the world. How many people read privacy notices before installing an app on their phone? Apple’s privacy policy for India runs over 3,000 words. Microsoft’s privacy statement is well over 7,000 words. India can recognize the reality that consent is no longer practical as the primary justification for data practices and establish substantive privacy protections regarding the collection, use and disclosure of personal information.

India also has the opportunity to establish safeguards for consumer privacy that are integrally part of the design, including the technical design, of government and private sector systems. This approach, often called “privacy by design”, has received widespread support from regulators and policymakers around the world. The European Union’s General Data Protection Regulation (GDPR), which takes effect next year, mandates data protection by design and by default, significantly expanding the reach of this process.

A critical feature of any data protection regulation will be the limitations placed on the collection and storage of personal data. Some, in the US in particular, have advocated “use-based” systems of data protection regulation, which focus on permissible uses of data without restricting its collection and storage. However, the collection and storage of data should also be regulated, especially considering the vastly increased opportunities for harmful and unauthorized access the more data is collected and the longer it is kept, and the social harms created by pervasive surveillance.

The Supreme Court was not called upon to address all the ways Aadhaar might be used consistent with a citizen’s right to privacy. These issues, including whether providing one’s Aadhaar number can be made mandatory, will need to be decided in subsequent cases.

Judicial rulings are one path for developing the right to privacy. The legislative path allows India to develop world-leading data protection that moves away from the flawed notice-and-choice model to one that establishes for the government and private sector alike clear, predictable parameters on the collection, use, processing, sharing, and the security of personally identifiable information. The Supreme Court’s recognition of a right to privacy provides the foundation to ensure that innovations such as Aadhaar are used to enhance the poor’s dignity and well-being.

Katharine Kemp is a research fellow on the UNSW digital financial services research team, Faculty of Law, UNSW Sydney.

Comments are welcome at theirview@livemint.com

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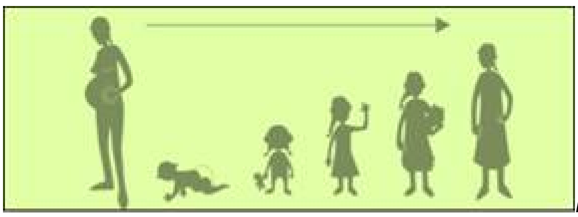
Special Feature: National Nutrition Week – 1st to 7th Sep 2017

Breaking Inter-generational Cycle of Malnutrition & Optimising the IYCF Practices

Santosh Jain Passi*
Akanksha Jain**

Malnutrition among populations – particularly the children, is an interplay of multiple factors like illiteracy, ignorance, poverty, large families, lack of resources including food/nutrition insecurity and poor access to health care services. Since long, our government's endeavour has been to reduce morbidity/mortality rates by implementing multipronged strategies for breaking the intergenerational cycle of under-nutrition. Events leading to malnutrition often predate child-birth; maternal under-nutrition, teenage pregnancies, closely spaced child-births and high parity are the major contributors to pre-term/low birth weight deliveries. Escalating malnutrition among children aged below 2 years is indicative of poor infant feeding practices. Therefore, appropriate infant feeding practices coupled with adequate maternal nutrition are crucial for healthy growth/development of the child; and for this a life cycle approach is imperative.

Appropriate/optimal Infant and Young Child Feeding (IYCF) practices emphasise on early initiation of breastfeeding *(within the 1st hour of child-birth)* without giving any pre-lacteals, exclusive breastfeeding for the first six months of life *(not even water, only prescribed medicines/tonics, if any);* and after 6 months, age-appropriate complementary foods with continued breastfeeding up to two years and beyond. In the light of this, theme for this year's National Nutrition Week is **'Optimal IYCF Practices: Better child health'.**

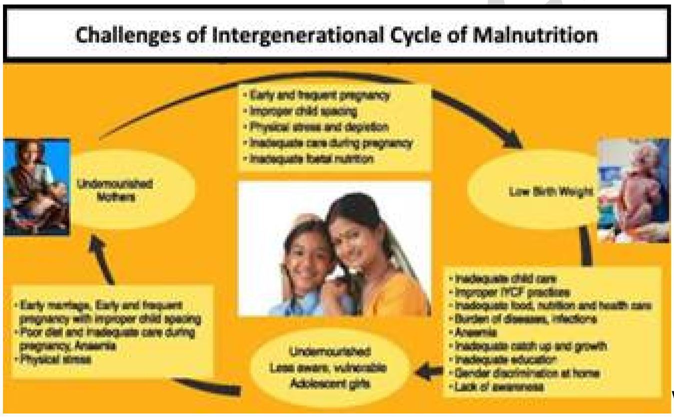


*Every year, **National Nutrition Week** is celebrated from*

1st to 7th September for intensifying nutrition/health related awareness among the masses. Launched by the Food & Nutrition Board in 1982, it is envisaged that the nutrition education/training programmes carried out by the governmental/non-governmental organizations will have far reaching implications on productivity, economic growth and ultimately the nation's development.

