

NEWS AND ANALYSIS ON INDIA

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## MODI'S FDI PUSH: BETTER LATE THAN NEVER

AMULYA  
GANGULI

W elcome though it is, the Narendra Modi government's decision to fix new norms for direct foreign investment (FDI) – 100 per cent in single brand retail and construction, and 49 per cent in Air India – may have come rather late in the day. Instead of taking the decision in the fourth year of its five-year term, the government would have done better to woo the investors in its first or second year.

However, better late than never. Even then, by taking the step now, the government has given the impression that the inflow of foreign capital has been less than satisfactory since 2014 notwithstanding Modi's pro-reforms image. The latest initiative also underlines an element of nervousness in the ruling party over the adverse impact on its electoral fortunes of the continuing unemployment problem in next year's general election.

Having escaped defeat by the skin of its teeth in Gujarat, the BJP is likely to be even more jittery, especially on the eve of this year's assembly elections where the party may be the victim of the anti-incumbency factor in states under its charge like Madhya Pradesh and Rajasthan where the Congress has influential local leaders unlike in Gujarat.

An inkling of the government's difficulties is available from the report of a ratings agency which says: "The investment rate measured as the ratio of gross fixed capital formation to GDP at current prices is expected to decline further to 26.4 per cent this fiscal from 27.1 last year ... This indicates that the corporates have not been investing in capital creation". Agriculture, too, is in distress with the growth rate declining to 2.1 per cent from 4.9 in 2016-17.

As is known, the rural areas were the

Achilles heel of the BJP in Gujarat where it survived almost solely on the basis of the support it received in the towns. But if the distress of the farmers is not alleviated, the party will face difficult times at the hands of the Congress which is showing signs of revival under the new president, Rahul Gandhi.

The BJP's hope apparently is that the infusion of fresh capital will generate a sense of buoyancy in the economy which will have a beneficial effect on the countryside. By allowing FDI in construction such as housing, infrastructure and township projects, the government expects to make a measurable impact on the employment situation as thousands of workers – a large majority of them from the villages – will be needed for these projects. Even if it takes time for the investors to make up their minds, the government's proposals will reaffirm the prime minister's commitment to push ahead with reforms.

The reassurance was necessary because the expected "big bang" reforms were never introduced. What was seen instead was "prudent gradualism", in the words of the well-known economist, Jagdish Bhagwati of Columbia University, who is pro-Modi as opposed to the anti-Modi Nobel laureate Amartya Sen. Behind this caution was probably the difficulties which Modi faced when he took the ordinance route to bypass parliament and push through the land acquisition bill as it was believed to prevent the industrialists from acquiring land quickly enough. But the move was seen to be too pro-corporate sector to be electorally helpful in a country where businessmen are generally regarded as greedy and corrupt.

It is this mentality which has now made the trade union wings of both the RSS on

the Right and the CPI(M) on the Left to join hands to oppose the proposed foreign investments. It is their resistance which has made the BJP confine such investment only to single brand items and shy away from opening up the retail sector to foreign investment, which was done by the Manmohan Singh government towards the end of its tenure.

The move was opposed at the time by several political parties apart from the Left, such as Mamata Banerjee's Trinamool Congress. The BJP, too, was wary of alienating its known base of traders, which explains the limited nature of its present initiative although the decision to keep in abeyance the 30 per cent local sourcing norm for five years for companies with state-of-the-art technology cannot but antagonize the Right and the Left even further.

They are also likely to be peeved by the decision to allow 49 per cent FDI in Air India because of the fear that this will pave the way for a takeover of the national carrier by a foreign airline. To those with autarkic views, such a possibility is tantamount to selling family silver, the phrase which the communists were fond of using whenever there was any talk of disinvestment of public sector companies.

It is for this reason that both the past and present governments have been wary of privatizing Air India even though its cumulative debts amount to Rs 50,000 crore and annual losses to Rs 3,500 crore. Now that the government has taken the bit between its teeth about FDI in Air India, it is to be hoped that the ailing airline will soon turn the corner. However, unemployment remains the key problem. The government – and the country – will wait with bated breath to see how helpful the latest steps will be in this field. ■ ■ ■

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## COVER STORY

### PM DETERMINED ON MORE ECONOMIC REFORM

Prime Minister Narendra Modi will soon be in Davos to address a global audience at the upcoming World Economic Forum. This will be an occasion for India to showcase its economic growth and a liberal investment climate.

The Davos Meet takes place at a time when much of the focus of the economic commentary in India has been on India's growth forecasts in FY 2017-18. The Central Statistics Office has cut the forecast for growth from 7.1% at the start of the fiscal to 6.5%.

The World Bank in its report on Global Economic Prospects however, is more positive predicting that India could be in pole position in 2018 with growth projected at 7.3%, ahead of China which is projected to slow down from 6.8% in 2017 to 6.4% this year. The government and several economists too reckon that there will be an uptick in 2018-19 as the disruptive effects of both demonetisation and GST wear off and exports pick up on the back of a global recovery in trade.

### IMPORTANT SIGNAL ON EVE OF DAVOS

The timing of the new reforms last week is thus crucial. The Cabinet Wednesday approved new norms on Foreign Direct Investment (FDI), approved by include automatic approval for single-brand retail and also opening the door for foreign airlines to invest up to 49 per cent in Air India.

This is considered to be a wider signal



Prime Minister Narendra Modi

by the Modi government for an audience of global CEOs and leaders in Davos that will include US President Donald Trump, that it will stay the course on wooing overseas investors.

That narrative is important, writes Shaji Vikraman (Resident Editor of Indian Express) considering not just that private investment in India has been weak, but from the fact that overseas investors have been far more bullish on India over the past few years despite growth concerns. In FY 2016-17, FDI was at a record \$60.1 billion while foreign funds have been buying into stocks and more into India debt, betting that India would sustain growth over the next few years.

The latest FDI rule changes, notes Vikraman also come in the backdrop of a planned push to market India as a preferred investment destination at the upcoming WEF which will be attended by

CEOs of several global blue chip firms. It should help the government that India will have a major representation of top CEOs this time and at least three Cabinet ministers to buttress their case.

The focus could well be on India therefore, according to some of the Davos regulars who say that the presence of the Prime Minister himself can help sustain the investment focus on India. Incidentally, after H D Deve Gowda in 1997, no Indian Prime Minister has visited Davos.

The Statesman also agrees that the objective of the FDI reform is to show the government's commitment to a liberal foreign investment regime. "It is reported that PM Modi will be attending the World Economic Forum in Switzerland later this month; the annual congregation is expected to draw in more than five dozen heads of state, hundreds of corporate

hunchos and leaders from civil society, academia and the media...”

## LIBERALISATION COULD UNDERLINE RSS FAULTLINES

There is however, a lurking danger for the BJP in liberalising the economy. It is for this reason that earlier governments have been conservative in opening up the economy. PM Modi however, is proving to be bold and different notwithstanding the reservations of the RSS in the matter.

Gautam Mehta (graduate of Johns Hopkins School of Advanced International Studies; also helping write a book on the Sangh Parivar) notes that Modi’s liberalization of FDI limits and easing of regulatory requirements, such as permitting greater FDI via the ‘automatic route’, “may not be economically significant, but is of outsized symbolic importance because of its potential to aggravate the faultlines within the RSS Sangh Parivar (RSS family).”

This is because it “impinge upon the Sangh’s ideological verities: preferring economic interests of mom-and-pop retail stores. Throughout its history, the BJP has had a robust debate on the role of foreign investment in the economy – a debate that, until recently, lacked a counterpart within the RSS. The RSS was implacably opposed to FDI because it was perceived as inimical to traditional Indian values. The RSS believed that foreign investment would infuse into the national bloodstream culturally alien values of consumerism and sybaritic hedonism.

“The RSS feared that an economy dominated by impersonal market forces would undermine local economic activity which, it believed, was key to sustain bonds of family and community...”

No wonder then that RSS’ economic affiliates, especially the Swadeshi Jagaran Manch (SJM) and its labour union, the Bhartiya Mazdoor Sangh (BMS), have been critical of the government’s FDI liberalization policies. The SJM has been justifying investment protectionism because “small traders and North Indian trading communities were the core of RSS’

support base, the opposition of FDI in retail was an ideological totem for the Sangh.”

The rapid expansion of the Sangh however, writes Mehta “has changed its social composition. Most of the new entrants into the RSS are urban professionals or members of upwardly mobile social groups. The new joiners do not share SJM’s autarkic or statist proclivities. The younger members of the RSS are more accepting of foreign investment and recognize FDI’s criticality in a resource-constrained economy.”

At the same time, due to political exigencies, the RSS has also moderated its stance on FDI. Signaling a reevaluation of the RSS’ stance on FDI and economic liberalization, the current RSS chief Mohan Bhagwat, had said in November 2013 that the organization was not “bound by dogma” and was willing to change with the times.

The softening of the RSS’ once implacable opposition to FDI, however, created a faultline between pragmatists and traditionalists within the RSS, and exacerbated disagreements between the BJP and RSS’ economic affiliates.

Notwithstanding a greater acceptance of FDI, the RSS remains firm in its opposition to FDI in retail, especially multi-brand retail. Apart from hurting the economic interests of a key part of its support base, that is North Indian trading communities, the RSS believes that undermining the economic viability of small traders would be inequalitarian.

But the recent liberalisation moves are certainly a manifestation of the PM’s determination to push through another liberal economic reform in the face of rising demands for a shift in government’s focus to alleviating economic discontents.

## NOT A MAJOR FDI REFORM

The Hindustan Times agrees that the message from the government is that it will push ahead with progressive economic policies. However, it clarifies that the latest reform is a relaxation of the policy on retail alone and not on multi-brand retail, which

will facilitate the entry of retail giants such as Walmart.

The Statesman also writes that the FDI reform is not such a big deal. “100 per cent FDI in single-brand retail, with 49 per cent through automatic route, is already allowed. What the government has done is to simply dispense with time-consuming government approvals and eased local sourcing conditions. This should bring joy to global players like Ikea, H&M and Apple to either set up or expand their own stores in India. This concession has little or no potency to upset domestic multi-brand kirana (local) stores...”



## UNPRECEDENTED CRISIS IN JUDICIARY

In an unprecedented step addressing a press conference, four Supreme Court judges publicly criticised chief justice Dipak Misra Friday, warning a lack of impartiality could imperil India’s democracy.

The four judges, along with the CJI, are part of the Supreme Court collegium that selects judges to the apex court and high courts.

“This is an extraordinary event in the history of any nation, more particularly this nation, and an extraordinary event in the institution of judiciary ... It is with no pleasure that we are compelled to call this press conference. But sometimes administration of the Supreme Court is not in order and many things which are less than desirable have happened in the last few months,” said justice Chelameswar.

Responding to the developments, a top functionary of the government said it will not interfere because “it is an internal matter of the judiciary”, but the judiciary should “resolve the matter” as soon as possible.

Stating that they have failed to convince the Chief Justice of India Deepak Misra, the judges said there was an immediate need to preserve the judiciary system in the country if democracy has to be

## ADDRESS BY PRESIDENT OF KAZAKHSTAN NURSULTAN NAZARBAYEV

January 9, 2018

Dear compatriots!

Kazakhstan has overcome many of the global challenges and is entering a phase of intensive economic transformation. Our country's long-term development strategy until 2050 is being implemented. We are undertaking reforms within the framework of the National Plan of 100 Concrete Steps. Systemic efforts are being made to facilitate industrialisation. We have passed constitutional reforms, and embarked upon the Third Modernisation. Complex measures are being taken within the Rukhani Zhanghyru programme (Modernisation of Kazakhstan's Identity programme). The Digital Kazakhstan program has been adopted.

Dear fellow citizens!

Today humanity is entering an era of a new industrial revolution. Modern technologies are changing the world. Global technological shifts bring about both challenges and new opportunities for growth. This is a historic chance for us to rapidly join the top 30 most developed countries. It will focus on the country's development in the era of the Fourth Industrial Revolution.

I see 10 priorities that we need to implement.

I want to briefly outline their main points.

First. Kazakhstan's industry must become the flagship for the introduction of new technologies. Our manufacturing industry needs to increase labour productivity through the digitisation of manufacturing chains and the adoption of modern business models.

Second. It is necessary to significantly improve the efficiency of our resource use. Information and technological solutions should be applied in order to achieve this. This will help to increase the share of extracted resources, their processing depth, as

well as enhancing energy efficiency and environmental sustainability of production operations.

Third. We must raise our agricultural industry to a new technological level. This will significantly increase the production capacity in the agricultural sector and the exports of the end product.

Fourth. A further development of the transportation and logistics infrastructure. Introduction of digital technologies and construction of intelligent transportation systems provide the opportunity to shorten the cargo delivery time and increase revenues from transit.

Fifth. The application of modern technologies in construction, housing services and utilities. New construction methods, increasing the requirements for energy efficiency of buildings and the introduction of intelligent infrastructure management systems will improve the quality of life of Kazakhstani citizens.

Sixth. A "Reset" of the financial sector. Measures to enhance the banking system should be accompanied by increased supervision and take into consideration the interests of ordinary citizens.

It is necessary to significantly raise the level of accountability of those who own banks and those who manage them. We need to expand lending and ensure the development of the stock market.

Seventh. A new quality of human capital. All levels of the education system have to meet the realities of the modern world and demands of the economy. It is also necessary to raise the prestige of the teaching profession. In healthcare, the use of new technologies should significantly improve disease prevention and treatment, and raise the quality of health services. In 2016-2017, welfare payments were increased three times, including basic pensions by 29%, pay-as-you-go pen-

sions by 32%, salaries of healthcare workers by 28%, salaries of education workers by 29%, and of those of civil servants by 30%. This trend will continue. This year, welfare budget expenditure will be increased by 12% and will exceed 4 trillion tenge. The basic pension will increase by an average of 1.8 times, taking into account employment history. The salaries of teachers, who switch to teaching within the framework of the updated curricula, will increase by between 30 and 50 percent, depending on the conferred qualification.

Eighth. Effective public administration. Digital technologies will allow us to continue business deregulation, improve the quality of public services and state support, and help us better meet the needs of citizens. The economic independence of regional and local governments will be expanded.

Ninth. The rule of law and the fight against corruption remains a priority of State policy.

Tenth. The introduction of "Smart City" technologies will allow Kazakhstan to effectively solve the problems of growing cities and increase their attractiveness for investors.

Today, we all need to concentrate on achieving these ten tasks. They are presented in more detail in the full text of my Address.

Dear people of Kazakhstan!

The implementation of these tasks will require the unity and cooperation of the entire society. To this end, the Government and governors must conduct extensive explanatory work. The prosperity of our nation will depend on the ability of every citizen to meet the requirements of the new "digital era". Every Kazakhstani should understand this clearly.

I firmly believe that we will achieve all of these goals on the path to a bright future for Kazakhstan.

protected. "We met CJI with a specific request which unfortunately couldn't convince him that we were right therefore, we were left with no choice except to communicate it to the nation that please take care of the institution," said justice Chelameswar, the second-most senior judge in the Supreme Court after the chief

justice. At the press meet, justice Chelameswar said: "We tried to persuade the CJI to take steps but failed. Unless the institution of Supreme Court is preserved, democracy won't survive in this country."

He added that the four had met chief justice Misra with a "specific request" but were unable to convince him.

"...We were left with no choice except to communicate it to the nation that please take care of the institution...Don't want people to say 20 years later that we did not take care of the institution," said justice Chelameswar.

A letter released by the judges raises issues such as the justice delivery system

and allocation of cases. The clash comes in the wake of a controversial order in November in which the CJI declared that the chief justice “is the master of the roster” having exclusive power to decide which case will go to which judge.

“There have been instances where a case having far-reaching consequences for the nation and the institution had been assigned by Chief Justice of this court selectively to benches without rationale basis. This must be guarded against at all costs,” says the letter by the judges. “We are not mentioning details only to avoid embarrassing the institution but note that such departures have already damaged the image of this institution to some extent.”

Justice Gogoi, who will be succeeding chief justice Misra in October, said, “It’s a discharge of debt to the nation which we have done.”

Before signing off, on being asked why they chose to hold a press conference, Justice Chelameswar said: “There are many wise men saying many wise things in this country. We don’t want wise men saying 20 years from now that Justice Chelameswar, Gogoi, Lokur and Kurian Joseph sold their souls and didn’t do the right thing by our Constitution”.

### FIVE MAIN ISSUES FLAGGED

1) All important cases get heard by CJI-led bench and do not get distributed to other senior judges heading benches.

2) There have been instances where cases that have far-reaching consequences for the nation and the judiciary were assigned by the Chief Justice selectively - to benches of their preference - and not based on rationality. “This must be guarded against at all costs,” said the 4 senior judges.

3) Specifically, annoyed that a public interest litigation seeking a probe into Judge B M Loya's "mysterious" death was assigned to court no. 10 and not to any of the first four benches other than the CJI-led bench.

4) They had a simmering grievance about the medical college admissions scam being sent to court no 7 after a Justice

Chelameswar headed bench sent it to a five-judge bench of himself, the CJI, himself, and Justices Gogoi, Lokur and Joseph. The medical college admissions scam is to do with the role of sitting and retired judges of high courts in enabling private medical colleges admit students to MBBS courses despite the apex court's order to the contrary.

5) It was wrong on part of CJI to head a small bench and deal with the memorandum of procedure when it was earlier heard by a five-judge bench.

### SERIOUS ISSUES ABOUT THE INDEPENDENCE OF THE JUDICIARY

The key issue is allocating of cases by the Chief Justice of India (CJI). In a recent order in the matter of Campaign for Judicial Accountability and Reforms v Union of India and Others, a five-judge bench held that, “... the Chief Justice is the master of the roster and he alone has the prerogative to constitute the Benches of the Court and allocate cases to the Benches so constituted.”

Even though empowered with the order of November 10, 2017, Dushyant Dave (senior advocate and former president of the Supreme Court Bar Association) writes that the Chief Justice of India does not possess absolute and arbitrary powers to “constitute the Benches of the Court and allocate cases to the Benches so constituted”. He is as much bound by the Rule of Law as anybody else. If there is one principle firmly rooted in our constitutionalism, it is: “Be you ever so high, law is above you.”

Yet, says Dave, “the functioning of the Supreme Court today will reveal that the Chief Justice has been exercising his powers in an opaque manner. Several instances reflect that the Constitution Benches are constituted by including certain judges and excluding certain others..... the fact remains that senior judges and even judges known for their proficiency in certain branches of law are excluded from such benches.”

The manner of allocation of cases,

according to Dave, “raises serious issues about the independence of the judiciary. An independent and strong judiciary is the basic feature of the Constitution. We are faced with an extraordinary situation where the judiciary is being marginalised from within, not from outside....”

Former Attorney General of India Soli Sorabjee expressed his dissatisfaction over the development and stated that it would have severe repercussions on the functioning of the judiciary. “I am very upset about this, I wish the 4 SC judges hadn’t done this. This will have severe repercussions on the judiciary,” Sorabjee told a local news channel.



## SPECIAL REPORT CASTE CLASHES AND HATE CRIMES: A SOCIO-POLITICAL ANALYSES

The caste classes relating to the Bhima Koregaon incident in Pune Maharashtra and the consequent caste clashes are an important development that underscores the current caste and social dynamics. It therefore, needs to be examined closely.

To recall the context of the debate, the clashes were sparked by Dalits celebrating the defeat of the upper caste Marathas in the battle of Koregaon in 1818. In the famous battle, a detachment of the army of the East India Company defeated Peshwa Baji Rao II, the then Maratha ruler. A victory tower was erected at Karegaon commemorating the victory. The problem is that the British army consisted mainly of Mahars (a Dalit community) who joined the British forces after they were given step-motherly treatment by the high caste dominated Marathas. The Dalits treat this victory as them getting even with the Marathas. Obviously, the Marathas detest this and the current political and social environment made for a heady cocktail the destroyed peace in the state of Maharashtra for a few days.

While the symbolism of Dalit troops

defeating the armies of that arch-Brahmin, the Peshwa, resonates with Dalits, it provokes Brahmins ideologues of the Hindu Right like Sambhaji Bhide and Milind Ekbote (now charged with inciting violence against Dalits). Bhide and Ekbote were the key layers in the caste caches and they lead private militias that have achieved notoriety through violent protest.

Satish Deshpande (teaches Sociology at Delhi University) points out that in the current environment of caste clashes, the main players are Marathas, Mahars, Brahmins, and newer inventions like Dalits, OBCs and the supporting Hindutva.

Koregaon, he says “has become a flashpoint because it is the contingent site where at least three political projects are colliding even as they are trying in different ways to collude with each other... Matters are further confounded by the fact that none of these projects is singular, each being marked by its own internal divisions.”

The most visible and most ambitious of them, writes Deshpande “is the Hindutva project.” Even though the Muslims are the obvious target, the “challenge is to cultivate the Dalits and OBCs simultaneously, even though both have ample reason to resent the upper caste core of the Hindutva project. A further twist is added by the probability that acquiring the active support of the OBCs may require concessions to caste pride that will alienate the Dalits, and vice versa. To state this dilemma bluntly: If the process of converting the Muslims into political untouchables has almost succeeded, then how is this project to be kept alive in the face of the sort of electoral uncertainties witnessed in Gujarat and Bihar? In sum, the challenges facing the Hindutva project require the squaring of the caste circle while keeping the fires of communal hatred stoked.”

To Mukul Kesavan (historian, novelist and political and social essayist), the challenge is that the “BJP has to discourage Dalit self-assertion where it steps on other Hindu toes without alienating

them.....The Marathas constitute perhaps a fourth of the electorate in Maharashtra, they are the province's principal landowners and their community has supplied more than half of all Maharashtra's chief ministers. No party that hopes someday to hold office in Maharashtra wants to drop its Maratha parcels even as it tries to mobilize Dalit support.”

The second project, according to Deshpande is the Dalit project that has exhibited “unmistakable energy it has exhibited in the past two decades. However, what was once a relatively simple and therefore powerful agenda can no longer be pursued as such because of internal divisions and external temptations. The most relevant internal divisions are those of class which often also coincide with sub-caste identities. Any successful political movement faces the temptations inherent in electoral politics, namely the attraction of power and the desire for recognition by the so-called mainstream. For both these reasons, it is not unthinkable that Dalit parties or movements may ally with Hindutva formations, even though the interests of the community as a whole are not going to be served through this route.”

The third project is “that of the backward castes. It is also the hardest to analyse because it is not a stable or organic entity but a volatile collection of castes. Internal differentiation here is perhaps the deepest and this makes it inevitable that processes of fission and fusion are always active. It is not only the sheer numbers of this grouping but its dominance over rural India that makes it central to any national political project. It is also the group where regional differentiation is the sharpest.”

Deshpande poses critical questions arising out of the Maharashtra confrontations. “Can one be a nationalist and still be proud of what the Mahar soldiers achieved in Bhima Koregaon? Can Hindutva seriously contemplate the subordination of the upper caste minority to the lower caste majority? Can there be a lower caste majority in political rather

than just numerical terms? And perhaps the most poignant question of all: How will Muslims or other non-Hindus seek political agency in a polity dominated by covert or overt versions of Hindutva?

“The net benefits of these projects for the nation are as yet uncertain. But it is certain that the Hindutva project will impose the heaviest costs on us, no matter what our caste, class or religion.”

## INVISIBLE AND UNDER-REPORTED HATE CRIMES

Another cost, identified by Harsh Mander (human rights and peace worker, writer, columnist, researcher and teacher) is of the hate crimes that are invisible and under-reported.

India, he writes “has never been as divided as it is today...” The country is “swiftly transforming into a republic of hate and fear, especially for its religious minorities and disadvantaged castes. The response of the ruling establishment to rising hate crime is cynical, combining strategic silences and official denial with tacit encouragement and incitement of hate speech and violence, and patronizing vigilante groups and militias.

“The culpable silences that surround mounting hate crimes are societal, political and official. Troubling is the scarcity of compassion and solidarity with victims of hate crimes. That the political conspiracies of silence around hate crime span the ideological spectrum was reflected in the Gujarat elections of the winter of 2017...” All political parties, Mander notes “chose to avoid mentioning Muslims and the violence.....All combine to legitimize, nurture and embolden pervasive social bigotry and hate violence.”

The invisibility of hate crimes is because while “India's National Crime Records Bureau collates information on a wide range of crimes, it does not count hate crimes. This helps make these crimes invisible, thereby erasing any State accountability for these.”

A credible non-profit data media portal, IndiaSpend, writes Mander “collated cow-related mob attacks after



2010 reported in the English-language press. It found that 97 per cent of these occurred after Narendra Modi assumed office in Delhi, 86 per cent of the persons killed were Muslim and 8 per cent Dalit. It reports further that 2017 recorded the highest death toll (11) and the most number of incidents of hate violence (37) related to cows and religion since 2010. A civil society coalition, Citizens against Hate, studied 30 such cases of lynching and vigilante violence, and confirmed that an overwhelming majority of these attacks were against Muslims, and, sometimes, against Dalits....

“The United Christian Forum for Human Rights recorded 216 incidents of attacks on Christians in 2017, including violence against priests, nuns and shrines. There have also been many hate attacks on Dalits in 2017.....and attacks on African nationals and people from India's Northeast.”

Mander is “convinced that the numbers of hate crimes recorded by all these agencies are only a tiny fraction of those that actually occurred...”

### HINDUTVA RHETORIC HAS ‘RUN ITS COURSE’

Returning to the main theme of this feature, Parsa Venkatshwar Rao Jr (political journalist based in New Delhi, with a particular interest in human rights issues) recalls that “the main thrust of the Prime Minister’s party is rightist-oriented Hindutva nationalism.” However, the limitations of the policy were apparent in the Patidar(Patel) agitation in Gujarat prior to the 2017 Assembly elections and the reassertion of Dalit identity in theKoregaon gathering near Pune in Maharashtra.

According to Rao, “the so-called Hindutva consensus which seemed to have emerged in the majority community is breaking down under the stress of caste identities intertwined with economic woes.

“The BJP leaders seem to have sensed the problem of social unrest expressing itself through the caste voice. Prime Minister Modi, speaking at the BJP office

in New Delhi immediately after the narrow victory in the Gujarat Assembly elections, expressed his fear and uneasiness. He said he would not allow Gujarati people to be split along caste lines.....Mr Modi thinks that he is uniting all sections of society on the development plank, though many of his critics would say that what he has in mind is just Hindus, and that he does not care about the religious minorities.

The Hindutva rhetoric, concludes Rao“has run its course, and it does not any more serve as the political talisman that it seemed to be for some years now.”



### AMBITIOUS SOCIAL SECURITY SCHEME AIMS FOR UNIVERSAL COVERAGE

The central government is readying the blueprint for a social security scheme that is specifically aimed as a safety net for workers in the informal labour sector. The draft social security code, drafted by the Ministry of Labour & Employment, aims for universal coverage that includes those who are outside the ambit of the EPFO and the ESIC. The scheme envisages mandatory pension, insurance against disability and death, and maternity coverage, alongside optional medical and unemployment coverage.

Consultations are on with ministries and states to bring them on board for part-financing the scheme, which could be launched later this year around the time of key state elections and ahead of the upcoming 2019 general polls.

“At the present moment, in both EPFO and ESIC, the employer contributes and equal amount is contributed by the employee also. If you are covering the entire population, there will be one segment which will not be able to contribute at all. Now, for the segment below the poverty line, the government plans to foot the entire bill, in which case it has to be shared between the states and the Centre. So we need to bring the states

on board,” a senior labour ministry official said.

On the funding for the scheme, while work is underway to peg an upfront cost for the scheme, the funding for the rollout of the scheme could subsume the allocation for a number of existing schemes.

The social security code “will take more time” as it’s a “pathbreaking initiative” and consensus among stakeholders is key, the official said. After coming to power in 2014, the NDA government had announced consolidation of 44 labour laws into four codes — industrial relations, wages, social security, and occupational safety, health and working conditions.

Amid opposition from trade unions, the government so far has only been able to introduce the Code on Wages Bill in Lok Sabha last August. The Code on Wages, which proposes a national minimum wage, amalgamates provisions of the four labour laws of The Minimum Wages Act, 1948; The Payment of Wages Act, 1936; The Payment of Bonus Act, 1965, and The Equal Remuneration Act, 1976.

The draft code on social security has been placed on the ministry’s website for public comments. The government is in the process of finalisation of Code on Industrial Relations Bill, which combines The Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946, and the Industrial Disputes Act, 1947. Labour unions have, however, objected the proposed amendment in the bill to allow units with up to 300 workers to retrench, lay off or close down without the permission of the government as against the present limit of 100 workers.

According to the survey conducted by the National Sample Survey Organization (NSSO) in 2011-12, about 83 per cent or 39.14 crore persons out of total 47.41 crore employed persons were employed in unorganised sector. The organised sector is already covered through social security legislations like the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948, while the labour law coverage

for unorganised sector is lacking in the country.



## TRIPLE TALAQ BILL NOT YET LAW

There was more political positioning than appraisal of a legislation to make instant triple talaq a criminal offence in the winter session of parliament. The Muslim Women (Protection of Rights on Marriage) Bill is pending in the Rajya Sabha.

The Hindu suggests that the best option would be to refer it to a select committee to help bring about a consensus. "The core question is whether resorting to an illegal and arbitrary form of divorce should necessarily lead to a prison term for the offending husband. A three-year prison term, besides a fine, also raises the issue of proportionality. The Opposition has raised three concerns: whether a civil wrong, mainly a breach of a marriage contract in an arbitrary manner, ought to be treated as a crime; whether it is not a contradiction of sorts for the law to jail a husband for pronouncing instant talaq and also mandate that he pay a subsistence allowance to the wife; and whether making it a cognizable and non-bailable offence would lead to it being misused against Muslim men. Further, some see an internal contradiction in the way the law is sought to be framed. On the one hand it says instant triple talaq in any form is void, thereby declaring that the marriage continues to subsist; but it also talks of issues such as the custody of children and maintenance, which would arise only after a divorce. These are valid concerns and cannot be dismissed by the BJP as arguments aimed to sabotage the Bill."

The Congress, the main Opposition party, which had no objection in the Lok Sabha where the Bill was passed, has taken the position that referring it to a parliamentary committee may help remove some lacunae.



## JAMMU AND KASHMIR SYED GEELANI'S SON-IN-LAW TO BE PROSECUTED UNDER TERROR LAW

The Ministry of Home Affairs is likely to soon grant sanction for prosecution of nine separatist leaders, including Hurriyat chief SAS Geelani's son-in-law Altaf Fantosh, under the Unlawful Activities (Prevention) Act. Fantosh and eight others were arrested for allegedly receiving funds from Pakistan to carry out terrorist activities and stone-pelting in 2016 after the killing of Hizbul Mujahideen militant Burhan Wani in Kashmir.