Optimum nutrition coupled with regular physical activity is the cornerstone of good health/well-being. Importance of proper nutrition in survival, health and development of the current as well as the succeeding generations cannot be undermined. Healthy children learn better and adequately nourished individuals are more productive. On the other hand, poor nutrition can result in lowered immunity, impaired physical growth/mental development, increased morbidity and thereby, reduced productivity.

WHO/UNICEF have designated the first 1000 days of life (270 days in-utero + 2 years post-birth) as the critical window for infant/young child nutrition interventions. This period being vital for brain growth/development, any malnutrition can cause stunting and suboptimal mental development. Breastfeeding – the gold standard feeding option for babies needs to be promoted; therefore, mothers as well as the other caregivers need to be made cognizant of its benefits, both for the baby and the mother. During pregnancy itself, effective counselling (inter-personal/small groups) should be carried out to highlight the advantages of breastfeeding vs. the dangers of artificial feeding; and thus, prepare the expectant mothers for successful breastfeeding.



When a child - particularly the girl child - is not provided enough nourishment, an inter-generational cycle of malnutrition may set in. Both the individual level and intergenerational *(from one generation to the next)* cycles of under-nutrition and ill health operate simultaneously posing grave consequences. A low-birth-weight baby-girl borne by a malnourished mother becomes a stunted/malnourished girl child à stunted/ malnourished adolescent à malnourished woman; and in turn, gives birth to a second-generation low-birth-weight baby. This clearly illustrates how poor in-utero nutrition from an under-nourished mother (both during & prior to pregnancy/lactation) extends through the life-course affecting nutrition/health status of generation-by-generation. This is further heightened by teenage pregnancies where the adolescent girls have to bear the dual-burden of their own growth and that of the developing foetuses leading to still poorer pregnancy outcome. Further, closely spaced high parity pregnancies often exacerbate nutritional deficits which get passed on to their offspring/s too. Micro-nutrient (iron, zinc, iodine & vitamin A) deficiencies in young girls too can catalyze the intergenerational malnutrition cycle. This can mar the nation's development due to physically/mentally affected workforce with reduced work capacity.

In the light of these adversaries, nutrition has become an integral component of all the maternal and child health programmes such as:

- **Integrated Child Development Services (ICDS)**, launched on 2^{nd} Oct 1975 has been universalized in the country. The target group comprises children (<6 years), pregnant/nursing mothers & women in reproductive ages (15-44 years) as well as adolescent girls for improving their nutrition/health status by providing a package of services right at the grass-roots level.

- **Reproductive, Maternal, Newborn, Child and Adolescent Health Programme (RMCH+A,** launched in 2013) addresses the major causes of mortality among women, children & adolescents along with the reasons for delayed access/utilization of health care services. This strategic approach highlights the importance of 'continuum of care' during various stages of life.

- **Janani Shishu Suraksha Karyakaram (JSSK)** – launched on 1^{st} June, 2011 aims to provide better women/child health services such as cost-free/cashless facilities for pregnant women (normal deliveries/caesarean section operations) and sick new-borns ($\leq$30 days post-partum) through government health institutions in rural/urban areas.

- **Pradhan Mantri Matritva Vandana Yojana (PMMVY)** is a maternity benefit program implemented by Ministry of Women & Child Development, Government of India. It is a conditional cash transfer scheme for pregnant/nursing mothers (aged >19 years) for first two live births to partially compensate the childbirth/childcare linked wage-loss. In addition, it provides adequate facilities for safe delivery and breastfeeding/infant feeding.

- ***Pradhan Mantri Surakshit Matritva Abhiyan*** (PMSMA) aims to reduce maternal and infant mortality rates in the country through safe pregnancies and safe deliveries. It provides quality comprehensive antenatal care to pregnant women on a designated day - 9^{th} of every month.

- **The Mother and Child Tracking System** – Monitors the health care system to ensure all mothers & their children to have an easy access to various health-care services like care during pregnancy/child-birth and complete maternal & child immunization.