The MHA, it is learnt, received a request for prosecution sanction from the National Investigation Agency (NIA) last week, which was forwarded to a two-member authority comprising former Allahabad High Court judge Dr Satish Chandra and former law secretary T K Viswanathan.

Sources said the sanction, mandatory under Section 45 of the UAPA, is likely to be cleared by next week, failing which the separatist leaders will be eligible for bail.

The NIA arrested Fantosh and eight others in July last year and son-in-law to be prosecuted under tough terror law is expected to file a chargesheet by the end of the month after obtaining the sanction, said agency officials. The chargesheet may also name Pakistan-based Jamaat-ud-Dawa (JuD) chief Hafiz Saeed, they said.

The sanction request comes just months after the central government appointed former Intelligence Bureau chief, Dineshwar Sharma, as interlocutor to initiate dialogue in the Valley with all stakeholders, including the Hurriyat. The Hurriyat leadership has, so far, rejected any talks with the interlocutor.

The NIA chargesheet is likely to include the amount (Rs 2.20 crore), which was allegedly recovered during searches, and reports from experts on seized electronic equipment and call details records among others. The NIA had, in May 2017, registered a case against

separatist and secessionist leaders in Jammu and Kashmir.

Fantosh, according to NIA, is the founding member of Tehrik-e-Hurriyat (TeH). With Geelani under house arrest, the NIA believes Fantosh allegedly ensured that the leader's messages and instructions were relayed outside. As the public relations strategist, Fantosh was also allegedly in touch with nationals from the UK and residents of Pakistan-occupied Kashmir (PoK), according to the NIA.

The chargesheet is also likely to cite diaries, which include contacts of hawala operators and traders, ledger books containing accounts of companies involved in cross border trade, details of Jammu and Kashmir bank accounts and travel documents of certain entities showing their visits to the UAE.

Watali, arrested after several rounds of questioning, is considered the key behind remitting funds to terrorists and stone pelters, sources said. The chargesheet also likely to mention that the Jammu and Kashmir police had arrested Watali in 1990, when some anti-national activists were allegedly found in his house in Bagat Barzulla, Srinagar.

Watali, sources said, is also accused of travelling on a cancelled passport. According to the NIA, instead of surrendering the cancelled passport to the authorities, he travelled abroad in violation of the law in March 2016.

## PDP MLA CALLS KASHMIRI MILITANTS 'OUR BROTHERS'

PDP Wachi MLA Aijaz Ahmed Mir, speaking to media persons Thursday, has called Kashmiri militants "our brothers" and those killed "martyrs", and sought to involve them in the dialogues to resolve the Kashmir issue.

Mir, who hails from a militancy-infested area, said the time has come to talk to the Hurriyat, militants and other stakeholders to resolve the Kashmir issue and end the violence and bloodshed in the region.

To a poser on local militants, he said, "Call them militants or terrorists, but they

are Kashmiris, they are our brothers. I request all to stop politicising their killings.”

“This house has to end the blame game over the killings,” he said, and stressed that the Centre’s special representative, Dineshwar Sharma should take the militants on board during dialogues.

The ruling party MLA’s controversial statement has left its ally BJP red-faced.

## CHANGING TERROR TACTICS BY PAKISTAN

Lt-Gen Syed Ata Hasnain (retd) finds some interesting and first-time factors in the recent attack by 3 terrorists on the Central Reserve Police Force (CRPF) training complex in Kashmir.

In a first, the terrorists had armour-piercing munitions seen for the first time in the hands of terrorists. Second, two of the three terrorists were local Kashmiris. This “revealed a new ploy by the Pakistani Masood Azhar terror group Jaish-e-Mohammad (JeM), under the guidance of the Pakistani proxy controllers: that of inducting local Kashmiris into fidayeen suicide squads. This is a phenomenon rarely seen in the 28-year-old proxy war.”

Earlier, “fidayeen suicide squads comprised Pakistani terrorists infiltrated into the Valley or in the Jammu region.... Only in a few recorded cases had local Kashmiris, mostly acting alone, conducted such operations....”

A strong counter-infiltration posture by the Indian army made it difficult for Pakistan based hidayeen to infiltrate into India. “They needed to be infiltrated from the PoK and kept secure in safe houses before being moved to the target area for execution. This could take many months with considerable risk, unlike in the Jammu-Kathua segment where actions could be much faster.

“The localisation of the composition of fidayeen suicide squads makes the missions easier but also requires religious fervour in the youth volunteers. It is something that experienced J&K hands have always feared. Such religious motivation is already evident in much of South Kashmir in particular, where radical

Islam is known to have found root and mosque power is high.”

The former General argues that “Pakistan’s proxy conflict managers and controllers continue to improvise whenever necessary. The natural next step that can be perceived as part of potential devious planning by the Pakistan deep state could well be the preparation of human suicide bombing squads making use of highly radicalised and alienated young locals. This is the concept employed in Afghanistan, Iraq and Pakistan. The experience of foreign armies has shown that for this threat usually there are least counters.”

Indian security forces, he suggests must be trained and geared to face such threats.

## SURRENDER AND REHABILITATION POLICY FOR MILITANTS

The unrest in the Kashmir Valley has been brought under control. However, writes Swayam Prakash Pani, an IPS officer, “a major challenge remains: The recruitment of locals by terrorist organisations. This needs to be reduced through well-planned interventions. And it can be done.”

He gives the example of Majid Khan, the 20-year-old from Anantnag, who had joined the Lashkar-e-Taiba (LeT), surrendered to the police in November.

The option of reintegration, he writes “is a sound counter-insurgency doctrine. It has proved useful in the Naxal-dominated areas and in the Northeast. In the Valley, the formal surrender and rehabilitation policy came into force in 2004, followed by a package for the surrender and rehabilitation for those who joined militancy and remained in Pakistan-occupied Kashmir (PoK). The second policy did not have anything to offer to fresh recruits. As a result of these policies, local recruitment remained dormant. But it increased after the media’s extensive coverage of young men posing with arms and posting photographs of themselves on social media. After the 2016 unrest, this number rose significantly. Considering that the Valley in 2017 witnessed the elimination of more

than 200 militants – the most in a decade – exploring a policy of getting some of those back into the mainstream while putting in place a system to stall recruitment seems an appropriate measure.”

He suggests “an institutional mechanism which will offer options for those keen to abandon militancy. But such a policy may go haywire, especially in the Kashmir Valley, if it is not backed by reasonable control mechanisms.”



## BRIEFS

### SUPREME COURT ORDERS FRESH INVESTIGATIONS ON 186 ANTI-SIKH RIOTS CASES

In a relief to the 1984 anti-Sikh riots victims, the Supreme Court Wednesday decided to set up its own three-member special investigation team (SIT) to probe 186 cases not investigated further by the Union government’s SIT.

A Bench led by Chief Justice of India Dipak Misra said the three-member SIT would be headed by a former High Court judge and have a former IPS officer not below or who is equivalent to the rank of an IG and a serving IPS officer, all available in Delhi.

The decision to form a new SIT was based on a confidential report placed on record on December 11, 2017 by an apex court-appointed supervisory committee of former Supreme Court judges, Justices K.S. Radhakrishnan and J.M. Panchal. This committee was tasked with vetting the investigation into 241 anti-Sikh riots cases closed by the government’s SIT. These 186 cases are a part of those cases.

On August 16 last year, the court decided to independently examine the investigation records of the 241 cases and confirm that there was nothing more to do on them.

A total of 3,325 people were killed in the 1984 riots. Delhi alone accounted for 2,733 deaths, while the rest occurred in Uttar Pradesh, Haryana, Madhya Pradesh, Maharashtra and other States. ■ ■ ■

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## CIVILIAN-MILITARY RANK PARITY BECOMING AN ISSUE

The state of civilian-military relationship in India, writes the Statesman “is getting marked by an increased testiness; particularly elusive remains a satisfactory protocol of equivalence between the serving military officers and the civilians working in the Ministry of Defence. In October 2016, an order was passed and it was intended to address the perceived anomalies in the rank-parity; instead, it ended up aggravating matters. The military brass felt offended...”

Last week, Defence Minister Nirmala Sitharaman ordered the withdrawal of the October 2016 order. The restoration of status quo ante, according to the Statesman “will not resolve the crux of the grievance. The civilian and the military officers work in close proximity on a daily basis. Familiarity does not always produce admiration and mutual respect.

There is an “increasing sense of impatience among the military officers towards the civilian and bureaucratic leadership...”



## NAVY INDIAN NAVY URGENTLY NEED MINESWEEPERS: PARRIKAR

The Indian Navy urgently requires minesweepers and hence there is an



*Defence Minister Nirmala Sitharaman*

urgent need to re-appoint a new consultant for their acquisition, former Defence Minister Manohar Parrikar said on Jan 10.

Parrikar, who is now the Goa Chief Minister, said the urgency came in the wake of a Rs 32,000 crore (\$5 billion) Mine Counter Measure Vessels (MCMVs) project with a South Korean firm falling through. “We need those minesweepers urgently. So the new consultancy selection has to be done very fast,” he told the media at the State Secretariat in Panaji.

Media reports earlier last week, quoting top officials of Goa Shipyard Limited, a Defence Ministry PSU, had said that the MCMV manufacturing contract had fallen through after negotiations with the Kongsam Corporation failed.

The contract was the biggest Defence Ministry initiative so far under the 'Make in India' initiative.

Parrikar said that only the South Korean consultant's role had been cancelled but the order to manufacture MCMVs was still on.

“What has been cancelled is the consultant's role. A particular consultant's tender was not as per rules and regulations, so they are re-floating it. What is big in that,” he wondered. “The exercise carried out by Goa Shipyard could not be completed because of certain terms and conditions set by the Korean company, which were beyond the scope of the tender. “So what do you expect? There has to be retendering. So they have ordered retendering. Now, this has nothing to do with the order,” he maintained.

Parrikar said that a delay of six months to one year in a long-tenured contract was absorbable and therefore not a cause for concern. "It can be minimal. These are projects for eight years, ten years. So they can absorb the delay. A six-month delay can be absorbed. In an 8-10 year contract or a 12-year contract, you can absorb one year (delay). Percentage-wise, it is not very big," he said.

### NAVY CAPABLE OF DEFENDING INDIA AGAINST ANY THREAT: DEFENCE MINISTER

The Indian Navy is "fully capable" of defending the country against any threat, Defence Minister Nirmala Sitharaman said on Jan 9 after she reviewed the Navy's maritime prowess.

The Minister presided over India's show of naval might, off the western coast Monday and Tuesday, in which more than 10 warships, including aircraft carrier INS Vikramaditya, three submarines and various types of naval aircraft participated in operational manoeuvres, an official statement said.

Sitharaman initially embarked on INS Kolkata, the first of the indigenously built Kolkata Class destroyers, and then spent the night at sea onboard INS Vikramaditya.

To assess the performance of the carrier in "real conditions", she transited through a simulated "multi-threat" environment on board along with the ship's escorts during Monday night, it said.

Sitharaman also presided over multiple complex naval operations including air interceptions, missile, gun and rocket firing, ship-to-ship replenishment, night flying and anti-submarine warfare.

The Western Fleet undertook these major naval manoeuvres off the western seaboard to showcase its operational excellence and combat capabilities.

"Having witnessed first-hand the prowess of the Western Fleet, I am

confident that the Indian Navy is fully capable of defending the nation against any form of threat," she said.

She also interacted closely and had open discussions with the sailors on board the warships.

The Minister left the ship by a naval helicopter which landed at INS Hansa near in Goa on Jan 9.



### AIR FORCE IAF CHIEF WELCOMES TEAM THAT SCALED ANTARCTICA'S HIGHEST PEAK

An Indian Air Force (IAF) team that scaled Antarctica's highest peak Mt Vinson was flagged in by IAF chief Air Chief Marshal B.S. Dhanoa in New Delhi on Jan 11. With its team scaling the peak, the IAF became the first air force in the world to have planted its flag atop the tallest peaks in all continents.

The five-member IAF team, led by Group Captain R.C. Tripathi, was flagged off by the IAF chief on December 8 last. The team scaled Mt Vinson on December 25. Other team members are Wing Commander S.S. Malik, Squadron Leader Rajesh Mukhi, Sergeant Rakesh Kaale and Corporal Pawan Kumar.

Dhanoa congratulated the team and said the expedition's message was about the "spirit of adventure". He said he was happy that the team completed its mission safely.

After an IAF team scaled Mt Everest in 2005, the force launched a series of mountaineering expeditions under the 'Mission Seven Summits' in 2008 which was aimed to hoist the Tricolour atop the highest mountains in all seven continents.

Subsequently, different IAF teams scaled Mt Carstensz Pyramid in Indonesia (Asia), Mount Kosciuszko in

Australia (Australia), Mt Elbrus in Russia (Europe), Mt Kilimanjaro in Tanzania (Africa), Mt Aconcagua in Argentina (South America) and Mt McKinley/Denali in Alaska (North America).



### DEFENCE PRODUCTION ARMY SATISFIED WITH AKASH MISSILE

The Army is fully satisfied with the performance of the indigenously developed Akash short-range surface-to-air missile (SR SAM) system and is looking for further performance enhancements in future, Lt. Gen. Parminder Singh S Jaggi, Director-General, Army Air Defence (AAD), said Tuesday. The Army's AAD celebrated its 25th year of raising Tuesday.

Last month, the Army carried out the first user trial of the missile system.

"We are happy with the Akash system. It is a watershed as far as indigenous systems are concerned. The biggest advantage is it is a home grown system," Lt. Gen. Jaggi said.

The Army currently has two Akash regiments which it began inducting in 2015. Last year, the Defence Ministry cancelled a global tender for additional SR SAMs and approved procurement of two more regiments. Each regiment consists of six launchers with each launcher having three missiles. Officials say Akash has an indigenous content of 96%.

"The first user trial by AAD crew was fully successful. Akash has been validated as it has been conceptualised," Lt. Gen. Jaggi said.

Akash has a range of 25 km and can simultaneously engage multiple targets in all weather conditions and has a large operational envelope from a low altitude

of 30 metres to a maximum of up to 20 km.

The Army is likely to order more Akash regiments as it is in the process of replacing its legacy systems in service.

Lt. Gen. Jaggi said as more regiments were ordered, there would be additional enhancements in the system as well in performance.

He noted that as AAD celebrated its silver jubilee, there had been a major modernisation drive under way with the induction of a medium-range surface-to-air missile for which contracts had been signed and other deals in progress.

Akash was developed by the Defence Research and Development Organisation (DRDO) as part of the Integrated Guided Missile Development Programme initiated in 1984 and is manufactured by Bharat Dynamics Ltd. (BDL).

(The Hindu)



## COMMENT

### YEAR-END MISSILE LAUNCH BY DRDO - AN IMPORTANT MILESTONE

Lt Gen (Dr) V K Saxena (Retd)

On 28 Dec 17, DRDO launched a supersonic interceptor missile (referred to as Advanced Air Defence or AAD Missile) which achieved a direct hit on its intended target at a low altitude of 15 km. The launch not only validated the realisation of the capability of the interceptor but also marked the successful harnessing of certain niche technologies like the Fibre Optic Gyro (FOG) based on Inertial Navigation System (INS), state-of-the-art guidance and actuation systems and the critical Radio frequency (RF) seeker for the end game. This article attempts to put this launch event in the context of the overall system so as to highlight how it marks an important milestone in the

nation's march to realising an indigenous Ballistic Missile Defence (BMD) capability.

## A MACRO VIEW OF THE SYSTEM

In order to counter the constantly growing threat of Surface-to-Surface Ballistic Missiles from Pakistan (range 80-3000 km) and China (range 1770-12900+ km), a decision was taken in 2000-2001 to go in for an indigenous BMD system.

This system under the Project named 'Programme AD (Air Defence)' was to be developed by the DRDO in two phases. Phase I was to build the BMD shield against an incoming missile threat of ranges up to 2000 km, while Phase 2 extended this capability to cover the missile threat from 2000 to 5000 km. The system was meant to have such interceptors in both the phases that will be effective both in the endo as well as the exo-atmospheric region. The timelines for completion of Phase I were 2012 and for Phase 2 by 2016. As the year 2017 is just about to pass into history, the capability envisaged for completion in 2016 is just about getting realised.

The strategy for interception follows a typical air defence engagement sequence. In that, the incoming missile is detected by Long Range Tracking Radar (LRTR) of a range of 500-1000 km. Once classified as hostile and prioritized for engagement, the target information, based on its heading parameters and predicted the point of impact (PPI) is designed to be passed to a Multi-Functional Radar (MFR). The MFR tracking the incoming threat is to continuously pass the target parameters to the missile via a secure Target Up-link Transmitter (TUT) and Target Uplink Receiver (TUR). At the opportune moment, the interceptor lifts from the launcher and is guided to the target on the TUT-TUR link. Once in the end-game, the target is picked up by the active seeker on board the missile, which closes

the missile on to the target.

All the elements are designed to be interconnected through redundant communication links. Since the focus in Phase-I and Phase-2 was both endo and exo-atmospheric, interceptors were designed accordingly. For Phase 1, Prithvi Air Defence (PAD) is an interceptor for the exo-atmospheric interception up to altitudes of 50-80 km, while Advanced Air Defence (AAD) is meant for an interception in the endo-atmospheric region up to an altitude of 30 km. PAD is a two-stage liquid fuelled interceptor. Its future version is Prithvi Development Vehicle (PDV), in which the liquid fuel propulsion stage is replaced by solid fuel stage.

Phase 2 was to have two interceptors, AD-1 and AD-2. Roughly, the Phase 2 systems were supposed to match the capability of THAAD type of missile deployed by the US. Such a missile can intercept target up to 200 km altitude and track targets at ranges in excess of 1000 km. The entire system consisting of weapon and support systems in Phase 1 and Phase 2 are fully configured and tested and are in the process of operationalisation.

As can be seen, the current launch of AAD relates to the interceptor in the endo-atmospheric range and marks a major milestone in the completion of a planned capability. The emerging challenge at this stage is to expedite the operationalisation along the following direction:-

1. Quickly move the entire execution of the system from the core DRDO format to the user format, wherein, the end user (Strategic Forces Command or SFC) is fully confident to deploy, operate, maintain and sustain the system independent of the DRDO scientists.
2. Move from the testing to the serial production phase and link this activity with phased raising and equipping of the tri-service BMD unit under the banner of SFC.

3. Realise alongside an integrated command control and battle management system which will integrate multifarious 'sensors' and 'shooters' of air defence and anti-missile system into one seamless loop. This life-line system is to be responsible for optimising surveillance resources through multi-sensor fusion in detection of incoming threat and target designation and weapon selection so as to ensure successive punishment to the incoming threat
4. With the above in place, move forward to complete and operationalise a regime for codes, authorisations and decision formats. At the same time, bring up the associated infrastructure for Missile storage, testing and maintenance.
5. Rehearse the user-scientist inter-phase (mating the weapons with special warheads where necessary) through regular practice.
6. Prepare the ground for future integration of the BMD system Fire Units (FUs) with the FUs of S-400 air defence and anti-missile system.
7. Attend to such issues like user training, building up stocks and spare support and related administrative aspects.

It can thus be seen that the launch event on 28 Dec 17 marks an important milestone in an ongoing journey of realising the full-fledged capability of an indigenous BMD system.

(The article was first published by New Delhi-based VIF)



## SPACE ISRO LAUNCHES 100TH SATELLITE

The Indian Space Research Organisation (ISRO) launched its 100th satellite Friday from Sriharikota

in Andhra Pradesh. The Polar Satellite Launch Vehicle (PSLV-C40), on its 42nd mission, is carrying 'Cartosat-2', a weather observation satellite and 30 other satellites. This is ISRO's first launch in 2018 and it is also the first after the unsuccessful mission of IRNSS-1H in August last year. It is also the 42nd flight of the PSLV.

The satellite, 44.4 metres in height, lifted-off from the first launch pad of the Satish Dhawan Space Centre Friday. The launch was conducted by ISRO and its commercial arm.

PSLV-C40's co-passengers comprise one micro and nano satellite each from India as well as three micro and 25 nanosatellites from six countries, Canada, Finland, France, Korea, UK and US. The total weight of all the satellites is 1,323 kg.

The Casrtosat-2 satellite, the third in the series, was deployed to relay high resolution scene specific spot imageries. The images will be useful for cartographic applications, urban and rural applications, coastal land use and regulation, road network monitoring, water distribution, creation of land use maps and change detection to bring out geographical Land Information Systems and Geographical Information System applications.

Scientists said the mission is a unique one, since the satellites were launched in two orbits. Thirty of the satellites were launched in an orbit 550 km about, and one 359-km above the Earth.

This was done through what scientists call the "multiple burn technology" under which the rocket's engine is switched off and then switched on to control its height.

ISRO's workhorse PSLV rocket weighs nearly 320 tonnes and stands up to 44.4 meters, equivalent to a 15-storey building.



## COMMENT INDIA NEEDS TO MAINTAIN ITS STRATEGIC AUTONOMY

Lt. Gen. Kamal Davar (retd)

With the call that "America is in the game and America is going to win", strongly reminiscent of his populist campaign speeches, US President Donald Trump launched his first National Strategic Security (NSS) policy document on December 18, 2017. He categorised his ambitions for the US based on "principled realism" to be propelled by the "reawakening of America".

That Trump's NSS was shorn of any diplomatic finesse and loaded with maximalist rhetorical stirrings for his nation was, to say the least, on expected lines.

Throwing to the winds previous President Barak Obama's cautious American foreign and economic policies, including withdrawing from earlier US internationally agreed upon commitments to combat climate change, Trump's macho exhortations did not find much resonance even among many centre-of-the road American politicians and strategic analysts.

The strategy document, which every US president is required by law to produce, lays down the administration's foreign, security and economic policies. Though normally the US Secretary of State introduces the document, Trump broke with tradition to personally enunciate his future strategies.

He unleashed his priorities for the coming years based on his "whole of government approach" which stresses the "economic and military might" of the US to further America's national strategic objectives. That, currently, the US is financially fatigued and even militarily weary and stretched, according to its own analysts, is another story.

Trump outlined his NSS based on four pillars -- protecting the homeland,

promoting prosperity, peace through strength, and accelerating US influence globally. Terming China and Russia as "revisionist powers", he called upon the US military to augment its capabilities, reiterating that "our rivals are tough, they are tenacious and committed to the long-term, but so are we".

He cautioned China on its growing assertiveness in the Indo-Pacific region while mildly chiding it for its One-Belt-One-Road initiative, exclaiming that though the country "presents its ambitions as mutually beneficial, China's dominance risks diminishing the sovereignty of many states in the Indo-Pacific". The NSS document categorically castigates China that it "seeks to displace the US in the Indo-Pacific region, expand the reaches of its state-driven economic model, and re-order the region in its favour". That the US has not done much, physically, to check the Chinese in the choppy waters of the Indo-Pacific is a harsh reality.

Trump also alluded to the "unfair" trade practices adopted by China while also seeking its cooperation to keep North Korea's dangerously errant nuclear ambitions in check. That North Korea has got away-so far -- with its nuclear blackmail in the region and even threatening the US -- is a sad commentary of the times when possession of nuclear weapons, even by nations otherwise starved of basic necessities, has emerged as the final arbiter of one's ultimate status in the world.

In his geopolitical projections, Trump was, perhaps, unfair to Russia, portraying it as a global rival stating that Moscow "seeks to restore its great power status and establish spheres of influence near its borders", alluding to Ukraine and Crimea.

This assessment will hardly be welcome to India, which has been looking for rapprochement between the US and Russia in the South Asia region, especially in Afghanistan and Iran, to counter the ever-growing Pakistan-China nexus. It

would be fair to also assume that notwithstanding Indian sensitivities, even its decades-old partner, Russia, is searching for newer alliances in the region.

The NSS document, however, would be music to Indian ears, as it terms this country a "leading global power" while also seeking larger Indian assistance in South Asia. The US called for stronger strategic and defence partnership with India.

As done many times in the past, without much success though, the NSS warned Pakistan to refrain from its assistance to terrorists in the region, stating that the US sought a "Pakistan that is not engaged in destabilising behaviour and a stable and self-reliant Afghanistan".

Additionally, Trump also said that "we have made it clear to Pakistan that while we desire a continued partnership, we must see decisive action against terrorist groups operating on their territory. And we make massive payments every year to Pakistan. They have to help". That any such exhortations to Pakistan will ever help decreasing terrorism in the region is a moot point which the US acknowledges but, off and on, persists with its policy of appeasing its one-time protégé, an aspect which needs to be critically factored by the Indian security establishment.

Notwithstanding the shrill rhetoric of Trump's call to his nation, only time will tell if his articulation gets translated into reality -- some of it definitely fraught with additional dangers to global peace. As India gets inexorably closer to its "strategic partner", it will be worthwhile for it to never forget the simple rule in global geopolitics -- that for a nation of its values, size, global and regional influence there is immense wisdom in maintaining "strategic autonomy" and being ever-prepared to fight its own battles.

(The article was first published by IANS, in association with South Asia Monitor)

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## US - PAKISTAN: REGIONAL IMPACT OF TRUMP'S POLICY

The US has expressed hope that Pakistan would “come to the table” and demonstrate willingness to “aggressively” confront terrorist groups that operate from its territory, amid reports that Islamabad has suspended its military and intelligence cooperation with America.

US Under Secretary of State Steve Goldstein said: “We stand ready to work with Pakistan in combating all terrorists without distinction, and we hope to be able to renew and deepen our bilateral security relationship when Pakistan demonstrates its willingness to aggressively confront the Taliban network, the Haqqani Network, and other terrorist and militant groups that operate from its territory.”

### TAKE DECISIVE ACTION AGAINST TERROR GROUPS: U.S. TELLS PAKISTAN

Earlier Monday the U.S. again asked Pakistan to take decisive action against terror groups, including the Taliban and the Haqqani network, operating from its soil, and said it was ready to work with it to combat terrorism. “Our expectations are straight forward: Taliban and Haqqani leadership and attack planners should no longer be able to find safe haven or conduct operations from Pakistani soil,” Pentagon Press Secretary Army Col. Rob Manning said during an off-camera news conference.

He said the U.S. has conveyed “specific



*U.S. President Donald Trump.*

and concrete steps” to Pakistan that it could take to eliminate terror networks on its soil. “We stand ready to work together with Pakistan to combat terrorist groups without distinction,” Manning said.

He reiterated that the amount — \$900 million in coalition support fund to Pakistan — has been suspended, not cancelled or reprogrammed. The amount, suspended recently by the Trump administration, was part of the approximately \$2 billion in security assistance to Pakistan. Of the \$900 million, \$400 million can only be released if the DoD certifies that the Pakistani government has made a significant progress against the Haqqani network.

### TRYING SOMETHING NEW

The Trump administration believes that it is time to try something new other than maintaining strategic patience and

offering inducements to Pakistan to prevent it becoming a safe haven for terrorists from where they can attack the US and its allies, a senior official said. He said the policies followed by the successive US administrations post 9/11 vis-à-vis Pakistan have not worked.

The US is committed to not allowing either Pakistan or Afghanistan to become a safe haven for terrorists from where they can attack the US and its allies, said the senior Trump administration official who spoke to a group of reporters on condition of anonymity. “These sanctuaries really threaten stability in the region and they continue to fuel the overall terrorism problem that we’re facing,” he said.

Noting that the “previous administrations have tried to exercise what they might call strategic patience or offering inducements like Kerry-Lugar-Berman Bill which gave billions of dollars

to Pakistan”, the official said none of it has worked so far. Terrorists continue to operate freely inside Pakistan and there is a relationship between terrorist organisations and the establishment, he said.

“This administration believes it’s time to try something different. And we believe we owe it to the Americans in harm’s way in Afghanistan. We simply can’t ignore the sanctuaries if we’re going to make progress in Afghanistan,” he said, adding that “the president has been clear about his commitment to stabilising Afghanistan”.

About President Donald Trump’s comprehensive South Asia strategy for regional diplomacy announced in August last year, the official said, “It looked at India-Pakistan relations, encouraging better ties between the two countries and reducing tensions between them”.

The policy is not about looking at Pakistan through the lens of Afghanistan, but it is about looking at the region and the future of the US, he said. “9/11 attacks you know had their roots in this region. We’ve invested a lot of blood and treasure in Afghanistan. We are committed to not allowing the Taliban to dominate Afghanistan and we are committed to not allowing Afghanistan or Pakistan to become a safe haven from which terrorists can attack the US and its allies,” the official said.

“So, I wouldn’t classify it is looking at Pakistan through the Afghanistan lens. I think that’s too narrow of a viewpoint. I think this is about the region and the future of the region. And the fact that these continued sanctuaries really threaten stability in the region and they continue to fuel the overall terrorism problem that we’re facing,” he said.

Last fortnight, the Trump administration suspended approximately \$2 billion in security assistance to Pakistan, resulting in an outrage from Islamabad. The Pakistan Foreign Minister, in an interview to *The Wall Street Journal*, had said that America was no longer an ally of Pakistan.

### CHINA REBUFFS US SUGGESTION TO CONVINCING PAKISTAN ON TERROR

China on Jan 8 told the US that pointing fingers at Pakistan will not help in fighting terrorism.

Rebuffing a US suggestion that China should convince Pakistan to crack down on terror, Beijing said it would not be “conducive” to link terrorism with Pakistan.

“As we stressed many times, Pakistan has made important sacrifices and contributions to the global anti-terrorism cause and countries should strengthen anti-terrorism cooperation on the basis of common mutual respect instead of finger-pointing at each other,” Foreign Ministry spokesperson Lu Kang said in Beijing. “This is not conducive to the global counter-terrorism efforts,” Lu told the media.

Former Speaker of the US House of Representatives, Newt Gingrich, in an interview to AM970 in New York said that Trump has “shocked the elites” by freezing US aid to Pakistan. “It has so thoroughly shocked the elites that we actually are going to protect America, and defend America, and that we’re actually going to render judgement,” he said. “If you kick us in the shin, we’re not going to pay you,” Gingrich said.

### A PAKISTANI PERSPECTIVE

Providing a Pakistani perspective on the US blocking aid, Cyril Almeida, writing in the Pakistan newspaper *Dawn* says “the dirty little secret of the money given by the US to Pakistan is two-sided. On the American side, the Americans got pretty much what they spent on us, i.e. not very much. And from a Pakistani perspective — not an institutional or state perspective — Pakistan pretty much got the least amount of money it could have for what was offered to the Americans.”