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MAA (Mothers' Absolute Affection) – an intensified flagship programme of the MoHFW was launched in 2016. It aims to enhance optimal breastfeeding practices in the country through a set of comprehensive activities for protecting, promoting and supporting breastfeeding/child feeding, both at community & the facility level. The programme emphasises on generating community awareness, strengthening inter-personal communication skills of the functionaries and providing necessary support for breastfeeding at delivery points/public health facilities along with the need for adequate family support to the nursing mother.

- Recent **amendment of the Maternity Benefit Act** (April 2017) enshrines paid maternity leave for 26 weeks even in private sector; however, for the pregnant women already having 2 living children, it remains unchanged (12 weeks) and the same is for adoptive/commissioning mothers too. Crèche facility and the option for work from home are other features of this amended Act.

- **India Newborn Action Plan (INAP),** launched in September 2014, aims to end preventable new-born deaths and stillbirths so as to achieve single digit neonatal mortality/stillbirth rates by 2030.

- **Adolescent Reproductive and Sexual Health (ARSH) programme** comprises the package of preventive, promotive, curative and counselling services for addressing their reproductive and sexual issues.

Other programmes/schemes targeting adolescent girls include ***Kishori Shakti Yojana***, ***Balika Samridhi Yojana***, **Scheme for Adolescent Girls *(SABLA)***, **Weekly Iron and Folic Acid Supplementation (WIFS) programme, Menstural Hygiene Scheme** and many more. These programmes aim at empowering the adolescents with improved nutrition/health related awareness as well as better nutritional status so that they enter matrimony and motherhood with better nutrient stores.

Under UIP, ***Mission Indradhanush*** is cost-free expanded immunization coverage for children against 7 vaccine preventable diseases (Diphtheria, Pertussis, Tetanus, Childhood-Tuberculosis, Polio, Hepatitis B and Measles) by 2020. Further, ***Swachh Bharat, 'Beti Bachao Beti Padao' abhiyan*, adolescent friendly clinics** also address critical nutrition-sensitive issues.

It is thus, possible that through concerted efforts, the intergenerational cycle of malnutrition can be turned virtuous and improvements in maternal nutritional status and pregnancy outcome can be achieved. Better diet quantity/quality, micronutrient supplementation and improved health services can be the catalytic strategies for bringing about the desired change. As per the continuum of care approach, focusing on girl child to women along the lifecycle is imperative for achieving the Sustainable Development Goals (SDGs) and overcoming poverty, malnutrition and ill-health.

"Optimum IYCF practices coupled with good nutrition along lifecycle can retain the individuals' health…..break the inter-generational cycle of malnutrition….and eventually make India a healthy & productive nation"!!

****Dr Santosh Jain Passi*** *- Public Health Nutrition Consultant; Former Director, Institute of Home Economics, University of Delhi*

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Views expressed in the article are author's personal.

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Odisha rated as low-growth State

Despite the government claiming to have provided business-friendly environment to investors and attracting huge investments in past decade-and-a-half, Odisha has been categorised as a low-growth State in the country in the latest NITI Aayog survey.

High growth States

The NITI Aayog's 'Ease of Doing Business Report: An Enterprise Survey of Indian States', released on Monday, points at more hurdles in setting up new businesses in Odisha compared to other States. The 15-high growth States include Bihar, Uttarakhand, Tripura, Sikkim and Meghalaya.

The NITI Aayog and IDFC Institute, its knowledge partner, have classified States on the basis of their average annual real growth rate using State Gross Domestic Product from 2004-05 to 2013-14.

Median average

"We calculated the median average annual growth rate, which turns out to be 8.14%. The States that experienced annual average growth rate equal to or above the median were classified as high-growth States and those with annual growth rate below the median were categorised as low-growth States," the study stated. At a growth rate of 6.59%, Odisha falls in low-growth category.

According to the study, enterprises in high-growth States reported fewer regulatory hurdles. This establishes an empirical link between superior regulatory environment and better economic performances.

Power connection

"On average, enterprises reported taking 52 days, 61 days, and 76 days for getting electricity, water, and sewerage connections respectively. The World Bank 2017 Doing Business report ranks India at number 25 for getting electricity connection and it is estimated that getting the connection takes about 46 days. It takes an average of 31 days to get electricity connection in Karnataka, 32 days in Gujarat and around 95 days in Odisha," says the report.

Odisha is listed among States with lowest proportion of enterprises having knowledge of their environment category. Only 22% of enterprises in Odisha are aware of their category.

Similarly, the age distribution of high-growth and low-growth enterprises shows that in general, the share of young enterprises is higher in the high-growth States than in the low-growth States.

Around 20% of enterprises in Odisha are young whereas percentage of young enterprises in Bihar is above 70%.

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