On the American’s demand on the Haqqani network, Almedia says the

Trump administration is basically “asking of Pakistan: what are the Haqqanis worth to you? That question has never really been asked before... You and me, the ordinary folk, don’t really know what the Haqqanis are worth to the Pakistani state. Trump or no Trump, we weren’t likely to find out anyway. A national conversation on Afghan policy has not been and is not likely to break out.

“But there is fresh and very real danger.

“Deciding anew what the Haqqanis

### PAKISTAN CAUTIONS U.S. ON TWO-PRONGED OFFENSIVE

Pakistan is believed to have told U.S. interlocutors that a major military offensive against the Taliban from both sides of the Afghan border, if it fails, will have negative consequences for the entire region.

The key element in the new U.S. strategy for Afghanistan is to launch a two-pronged military offensive that inflicts a military defeat on the Taliban and forces them to join the Afghan reconciliation process on Kabul’s conditions, diplomatic sources told *Dawn* news.

U.S. Defence Secretary Jim Mattis at his weekend briefing at the Pentagon urged Islamabad to cooperate with the U.S. in defeating the Afghan Taliban.

Pakistan fear that a major military offensive, without engaging some Taliban factions in direct talks first, could be counterproductive. The Taliban might outlive this offensive too, and deal with it “lying low in their mountain fastness, as they did with previous offensives”, one interlocutor said.

And in the process Pakistan will lose whatever influence it has. With all lines of communication closed, the Taliban will become even more dangerous, particularly for Pakistan, which has always faced the blowback of previous adventures in Afghanistan, whether launched by the Russians or Americans, the report said.

are worth to us under intense US bullying and pressure risks letting nationalist sentiment affect what the Pakistani state can, and is willing to, do. And dislike for Trump, an obnoxious, transparently anti-Muslim American President, could alter how far the state is willing to go to shield the Haqqanis.”

Another Pakistani analyst, Moeed Yusuf, writing in the Pakistan daily Dawn says merely their loss of \$900 is not going to bring the Pakistan Army to a standstill. The US however, can take further actions that may include increased economic pressure through multilateral forums or trade restrictions, sanctions and diplomatic isolation, even unilateral use of force. “All entail risks high enough for previous US administrations to not pursue them. This may have changed.” There could be more trouble ahead.

### AN AFGHAN PERSPECTIVE: NO SOLUTION WITHOUT PAKISTAN

Aimal Faizi (former spokesperson to former Afghan president Hamid Karzai) is apprehensive that the Trump Administration will walk the talk. The options for them are many however. “Will its efforts be limited to suspending aid and imposing sanctions aimed at some state and non-state Pakistani actors involved in terror plots against Afghanistan? Or will the US resolve to undertake military options, in case Pakistan fails to deliver?”

“I believe the success of every aforementioned option and any other effort by the US government to fix Pakistan depends on the cooperation of regional powers with Washington. However, this is a luxury Washington does not enjoy anymore in Afghanistan. The general environment in the region is not in favor of the United States to take real action against Pakistan. Besides New Delhi, all three capitals — Moscow, Beijing and Tehran — have increasingly hostile relations with Washington and see American motives in the “war on terror” with suspicion. They view the US military presence in Afghanistan as intended to

“comprehensively” counter their influence and policies in the region. The ongoing unrest in Iran is rapidly deteriorating Tehran’s relations with Washington. This can, undoubtedly, strengthen US dependence on Pakistan.

“The ongoing US-Pakistan war of words is a big test for Washington, besides of course the conduct of the “war on terror”. However, it will not result in a divorce between the two. Like it or not, Afghanistan should accept that there is no solution without Pakistan.”

### ANALYSES RESPONSE FROM PAKISTAN ARMY IS THE KEY

Coming back to the US warnings to Pakistan, C Raja Mohan (director, Carnegie India, Delhi and contributing editor on foreign affairs for ‘The Indian Express’) feels that the response of the Pakistan Army will be crucial. So far “the statements from GHQ so far have been rather moderate and underlined the need for continued engagement with Washington.”

The Pakistani army, speculates Mohan, would certainly want to find “a way out of the current impasse with Washington. For General Bajwa, the question of suspension of American aid is not the problem. It is the demand for immediate action against terrorist groups that destabilise Afghanistan. The US has combined this demand with the threat to escalate the confrontation if Rawalpindi does not act decisively.

“The next steps under consideration in Washington apparently include the targeted sanctioning of Pakistan Army generals involved in fomenting trouble in Afghanistan and limiting economic assistance from international financial institutions. To make matters worse, Washington appears to have set a firm deadline for decisive action.”

Mohan speculates that Bajwa, like his predecessors, Generals Musharraf, Pervez Kayani and Raheel Sharif, would want to bring in other issues like the alleged terror

sanctuaries in Afghanistan and the Kashmir dispute with India. But for now, though, Washington is not having any of this. Even though Bajwa might want to keep playing the old game with America. But Trump is laying down new rules.

### WHAT SHOULD INDIA DO

Mohan suggests India should do three things. “The first is to hold its tongue in public. For now, the focus of the US-Pak confrontation is Afghanistan. Delhi has no reason to inject itself into that conversation.

“Second, India could contribute in a modest way to the eventual outcomes in Afghanistan by raising the level of India’s security cooperation with Kabul. Unlike Presidents George W. Bush and Barack Obama, Trump is asking India to help shore up the government in Afghanistan. India must shed its past inhibitions on doing more in Afghanistan.

“Finally, Delhi must sustain the current channel of communication between national security adviser Ajit Doval and his Pakistani counterpart, General Nasir Khan Janjua. At this moment of great turmoil in India’s north-western frontiers, regular contact with the Pakistan Army is quite important.”

### PAKISTAN GRADUATING FROM A TERROR-SPONSOR STATE TO A TERROR-DRIVEN STATE

India will also be aware of the larger threat from an increasingly radicalised Pakistan.

AS Lamba (former Vice Chief Of Army Staff) writes that the “open support by Pakistan Army Chief General Qamar Javed Bajwa to Jamaat-ud-Dawa chief and Mumbai attack mastermind Hafiz Saeed’s ‘active role’ to resolve the Kashmir conflict, soon after former Pakistan president and military dictator Pervez Musharraf hailing Saeed, the JuD and the LeT as ‘patriotic,’ marked the beginning of a new era in the way Pakistan’s so-called war on terror is being perceived.

“The birth of the first militant-

supported political party, Milli Muslim League (MML), under Saeed at Lahore in October 2017, the confirmation by Saeed of his contesting the 2018 elections and for the first time, the Pakistan military acknowledging links with militant groups completes the new triad of transformation in Pakistan's perception of terror outfits and their roles in the war on terror."

With defiance of the last US warning, "Pakistan's military and the government have conceded surrender to the terror leader, de facto acknowledging the rise of its fifth estate of terror in its constitutional governance alongside the military, the government and the ISI."

In a strong condemnation, the former Indian Vice Chief of Army Staff writes that "while Pakistan today rises from a terror-sponsor state to a terror-driven state with a terror based-strategy with terrorists in frontline combat running their own training camps and plotting anti India strikes, the military's relevance stands depleted. Not only does this seriously challenge traditional governance and paradigms of civilian-led hierarchy, it also threatens inverting the pyramid: flipping terrorists from non-State actors to the governing class, with politics and military as its two wings."

Stating that the new and distinctly arrogant narrative in Pakistan, rejecting fears of Washington's warnings appears drawn out of a new regional China-Pakistan-Russia nexus.

India, suggests the former General needs to deploy "a new counter-terror strategy. A comprehensive capability to make Pakistan's terror machine and supply chain dysfunctional or untenable by continuous attrition cannot be overstated.

"Given the operational freedom by the political leadership, the capability of our special forces to track and destroy the militant leadership, their camps and foil infiltration from Pakistan, or anywhere in the neighbouring region with the help of the Afghanistan National Army and US troops must be fundamental in the potent deterrence that India needs. A strong joint

US-Indian- military strike capability backed by Israeli technology and experience, based on drones will reinforce deterrence in the entire region in the long term."

### PAKISTAN DEPENDING SOLELY UPON CHINA MAY BACKFIRE

The reaction from some Pakistanis in position perhaps indicates that it "evidently believes that this was yet another effort by Trump to resort to empty rhetoric, akin to his stance against North Korea. Pakistan's foreign minister Khwaja Asif has described Trump's comments as of 'no importance now', adding that only Afghanistan's neighbours (Pakistan and China) can find a solution for regional peace and security...."

"Pakistan's military has also reacted in a similar manner to Trump's actions, including the US decision to withhold payment of coalition support funds that the US makes for facilities Pakistan provides for transporting American military equipment, to and from Afghanistan. Pakistan's air force chief has warned that American drones operating against the Taliban and Haqqani network inside Pakistani airspace would be shot down. Pakistan has also hinted that the US would be unable to arm and equip its military in Afghanistan, as its only viable lines of communication to Afghanistan are through Pakistani territory and airspace...."

G Parthasarathy, former secretary, MEA believes that Pakistan hopes that "China will not only bail out Pakistan financially, but also provide it a veto in UN resolutions on terrorism, which castigate it. There also appears to be confidence that the US will not be able to find viable alternative routes for military supplies for its forces in Afghanistan, believing that Russia will seek to prevent any American effort to route military supplies through Uzbekistan."

G Parthasarathy cautions that "despite Pakistan's illusions about being bailed out exclusively by China, it still depends

heavily on Western bilateral aid and aid from Western-led institutions like World Bank, the IMF and the ADB, where Japan is the key player. Given Pakistan's precarious foreign exchange problems, the US will have to use its leverage with its European allies and Japan to ensure that Pakistan is squeezed adequately to compel it to see reason. Pakistan is already under pressure to curb terror funding through the International Financial Action Task Force.

"The US today has huge leverage in relations with Saudi Arabia, given its military and diplomatic backing of Saudi Arabia and its allies. Pakistan, in turn, is heavily dependent on Saudi benevolence, because of large remittances from Pakistani workers and oil supplies at concessional terms..... It remains to be seen if and how the US uses the support of Saudi Arabia and its partners to shape Pakistani behaviour...."

### PARLIAMENTARY COMMITTEE FOR A HOLISTIC STRATEGY ON PAKISTAN

An important lesson for India in this unfolding drama is to have a Pakistan specific holistic strategy. Unfortunately, presently there is none.

A Parliamentary Committee recently took the government to task when it failed to spell out a cogent national security policy. The government also did not appear to have a strategy to deal with Pakistan except blaming it for incubating terrorists. It came up short when asked to specifically spell out the strategy to deal with Pakistan in political, economic, cultural and military dimensions.

The Tribune in an editorial writes: "India and Pakistan ties need an environment free from terror, hostility and violence to foster but as the parliamentary panel pointed out, the policy is based on a single leg: asking Pakistan to honour its publicly stated commitment not to allow any territory under its control to be used against India in any manner and take effective and credible action to put an end

## CHINA DENIES GWADAR NAVAL BASE REPORT

China Tuesday counselled the “outside world” not to speculate on Beijing’s reported intent to open a naval base in Gwadar, the starting point of the China Pakistan Economic Corridor (CPEC).

“I am not aware of what you mentioned,” the Chinese Foreign Ministry spokesperson Lu Kang said, when asked to comment on reports that China would establish a naval base in Gwadar, to supplement its already existing Indian Ocean facility at Djibouti.

“As you know the building of CPEC is an important part of the Belt and Road initiative, and China and Pakistan are also making efforts to build the CPEC, which is in the common interest of the countries along the route,” Lu observed. He added: “So, I don’t think it is necessary for the outside world to make too much guesses in this regard.”

In Pakistan, the daily, Pakistan Today said that Beijing and Islamabad had no plans to build a Chinese naval base in coastal areas of Pakistan, and the matter had never been discussed between the two countries.

Pakistan Today quoted a senior official at the Pakistan’s Ministry of Foreign Affairs as saying that neither the Chinese government had made any such request (of building a naval base) to the government of Pakistan nor was there any plan being discussed between the two governments.

to cross-border terrorism.

“It is a telling commentary on the security overload in the government’s thought process that a parliamentary panel packed with BJP members could not help avoid picking holes in the diplomatic strategy for dealing with Pakistan. It rightly pointed out that the relationship has been blighted by recurrent periods of tensions and strains and is historically complicated. But that shouldn’t stop the

government from trying to hold talks with Pakistan....”

The paper says India “needs to create conditions conducive for mature negotiations that are not held hostage to the acts of terrorism. The secret meeting between the NSAs in Bangkok may have been one such step to keep the channels of communication open, even during crises. As the frenzied Indian reaction to Hafiz Saeed sharing a platform with the Palestine envoy or to the case of former Navy officer Jadhav showed, India’s foreign policy to Pakistan does get dictated or derailed by non-state actors. Insignificant imams must not be permitted to dictate India’s foreign policy responses in the neighbourhood.”



## INDIA - PAKISTAN: INDIA, PAKISTAN NSAS MET IN BANGKOK

The government Thursday confirmed that National Security Advisor (NSA) Ajit Doval met his Pakistani counterpart Lt Gen Nasser Khan Janjua (ret) as part of “operational-level talks”, and stressed that “talks on terror can definitely go ahead”.

The Indian Express had reported that the meeting was held at a “neutral venue” in Bangkok.

Responding to questions at the weekly briefing, the Ministry of External Affairs’ official spokesperson Raveesh Kumar said, “India and Pakistan have a dialogue process and we have said terror and talks cannot go together. However, there are other dialogue mechanisms like at the DGMO level, or between the BSF and Pakistan Rangers. Similarly, the NSA-level engagement is part of operational-level talks. We have said terror and talks cannot go together, but talks on terror can definitely go ahead”.

He said the focus of the “operational-level talks” was “cross-border terror” and ways to ensure elimination of terrorism from the region.

Asked whether Doval raised the issue of Jadhav’s meeting with his family, the MEA spokesperson said the focus was on containing cross-border terrorism. “Some of these meetings are pre-determined. Dates are decided well in advance. It is not to do with anything which is happening at that point of time,” he said.

On whether the NSAs would meet again, Kumar said the information would be shared as and when such operational meetings take place.

The Indian Express had also reported that Pakistan has maintained high-level diplomatic contacts with the Indian establishment, even as New Delhi has maintained the rhetoric that terror and talks cannot go together.

In the past four-and-a-half months, new Pakistan High Commissioner Sohail Mahmood has met the top Indian leadership — External Affairs Minister Sushma Swaraj, Commerce Minister Suresh Prabhu, National Security Advisor Ajit Doval and Foreign Secretary S Jaishankar. While these are official meetings, sources said there have been several under-the-radar meetings with top officials in the Indian establishment.

The Indian Express reports that the meeting, reported to have lasted more than two hours, was kept under wraps, but it is believed that the Indian NSA raised the issue of infiltration of militants into Kashmir from across the Line of Control (LoC) with active support from the Pakistan Army. Janjua is believed to have raised the issue of unrest in Kashmir, besides alleged targeting of civilians in villages along the LoC in Pakistan occupied Kashmir (PoK).

Pakistan’s handling of terrorists, with 26/11 terror attacks mastermind Hafiz Saeed being freed from police custody and attempting to join mainstream politics, and Lashkar-e-Taiba operations commander Zakiur Rehman Lakhvi remaining out on bail, is also assumed to have figured in the conversation.

This was not the first meeting between the two NSAs in a third country. In De-

## 138 PAKISTANI SOLDIERS KILLED IN TACTICAL OPERATIONS

The Army killed 138 Pakistan Army personnel in 2017 in tactical operations and retaliatory cross-border firings along the Line of Control (LoC) in Jammu and Kashmir, government intelligence sources said Wednesday. Apart from 138 fatalities, the Pakistan Army has suffered 155 non-fatal casualties in tactical operations and retaliatory cross-border firings along the LoC in 2017, the intelligence sources told PTI.

The Indian Army lost 28 soldiers during the same period along the LoC and 70 Indian Army personnel were injured during cross border firings and other incidents.

According to official figures, 860 incidents of ceasefire violations by Pakistani troops were reported in 2017 as against 221 last year.

As part of its policy of "hot pursuit", the Indian Army has been carrying out tactical operations to foil Pakistan Army's support to terrorists. In May last year, the Indian Army had said it launched "punitive fire assaults" on Pakistani positions across the LoC, inflicting "some damage", days after two Indian Army personnel were beheaded.

December 2015, the two NSAs, along with the two foreign secretaries, had met, again in Bangkok, which was not revealed till after the meeting. That was followed, within days, by Prime Minister Narendra Modi's surprise stopover in Lahore, to wish Sharif on his birthday on December 25.

## PAKISTAN ISSUES NOTICE AGAINST DONATIONS TO TERROR GROUPS

Pakistan's Ministry of Interior issued an unusual advertisement in many newspapers in the country on 6

December, urging the public not to donate to organisations involved in terrorism.

"Donations only belong to charitable organisations, before parting with your hard earned money make sure that your money is not going into the hands of terrorists," the notice said, cautioning that making donations, giving financial assistance or serving outfits that were banned or under observation under the Anti-Terrorism Act, 1997, and UN Act, 1948, was a crime. It warned of prison sentences of 5 to 10 years and a fine of up to 10 million rupees, in addition to forfeiture of property.

The advertisement named 72 organisations, which are banned or under observation for involvement in terrorism, barring them from collecting donations.

The Jamat-ud-Dawa, the organisation led by Hafiz Saeed and its charity wing Falah-i-Insaniyat, responsible for masterminding the 2008 Mumbai attack, are on the list.

The notice is seen as an indication that the Pakistan government is beginning to put pressure on Hafiz Saeed. It follows a special regulatory order issued by the Securities and Exchange Commission of Pakistan on January 2. Official data say Pakistanis donate 650 billion rupees every year to charity, and officials think as much as 35% goes to charities of banned organisations.

In a similar action last year in January, Hafiz Saeed was put under house arrest but released by Lahore High Court after almost ten months when the government failed to file charges.

The latest move has sparked a debate whether it was taken to please the United States or India. Defence Minister Khurram Dastgir denied it was meant to please anyone. Officials however say the action would help avoid a negative report by the Financial Action Task Force (FATF) meeting in Paris next month to examine steps taken by member-countries against terror financing and money laundering. Last year's action against Hafiz Saeed was

initiated after U.S. officials met a Pakistani diplomat on January 11 and raised the issue in the latest report of the FATF's Asia Pacific Group on Money Laundering. It recommended that Pakistan prevent organisations and their subsidiaries declared as terrorists by the UN from collecting donations.



## CHINA - AFGHANISTAN: CHINA FUNDED COUNTER- TERRORISM BASE

China will fund the construction of an Afghan counter-terrorism base in Badakshan province to block cross-border infiltration of the ethnic Uyghur militants.

Fergana News Agency (FNA) is quoting Gen. Dawlat Waziri of the Afghan defence ministry as saying that China will provide financial support to build the base, whose precise location inside Badakshan, in northern Afghanistan, is yet to be determined.

Gen. Waziri said that the Chinese side would cover all material and technical expenses for this base - weaponry, uniforms for soldiers, military equipment and everything else necessary for its functioning.

The decision to build the facility was taken during last month's visit to China by Afghanistan Defence Minister Tariq Shah Bahrami. During his visit late last month, Bahrami met his Chinese counterpart Chang Wanquan, and Xu Qiliang, Vice Chairman of China's Central Military Commission.

According to China Military Online, a website affiliated with the People's Liberation Army (PLA), Gen. Xu said during his meeting with Bahrami that China was willing to "strengthen pragmatic cooperation in areas of military exchange and anti-terrorism, and safeguard the security of the two countries and the region, making contributions to the development of China-Afghanistan strategic partnership of cooperation".

FNA said that Bahrami and Wanquan agreed that their counter-terrorism focus should not only be confined to Badakhshan, but Afghanistan's entire northern region.

It quoted an Afghan defence ministry official saying, "The Chinese side fears that the Chinese Uyghurs, who are among the terrorists now, can cross the territory of China through Afghanistan and make problems for the Chinese authorities."

FNA, quoting retired Afghan general Atikulla Amarhel, said that the Chinese side closely monitors a massive gorge on the Chinese side of the China-Afghan border, where a large number of Chinese Muslims reside.

He pointed out that large groups of Chinese Uyghurs had received training in Al Qaeda camps that were operational during Taliban rule in Afghanistan, prior to 2001. Many have now dissolved among different groups of foreign mercenaries, "and, naturally, can create great problems for the Chinese authorities".

The FNA defence ministry source said that ethnic Uyghurs are part of the Islamic State present in Afghanistan's northern regions.

Afghan analysts said that the largest group of Uyghur militants already resides in the Afghan province of Badakhshan, from where they can rapidly shift to China.

The Afghan defence minister's visit follows the first trilateral meeting of the foreign ministers of China, Pakistan and Afghanistan last month.



## INDIA, US LOSING OUT TO CHINA IN AFGHANISTAN, PAKISTAN

Strategically, both India and the US are losing out to China in the great diplomatic game being played by the latter in the region comprising and beyond Pakistan - Afghanistan.

M K Bhadrakumar, former ambassador argues that "what provokes the Trump administration most regarding Pakistan could be its acquiescence to the Chinese agenda to extend the China-Pakistan Economic Corridor to Afghanistan and Central Asia, and connect it with the China-Central Asia-West Asia Economic Corridor. China's far-reaching move to bring Pakistan and Afghanistan under its BRI canopy makes complete nonsense of the *raison d'être* of the establishment of permanent American bases in the region. China will be the real 'winner' now, whether the US wins the Afghan war or not."

Bhadrakumar states that Beijing actually "borrowed and finessed the underpinning of the American strategy labelled as 'New Silk Road' (outlined first in July 2011 in a speech at Chennai by US secretary of state Hillary Clinton), which intended to link up Central Asia with South Asia, but in reality aimed at creating transportation routes to evacuate the vast mineral resources of Inner Asia to the world market. It was only one year earlier, in June 2010, that the New York Times first reported the existence of "an internal Pentagon memo" based on the secret findings of a small team of Pentagon officials and American geologists regarding "nearly \$1 trillion in untapped mineral deposits in Afghanistan, far beyond any previously known reserves... The previously unknown deposits — including huge veins of iron, copper, cobalt, gold and critical industrial metals like lithium — are so big and include so many minerals that are essential to modern industry that Afghanistan could eventually be transformed into one of the most important mining centres in the world."

Clearly, argues Bhadrakumar "India is missing the plot time and again — be it in Sri Lanka, Nepal and Bangladesh or Afghanistan — because its obsessively security-centric regional strategy based on geopolitics, with an eye on China, is out of sync with what the Germans would call 'zeitgeist' (spirit of the times.) China is playing a much bigger game....China is

unlikely to use military power to establish hegemony and will rely on economic tools....We may expect China to chip away at dollar's artificially propped up status as world currency, and when that gains traction, America's decline will accelerate dramatically. The BRI, by creating a new supply chain, provides a platform. On January 2, interestingly, Pakistan's Central Bank announced that Chinese Yuan will be an approved foreign currency for trade and investments."

'Militarisation' of India's foreign policy "is not going to take us far..." And the "US is doomed to lose the struggle in our region because it has nothing in its repertoire to match the BRI. The US is caught in a time warp. The elites refuse to see that American exceptionalism is over and imperialism has overreached. Thus, the impetus to retool is simply not there. India too lacks the capacity to create a counter-narrative to the BRI, which also has a staggering global dimension to it. Our intellectual challenge lies in making use of the BRI to India's best advantage. If China could persuade a reluctant Pakistan to let the CPEC run through the Khyber across the disputed Durand Line into the seamless Central Asian steppes, it should be possible for Beijing to propose a small loop in an easterly direction somewhere to bring it into our Punjab. The optimal way to address problematic relationships is always by making the adversary a stakeholder."



## COMMENT IGNORING OPIUM ECONOMY MAY COST US WAR IN AFGHANISTAN

Gaurav Dixit

While unveiling his strategy for South Asia in August 2017, US President Donald Trump not only reiterated the American stand to stay longer in Afghanistan and take the fight to its logical conclusion, his National Security Strategy

talks about renewed US commitment that will eventually set the conditions to end the war and finally bring peace to Afghanistan.

Dealing specifically with Afghanistan during his carefully crafted South Asia Policy speech, Trump touched on almost all issues critical for the stability of Afghanistan except one; the opium economy. The issue of opium cultivation and production remained unaddressed in his address.

It still appears that the US government is less concerned about the growing cultivation and production of opium in Afghanistan, reflecting a pernicious underestimation of the impact of opium cultivation, production and its management of the dynamics of the conflict.

After the US-led international forces' invasion in 2001, and despite the cultivation of opium fluctuating in the initial years, it has been soaring since 2009, except in 2015. 2017, till November, has been a year of record opium production.

The total area under opium poppy cultivation in Afghanistan was estimated at 328,000 hectares in 2017, a 63% increase or 127,000 hectares more compared to 2016. The increase in cultivation was seen in some of Afghanistan's most unstable provinces. The province of Helmand, stronghold of the Taliban saw an increase by 63,745 hectares (+79%) which accounted for about half of the total national increase. Large increases were also observed in Balkh, Kandahar, Nimroz and Uruzgan provinces.

According to the Taliban, it controls or contests nearly all of the districts in the southern provinces of Helmand, Nimroz, Uruzgan, Zabul, and Ghazni, and half of Kandahar. These are the areas which have seen a consistent and major rise in the cultivation of opium.

Similarly, the increase in cultivation has led to an increase in the yield and production of opium. In 2017, the estimated potential opium production in

Afghanistan was around 9,000 tons, an increase of 87% from its 2016 level (4,800 tons). All this happened despite the US-led efforts to eradicate illegal poppy cultivation in the rural areas of Afghanistan.

Traditionally, Afghanistan has never been an opium cultivating region, but the decades of incessant wars have devastated almost all farming infrastructures, leaving farmers without access to credit, irrigation facilities, value chains that connect farmers, processors, wholesale markets that could have helped them to sustain their traditional farming.

The lack of cultivation, production and management of food grains induced perennial decline in the basic economic security of farmers. The decline in basic economic security and the lucrative income value of opium cultivation further forced the Afghans to shift to an agricultural economy that has high market value. The rapid spread of the poppy crop over the last 15 years reflects its attractiveness to farmers.

From cultivation to production, there is interplay of other powerful factors to keep the menace of the opium economy growing rapidly. The World Bank's paper "Afghanistan's Opium Drug Economy," records factors like the high demand for opium derivatives as well poor security among many other factors as major causes that have led to increase in production.

According to the UN report, Afghanistan is the world's leading opium supplier, responsible for 90 percent of the global supply, suggesting a consistent upward shift in supply to the world market and growing demand of opium and its derivatives like Heroin. The poor security condition has been an obvious factor, especially in rural areas, which accounts for larger shares of opium production. The breakdown of many government institutions in these rural areas is only adding to the already poor security condition.

Other issues of corruption, local warlords, lack of administrative accountabil-

ity and the failing law and order situation in Afghanistan have contributed to the rising production of opium.

In 2009, the former US government headed by Barack Obama started the process to free Afghanistan of opium with good intent; however, he had to scale back the centrally sponsored eradication programmes to eliminate the counterproductive impact it had on the poor farmers.

Since then, subsequent governments have failed to come up with either a new concrete policy on countering the opium production menace or providing alternative livelihood options to farmers in the rural areas.

Other lasting issues of poor security and growing demands for Afghan opium requires multilayered engagement of various stakeholders in the region and in Afghanistan. This requires a comprehensive framework of engagement, which has remained elusive so far. The kind of upward swing opium cultivation and production has seen is likely to lead to further deterioration in the region's security situation, hiking the human and financial costs of the US war in Afghanistan.

(The author is Associate Fellow, United Services Institute (USI), New Delhi)

In arrangement with South Asia Monitor



## INDIA - CHINA: RISE IN CHINESE TRANSGRESSIONS, FACE-OFFS ON LAC

According to official data accessed by The Indian Express, there was a marked increase in the number of Chinese transgressions into the Indian side of the Line of Actual Control (LAC) in the year the Indian and Chinese armies were involved in a 73-day face-off at Doklam on the Sikkim-Bhutan border. The number of face-offs on the LAC also shot up by 48 per cent last year.



There were 415 transgressions by Chinese soldiers into the Indian side of the LAC in 2017 — as against 271 transgressions in 2016.

The number of face-offs — when military patrols of the two countries come face-to-face in territory claimed by both countries — also shot up to 216 in 2017 from 146 in 2016.

The Indian Express reports there are 23 major areas of dispute on the LAC identified by the Indian side, where most Chinese transgressions take place and face-offs occur. These include Demchok, Chumar, Pinging Tso and Spanggur Gap in Ladakh, Kaurik in Himachal Pradesh, Barahoti in Uttarakhand, and Namkha Chu, Sumdorong Chu, Asaphila and Dibang Valley in Arunachal Pradesh.

Ashok Kantha, who retired as Indian ambassador to China in 2016 and handled border negotiations in various capacities over the past three decades, told The Indian Express: “The number of transgressions itself is not significant. We need the disaggregated data to understand the pattern of transgressions: are these happening in the usual disputed areas or are they new areas, are the Chinese coming deeper. Only then can we understand the significance of this rise in the number of transgressions.”

A top military officer, who has dealt with the China border in Ladakh and Arunachal Pradesh, concurred: “The LAC is disputed, it is based on perception and every Chinese movement across our perception of the LAC is a transgression. It can be in water every time a Chinese patrol boat crosses a certain portion in Pangong Tso, or on the ground in contentious areas such as Chumar or Dibang Valley. It is clear from these numbers that the Chinese are coming more often.”

Lt General (retd) Vinod Bhatia, former Director General Military Operations, said: “If these numbers are correct, it means that China has definitely increased its patrols on the LAC. The number of transgressions can increase, and

### TUTING ISSUE RESOLVED THROUGH ESTABLISHED MECHANISM

The Government of India has said Indian and Chinese troops have resolved through established mechanism the issue related to China’s attempt to build a road in the Tuting area of Arunachal Pradesh.

The issue has been resolved through established mechanism, spokesperson in the Ministry of External Affairs Raveesh Kumar said Thursday.

On December 28, Indian troops foiled attempts by Chinese road building teams to construct a track around 1 km inside the Indian territory in Tuting, government sources had said. They had said the civilian teams went back when confronted by the Indian troops, but left behind two excavators and some other equipment.

The issue was amicably resolved at a Border Personnel meeting between the two sides in Arunachal on January 6.

peace and tranquility and status quo will be under greater stress in future.”

According to the top military officer, “whenever a transgression is observed and confronted by us, it results in a face-off. It is a good sign that we are now able to react quickly. Ideally, we should be able to give them a face-off in 80 per cent of the cases. the figure for 2017 is 52 per cent. A break-up of the data will show that the number of face-offs vis-à-vis the number of intrusions is lesser in Arunachal. That is because of poor infrastructure on the ground, which needs urgent attention.”

“The number of face-offs are a part of transgressions,” Lt General Bhatia said, “and it shows that we have now more patrolling capacity on the ground. But we need to build more capacities for the future, be it giving the Army the operational control of ITBP, completing the long-pending 73 India-China border roads and providing better surveillance systems on the LAC. But we should

confine ourselves to agreements and Confidence Building Measures (CBMs) signed with China. There should be no blinking on the ground but there should be no brinkmanship.”

Kantha said the increase in face-offs “is indicative of more intensive assertion by both sides but these are temporary face-offs which don’t result in prolonged standoffs. The two patrols come face-to-face and return to respective parts, which means that CBMs between the two sides are working.”

Official data also shows that there have been 26 flag meetings, a part of the CBM, between India and China since June 2016. Flag meetings are border meetings between Brigadier-rank officers of the two armies at five designated points on the LAC.

### MAJOR REDUCTION IN CHINESE TROOPS IN DOKLAM: ARMY CHIEF BIPIN RAWAT

Army chief General Bipin Rawat Monday meanwhile, said that there has been a “major reduction” in Chinese troops at the Doklam plateau region on Sikkim-Bhutan border, where the Indian and Chinese armies were in an eyeball-to-eyeball confrontation last year.

“There has been a very major reduction (of troops) from the Chinese side,” Gen Rawat told the media on the sidelines of an Army-industry seminar on indigenisation.

Commenting on the track construction by Chinese workers in Indian territory in Tuting area of Arunachal Pradesh on the Line of Actual Control (LAC) in last week of December, Gen Rawat said that the matter has been “sorted out”. He said, “Tuting issue has been resolved. A border personnel meeting was held two days back.”

Sources confirmed that formal flag meeting was held at Kibithoo, Arunachal Pradesh, on Saturday between Brigadier-rank officers of Indian and Chinese armies. The Indian side returned the two

JCBs and one water bowser, which it had seized on December 28 after sending the Chinese track construction workers back. The Chinese had partially constructed around 1 km length of track in Indian territory before being stopped.

Sources said the matter had been resolved amicably and quickly, handled with great maturity by military officials from both sides. The on-site interaction at company commander and battalion commander-level during the incident facilitated an early resolution of the issue, sources added.

As per sources, the portion of track already constructed by the Chinese will be made “unusable” by the Indian side, either physically or by keeping it under observation. During the formal flag meeting, sources said, the Chinese side acknowledged that the problem emanated from “a matter of perception about the LAC”.

## BORDER WITH CHINA QUIETER THAN THE PAKISTAN BORDER

Despite evidence of increase in the number of Chinese transgressions, Sushant Singh, Associate Editor of The Indian Express makes an important point by stating that in contrast with the volatile India-Pakistan border, the last shot that was fired along the disputed India-China border called the LAC (Line of Actual Control) was more than 50 years ago on the Nathu la border in 1967. And this, when the two sides have no agreement on the position and location of the LAC; in fact, they don't even agree upon its total length. India says it is 3,400-km long while China believes it to be just half of that. In contrast, the border with Pakistan known as the Line of Control (LoC) was formally agreed upon during the Simla Agreement, following India's victory in the 1971 Bangladesh War.

The reason for discipline along the Chinese border, according to “military commanders is that even though there is no agreement on the LAC, both sides

understand and clearly agree on either side's perception for 95 per cent of the LAC. Then come the mechanisms for border management between India and China, which are well defined and formalised. For example in 2015, there were more than 50 border personnel meetings between India and China in the Ladakh sector alone, including six to eight ceremonial meetings, which are attended even by the family members of the military personnel. Moreover, there is a lot that happens quietly on the LAC where military commanders at various levels can have unscheduled meetings once a week — a former army commander gave me this piece of information. There is more engagement in terms of visits of military delegations to either country and participation by military contingents in humanitarian assistance and disaster relief training exercises.”

While these factors do make a difference, Singh says the atmosphere of active and deep-rooted hostility towards each other is the underlying cause for the hundreds of cease fire violations along the Pakistan border. “It is hard to be friendly to a country which has been behind multiple acts of terrorism in India...”

Singh concludes by stating that “an Indian patrol clashing with a Chinese one on the LAC doesn't look to “sort out” the Chinese soldiers. They look at the matter as a border problem to be handled at the highest-level in the military, and follow the non-violent protocol of a banner drill. That is how matters are resolved professionally between India and China. India and Pakistan need to reach the same state of professional dealings...”



## INDIA - NEPAL: CONSEQUENCES OF DELAY IN TRANSFERRING POWER

K.P. Oli, leader of the Communist Party of Nepal-Unified Marxist Leninist, continues to remain the prime minister-in-waiting even after the Left Alliance won

the elections a month ago. This is not a new situation since the Nepali Congress leader G.P. Koirala had continued as prime minister from June to mid-August 2008 even though the Maoists had won the election.

According to Yuvaraj Ghimire, Nepal expert “the constitution is vague and unclear on many key issues including government formation.”

The Alliance was forged just before the elections between the Communist Party of Nepal (Unified Marxist-Leninist) and the Communist Party of Nepal (Maoist Centre). The transfer of power from the Nepali Congress to the UML-led coalition was delayed initially due to procedural issues. The Upper House, or the National Assembly, needed to be indirectly elected by the provincial assemblies. The parties had disagreed on the means of this indirect election.

Among the other procedural issues pointed by the Hindu is that the caretaker government has to first appoint governors to the seven provinces in consultation with the Left Alliance. Then, the process of choosing their capitals, in order to convene the Assemblies, can be completed. Tentative proposals on new capitals had given rise to protests in several towns, and the main political parties are unwilling to take a clear position on the issue. The Hindu notes that the caretaker NC government does not seem to be particularly keen on resolving this, and a proposal has been floated to allow the provincial assemblies to convene in Kathmandu first. In the absence of a consensus, this may be best.

It is only once the process of nominations to the National Assembly is complete, that the election of the Prime Minister will follow. It is a foregone conclusion that UML leader K.P. Oli will be elected: the party got close to the majority mark on its own in the first-past-the-post seats.

For the present however, Grimier states that delays in the transfer of power may encourage outside forces to subvert the

poll outcome and ruin Oli's chances to become prime minister. China is visibly active, promising help to build industrial estates in all the provinces, including a Rs 333bn IT park in Jhapa, Oli's home turf. These are expected to generate 80,000 jobs in five years.

"China's reading of the poll outcome seems to be that it is welcome to expand its development activities in Nepal. But Nepali actors are coming to the conclusion that the power-sharing practice which started a decade ago calls for a serious review...."



## INDIA - MALDIVES: MALDIVES TO FOLLOW 'INDIA FIRST' POLICY

In a sign of a possible thaw in relations between India and Maldives, Maldivian Foreign Minister Mohamed Asim arrived in Delhi Wednesday. Maldives' High Commissioner to India Ahmed Mohamed said "this is part of an effort to increase the visibility in bilateral ties."

During his talks with External Affairs Minister Sushma Swaraj, the Maldives Foreign Minister assured India that it will adhere to its "India First" policy in terms of its foreign relations.

"Discussions centred around strengthening of the development partnership between India and Maldives and enhancing defence and security cooperation," the External Affairs Ministry said in a statement Thursday.

"External Affairs Minister conveyed our commitment to achieving the full potential of our relationship in line with India's Neighbourhood First policy," it stated, following the meeting between Sushma Swaraj and Asim, who is also Maldives President Abdulla Yameen.

"The Special Envoy reaffirmed his government's India First policy and emphasised that Maldives attached the highest priority to its ties with India."

Thursday's meeting assumes significance after the Indian Ocean archipelago nation signed a free trade agreement (FTA) with China last year in a surprise move. The main Opposition Maldives Democratic Party (MDP) led by former President Nasheed raised a red flag after the FTA was rushed through Parliament on November 29 in a record one hour without any debate. What was surprising was that it was signed even after President Yameen, during a visit to New Delhi, said that his country would sign an FTA with India first.

Following Thursday's meeting with Sushma Swaraj, Asim called on Prime Minister Narendra Modi.

"They discussed the ties between India and Maldives as close neighbours bound by shared history, culture and maritime interests in the Indian Ocean," the Prime Minister's Office said in a statement. "Special Envoy Asim reiterated the commitment of Maldives to maintain close relations with India under Maldives' 'India First' policy," it stated.

Modi affirmed that India would always be a reliable and close neighbour of Maldives supporting it in its progress and security.

According to the statement, Asim also reiterated President Yameen's invitation to Modi to visit Maldives. "Prime Minister conveyed his gratitude for the invitation and agreed to the visit at a suitable time," the PMO statement said.

### BACKGROUND TO THE VISIT

Asim's visit is the first high-level visit between the two countries in nearly a year, since Minister of State for External Affairs M.J. Akbar visited in February 2017, and the first since the Maldives and China signed a Free Trade Agreement (FTA) in November 2017.

Shortly thereafter, India had indicated its displeasure at the speed with which the FTA was passed in the Maldivian parliament, followed by President Yameen's state visit to Beijing. "It is our expectation that as a close and friendly

neighbour, Maldives will be sensitive to our concerns, in keeping with its India First policy," External Affairs Ministry spokesperson Raveesh Kumar had said at the time.

Male is the only SAARC capital Prime Minister Modi has not visited since he took office, having cancelled a planned visit in March 2015 over the Yameen government's crackdown on political protests, putting a strain on bilateral ties. High Commissioner Mohamed declined to comment on whether Modi was likely to travel to the Maldives in the near future. He also denied reports of any strain in ties, saying that other bilateral engagements continued, including consular talks between the two countries in October last year. Counter-terrorism exercises between armed forces called "EKUVERIN" had been held in Karnataka in December.

On the issue of the Free Trade Agreement negotiations, Mohamed admitted that "no serious negotiations" had taken place between India and the Maldives yet, but that his government "would like to have an FTA in place" at the earliest.

The FTA was only one of a series of issues between New Delhi and the Maldives in the past few months, however. In December, the Yameen government passed strictures against local councillors, who met High Commissioner of India Akhilesh Mishra, and restricted local officials from meeting diplomats.

An editorial in a government-friendly newspaper, the Vaguthu, criticising the Modi government's "pro-Hindutva" policies had also caused concern in New Delhi. The editorial, which was condemned by the Opposition, was subsequently withdrawn, but Nasheed had also alleged that President Yameen's actions were spoiling ties with India.

"President Yameen's reckless foreign policy is destroying our relationship with India. The Maldives must be sensitive to India's security and safety," he said in a tweet last month. ■ ■ ■

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## INDIA - US: US AMBASSADOR'S FIRST POLICY STATEMENT

Signalling what could raise strategic ties between United States and India to a significant new level, US ambassador Kenneth Juster Thursday proposed “reciprocal military liaison officers at each other’s combatant commands” at “some point” in defence relations between the two countries.

This suggestion from the US envoy, in his first policy speech after assuming charge in New Delhi, comes two years after India and the US signed the Logistics Exchange Memorandum of Agreement (LEMOA) which allows their militaries to work closely and use each other’s bases for repair and replenishment of supplies.

At present, the US has arrangements to have military liaison officers with some of its NATO allies and close defence partners including Australia, Canada, Japan, Republic of Korea, Philippines, New Zealand, Great Britain. Posting liaison officers will mean formalising the robust partnerships between theatre commands, viz Pacific command of the US defence forces.

Envoys from the UK, Afghanistan, Bhutan and diplomats from Russia and Pakistan were among those present in the audience as Juster spoke. The public speech was organised by the Carnegie India and the US embassy.

Much of the speech was devoted to defence and economic relationship — part of the Republican agenda espoused by the Trump administration. Even the H1B visa



US ambassador Kenneth Juster

issue was not addressed, except for appreciation for Indian entrepreneurs, but, later at the Q&A session, he said the US was a “country of immigrants” and that was not going to change. But there will be “refinements”, he said, in the current visa processes and categories.

On defence cooperation through military exchanges, Juster said: “Our experience shows that these exchanges qualitatively increase familiarity and build trust based on relationships developed and nurtured in the classroom and in other settings. Over time, we should expand officer exchanges at our war colleges and our training facilities, and even at some point, post reciprocal military liaison officers at our respective combatant commands.”

### SALE OF MILITARY HARDWARE AND TECHNOLOGY

On the sale of military hardware and

technology, he said that in little more than a decade, US defence trade with India had expanded from virtually nothing to over 15 billion dollars, including sale of some of America’s most advanced military equipment. “We want to see this trend continue — because India’s defence needs are vast and because the United States, as a global leader in developing advanced military technology, is committed to enhancing India’s security.”

“In line with India’s desire to produce more of its equipment in its own country, I want to emphasise that the United States is more than just another supplier,” he said, pointing out that major US defence companies are already in India producing components for complex defence systems.

“We seek to assist India’s efforts to build up its indigenous defence base and capabilities, as well as enhance the interoperability of our two forces as major defence partners in the Indo-Pacific region.

We need to patiently make step-by-step progress on these defence initiatives rather than expect to resolve all issues at once. With that in mind, perhaps in the next year, we can announce major agreements enabling cooperation in areas such as intelligence, surveillance, and reconnaissance platforms; fighter aircraft production; and the co-development of next generation systems, including a Future Vertical Lift platform or Advanced Technology Ground Combat Vehicles," he said.

### **COOPERATION ON COUNTER-TERRORISM**

Pointing out that there is "critical" and "growing cooperation in the area of counter-terrorism", he said: "Each of our countries has suffered horrific terrorist attacks and continues to be targeted. We have a strong mutual interest in eliminating this threat to our societies."

"President Trump and other US leaders have been clear that we will not tolerate cross-border terrorism or terrorist safe havens anywhere. As part of this effort, last month we launched the first ever US-India Counterterrorism Designations Dialogue. We need to continue to enhance the sharing of information, designations of terrorists, combating of financial crimes and networks, and disruption and dismantling of terrorist camps and operations, both regionally and globally."

### **ON PAKISTAN AND SAFE HAVENS**

Pakistan has not done enough to eliminate safe havens for terrorists on its soil, Kenneth Juster said even as he described India as "a leading power in the Indo-Pacific region and beyond".

"I don't think we can have civilian security in Afghanistan and Pakistan if Pakistan does not contribute positively to that," Juster said in response to a question after delivering his first policy address on "India-US Relations: Building a Durable Relationship for the 21st Century" organised by the US Embassy and the Carnegie India think tank in New Delhi.

He said the major reason behind the

suspension of US security assistance to Pakistan "is because we feel they have not done all that they could to try and eliminate terror sanctuaries in Pakistan that are contributing to the unrest in Afghanistan".

"We have made it clear we will not tolerate terrorism, cross-border terrorism or any form of terrorism or safe havens of any type."

### **STRATEGIC OPPORTUNITY THROUGH TRADE AND INVESTMENT**

Tackling the much-talked about conflict between America First and Make in India, Juster said, "America First" and "Make in India" are not incompatible. Rather, investing in each other's markets will be mutually beneficial — "it will increase our economic interactions and volume of trade, lead to collaboration on emerging technologies, and create jobs in both countries".

"But let me go further and suggest that it is time to put a strategic lens on our economic relationship, just as we have done with our defence relationship. A number of US companies have reported increasing difficulties conducting business in the largest market in the region — China. Accordingly, some companies are downgrading their operations there, while others are looking with great interest at alternative markets."

"India can seize the strategic opportunity, through trade and investment, to become an alternative hub for US business in the Indo-Pacific region... a strategic view of our economic relationship could eventually lead to a roadmap for a US-India Free Trade Agreement," he said. While there have been no negotiations between India and the US on FTA so far, the idea has been mooted by a US envoy for the first time in recent years.

### **MULTILATERAL EXPORT CONTROL REGIMES**

On India joining multilateral export control regimes like the NSG and the Australia Group — New Delhi recently

joined the Missile Technology Control Regime (MTCR) and Wassenaar Arrangements — the US envoy said, "We also expect, in the very near future, India to join the Australia Group on chemical and biological weapons. And we are working closely with India and our international partners to secure India's membership in the Nuclear Suppliers Group."

### **COOPERATION WITH INDIA IN AFGHANISTAN**

Juster said that the US works closely with India in various ways, including information sharing, that are related to terrorism beyond just what is happening in Afghanistan.

He also lauded India for its role in the reconstruction and development of Afghanistan and said both India and the US have a shared interest in the stability and security in Afghanistan and its long-term growth both and also to prevent it from being a haven for terrorist organisations.

Stating that both India and the US bring different capabilities to this process, he said: "We feel India has made a substantial investment in the economic development of Afghanistan, be it a hydroelectric plant, be it training in India of Afghan military personnel and students. And we would like to see India continue that economic development assistance."

### **SHARED VISION ON INDO-PACIFIC REGION**

In his address, the Ambassador shared values and common interests inform the vision of both India and the US for the Indo-Pacific region, encompasses the world's largest and fastest-growing economies and its most populous nations.

"As the U.S. National Security Strategy recognizes, India is a leading power in the Indo-Pacific region and beyond," he stated. "For India and the United States, the Indo-Pacific is vital to the security and prosperity of our people as well as others."

Juster said that both India and the US want to together ensure a free and open

region, where the rule of law and democratic principles are reflected in a rules-based order; promote respect for sovereignty and territorial integrity; guarantee freedom of navigation, overflight, and commerce, and other lawful uses of the sea; ensure that territorial and maritime disputes are resolved peacefully, consistent with international law; promote economic connectivity through private sector-led growth, free and fair trade, the use of responsible debt-financing practices, and the transparent development of infrastructure; and together, want to preserve regional stability and security, prevent the proliferation of weapons of mass destruction, and eliminate the scourge of terrorism.

"The US-India strategic partnership is designed to strengthen both countries and to have a beneficial impact on this region," he emphasised.

Juster, an old India hand who played a key role in the India-US civil nuclear agreement, said that "it is now time to make sure that the strategic partnership is a durable partnership".

"The longstanding commitment of the United States to a free, secure, and open Indo-Pacific has underpinned the stability and remarkable economic rise of this region -- to the benefit of all of us," he stated.

"The United States will remain committed to this region -- as we are to the rules-based international order -- because our future is inextricably linked to it.

"We welcome India's leadership with us in this venture-as partners bolstered by conviction and working with like-minded nations on a regional architecture to ensure that the Indo-Pacific-in the words of Secretary of State Tillerson-is increasingly a place of peace, stability, and growing prosperity, rather than one of disorder, conflict, and predatory economic policy."

In his address, Juster also touched upon the five pillars that can provide the framework for durable partnership between New Delhi and Washington:

defence and counter-terrorism; economic and commercial relations; energy and environment; science, technology and health; and regional cooperation.



### INDIA AIMS TO BECOME MARITIME POWER: US EXPERT

According to a former senior US diplomat who is a leading expert on South Asia, in an emerging strategic transformation, India is now considering itself as maritime power and building up its navy to meet that challenge after having thought of itself for a long time as a land power.

India increasingly sees its role across the Indian Ocean as a "net provider of regional security," which is echoed by the US Secretaries of Defence and State when they talk about its role in the region, Alyssa Ayres, a former Deputy Assistant Secretary of State for South Asia, said Wednesday.

"There is a transformation of the way the Indian Navy talks about the seas, from using the seas to securing the seas — this whole idea of New Delhi now playing a role in protecting the freedom of navigation as opposed to just the sealanes that the Indian Navy uses," she said.

Ayres, who is now a senior fellow with the Council on Foreign Relations and the author of the recently-published *Our Time Has Come: How India is Making Its Place in the World*, was speaking at the Asia Society here on "India 2018" a look at the year ahead.

### CONCERN ABOUT CHINA'S ACTIVITIES

When thinking about the strategic future, there is concern about China's activities in East and Southeast Asia, the expert said.

As a result, the US and India share an interest in ensuring that the sealanes remain open. "India like the US is a vocal advocate of freedom of navigation," she said. "The US and India are both very focused on this issue."

"What you have seen in the last four-five months is an increasing convergence, where [President Donald] Trump's administration has picked up what the Indian, the Japanese and the Australian government talk about, a concept of the Indo-Pacific region," she said.

While the US traditionally spoke of the Asia-Pacific region, the Australians, Japanese and Indian leaders had a broader concept of the Indo-Pacific region, Ayres said. "The US is now using that same term [and] what that does is that it expands the field of reference, it places India in a much more central role," she said. "It acknowledges the fact that India is a major defence partner in this larger [Indo-Pacific] region and that the US and India will continue to partner closely."

Ayres said that the defence relations between Washington and New Delhi have grown through the last three US presidencies and Trump is continuing it.

A measure of the closeness can be seen in the joint military exercises they hold, she said. "India now exercises more with the US than with any other partner and the talking point on the US side is that it exercises more with India than with any other non-NATO partner."



### INDIA - ASEAN SUMMIT: FOCUS ON MARITIME SECURITY DURING SUMMIT

The ASEAN-India Commemorative Summit of January 25 is likely to focus on maritime security for the region, ambassador of Thailand Chutinorn Sam Gongsakdi said Wednesday.

Speaking to *The Hindu*, the ambassador said that ASEAN expects India to highlight maritime security during the summit, even as the Ministry of External Affairs said that discussion on a "very important" MoU on maritime cooperation is ongoing alongside plans for enhancement of air connectivity.

"We expect India to highlight

maritime security (in the Commemorative Summit). This meeting is important and we hope that there will be serious discussions on maritime security, including freedom of navigation, piracy, keeping sea trading lanes clear. India attaches a lot of importance to maritime security and ASEAN countries are preparing for an intense discussion on that," said Gongsakdi.

The envoy's comment is significant as Thailand will be the coordinating country in charge of ASEAN-India ties from the middle of the year. In view of Thailand's importance, External Affairs Minister Sushma Swaraj visited the country last week. Secretary in-charge of eastern affairs in the MEA Preeti Saran said that connectivity and maritime cooperation will form the backdrop for the summit.

"We are discussing a very important agreement on how to enhance maritime connectivity with the ASEAN countries. We will also hold Working Group Meeting of the civil aviation ministries before the summit to discuss air connectivity," said Saran in a special briefing on India's plans for the Commemorative Summit-related celebrations on January 25 and 26.

Saran described the ASEAN-India Commemorative Summit of 25 January as 'unprecedented' and 'landmark' and said that all the ten heads of states of the ASEAN countries will be hosted as Guests of Honour for the Republic Day parade. The ASEAN leaders will also hold bilateral discussion with Prime Minister Narendra Modi and other dignitaries.

"We expect the ASEAN leaders will start arriving by January 24. The Summit itself will begin with a banquet to be hosted by President Kovind followed by the Leaders' Retreat for which our Prime Minister has invited all leaders. Thereafter the leaders will move on to the plenary of the Commemorative Summit followed by a gala dinner to be hosted by our Prime Minister," Saran said.

The summit comes days after Foreign Minister Ms Swaraj returned from a three-

nation trip to Southeast Asia where she took stock of the ties and connectivity projects between India and the ASEAN region.



## INDIA-ISRAEL: ISRAEL PM TO ARRIVE ON SIX-DAY INDIA TRIP

Israeli Prime Minister Benjamin Netanyahu will arrive in Delhi on Jan 14 to give a fillip to 25 years of diplomatic ties between the two countries during a six-day trip that will also take him to Ahmedabad for a roadshow with "friend" Prime Minister Narendra Modi.

The visit comes months after Modi's trip to Israel in July last year -- a first by an Indian Prime Minister since the two countries established diplomatic ties only in 1992 even as India had recognized the Jewish state soon after it was founded.

### 'INDIA'S VOTE AT UN NOT AN ISSUE'

Meanwhile, not disheartened by India's vote against Israel at the UN General Assembly on the issue of Jerusalem, Prime Minister Benjamin Netanyahu has expressed hope that bilateral ties would receive a further boost during his milestone visit to the country. "Well I would have preferred a different vote to be frank but I don't think it materially changes the tremendous flowering of relations between India and Israel."

India in December voted in favour of the UN General Assembly resolution, condemning the U.S. for its decision to recognise Jerusalem as the capital of Israel.

Prime Minister Narendra Modi had also visited the Jewish state in July, becoming the first Indian premier to do so.

"I think everybody can see that. Prime Minister Modi's visit was a very important milestone in that. My visit to India is the other one," Netanyahu said addressing the Government Press Office's annual end-of-year reception for the foreign press corps on Wednesday.

When asked about the impact of India's recent decision to cancel a half a billion dollars defence deal related to development of Spike Anti-Tank Guided Missile, the Israeli leader said, "I think you are going to see an expansion of economic and other ties regardless of this or that deal".

Pointing towards the tremendous strengthening of ties on all fronts, Netanyahu expressed optimism saying, "overtime I hope I will see a reflection of that more often in the voting of India in international forums.

"It does not nullify the fact that with India, with other countries in Latin America and Africa there is a tremendous increase of relations on all fronts," the Israeli Prime Minister noted. "It just takes longer on the international front," he stressed.

### PROBABLE AGENDA

During his visit, Netanyahu will hold meetings with President Ram Nath Kovind, Prime Minister Narendra Modi and External Affairs Minister Sushma Swaraj, the Israeli Embassy said in a statement.

He will have a bilateral meeting with Modi and also attend the annual "Raisina Dialogue", a geopolitical conference, and address an India-Israeli CEO forum in the capital, said Joint Secretary in External Affairs Ministry B. Bala Bhaskar.

Bhaskar said the ties between the two countries have been expanding in the areas of agriculture, water, innovation, entrepreneurship development, space, education, culture, homeland security and defence. "We have upgraded our relationship to strategic level with special focus on agriculture and water," he said.

He said the bilateral commerce between the two countries stood at \$5 billion in 2016-17 which did not include defence trade. He refused to give defence trade figures saying "they are not exactly measured like that and as such (there are) no exact figures".

Bhaskar parried a direct reply when

asked about the reported revival of talks on India's purchase of 8,000 Spike anti-tank missiles from Israel that was cancelled last week. "These issues have set mechanism. India has a long and wide-ranging defence cooperation with Israel. This covers defence equipment as well as defence industry and technology cooperation which are developing very well.

"New areas of cooperation are actively being explored. I am sure you will be updated on that."

Asked to specify business or defence deals the two countries were likely to sign during Netanyahu's visit, Bhaskar said: "This is a very very special relationship and the visit is to celebrate 25 years of diplomatic ties. It was decided that both Prime Ministers should exchange visits. This visit is actually an accomplishment of 25 years of ties."

He said Modi and Netanyahu would hold talks on a wide range of matters and "I am sure (the Palestine issue) is also going to come up".

Israeli Ambassador Daniel Carmon called Netanyahu's visit to India as the "grand finale to the celebrations of 25 years of growing partnership". "The visit will focus on the progress made between India and Israel since Prime Minister Modi's visit to Israel last summer, and on shaping the next 25 years of relations between our countries and our peoples," Carmon said in a statement.

In Gujarat, Modi and Netanyahu will also visit the Centre of Excellence in Vadrad and inaugurate a Centre of Excellence for date palms in Bhuj via video conference. They will also visit the iCreate innovation campus and centre.

In Mumbai, Netanyahu will meet Jewish community leaders and select members of the Indian business community. He will reach out to Bollywood in an exclusive "Shalom Bollywood" event.

## EVOLUTION OF RELATIONS

India, Israel relations have matured over a number of years. Jews have lived in India for over 2,000 years and have

never been discriminated against. This civilisational-historical fact gradually overcame the official "distance" between the two nations.

In the recent past, in 2013, then Israeli President Shimon Peres while calling Mahatma Gandhi a "prophet" stated: "I think India is the greatest show of how so many differences in language and sects can coexist facing great suffering and keeping full freedom..."

Mahatma Gandhi had wholeheartedly empathised and sympathised with the Jews over their persecution but couldn't agree with the forcible occupation of Palestine.

Bhupinder Singh (former lieutenant-governor of Andaman and Nicobar Islands and Puducherry) recalls the evolution of India - Israel relations writing "the nonaligned movement co-propounded by Nehru and Egypt's Gamal Abdel Nasser, the 1965 and 1971 India-Pakistan wars further complicated the situation with the Arabs clearly tilting in favour of Pakistan, while Israel unequivocally supported India, both diplomatically and militarily (as per the P.N. Haksar papers). This despite India supporting Egyptian nationalisation of the Suez Canal, denouncing Israel in the "Six Day War" and the continued support to the Palestinian cause. India, in the 1970s and 1980s, was repeatedly attacked by strictures from the Organisation of Islamic Conference and the period saw substantial moral, diplomatic and financial funding by Arabs towards Pakistan's India-centric nuclear programme (despite that India was the first non-Arab nation to diplomatically accredit the PLO).

"However, Israel's own history of contradictory rapprochement with arch-rivals like Jordan and Egypt made India's ostensibly anti-Israel behaviour contextually understandable. Israel was familiar with the spectre of the then Soviet Union and China voting against Israel in UN forums while simultaneously deepening bilateral relations and trade. The realpolitik of the evolving situation

in the early 1990s warranted the normalising of India-Israel ties.....

"The changing geopolitics in 1990s with the Cold War's end, the emergence of Islamic terror in the Middle East and gradual warming of India-US ties led to the establishment of full diplomatic relations with Israel in 1992, while still retaining the so-called moral position on Palestine. Since then, the balance on the Israel-Palestinian axis has been broadly maintained, with increasing symbolic gestures of tilting towards Tel Aviv. India's abstention in the vote condemning Israel over the 2014 Gaza war, abstaining again on a Unesco resolution calling Israel "an occupation force in Jerusalem" and the recent Narendra Modi visit, which sought to "dehyphenate" the Israel-Palestinian context with the PM only visiting Israel, not the West Bank: all this is symptomatic of the emerging new order."

Today, writes Bhupinder Singh "Israel is the second biggest foreign military supplier for India, poised to pip the US over the long term. Its cutting-edge military technology is buttressed with crucial intelligence-sharing, strategic tieups beyond military wares into the field of agriculture, commerce and space technology. The burgeoning civilian transactions already make India the eighth largest trading partner for Israel, helping override occasional hiccups like the recent cancellation of a \$500 million order for the Spike anti-tank guided missiles. It is this larger narrative, contextual understanding and the obvious portents of "natural allies" which will allow the growing India-Israel equation to overcome India's recent vote in the UN Security Council against the recent American move to recognise Jerusalem as the capital of Israel."

Singh argues that for India, "supporting the Palestinians is a moral obligation and it needn't be a deal-breaker in the Indo-Israeli equation..."





## FOREIGN MINISTER'S ASEAN DIPLOMACY

External Affairs Minister Sushma Swaraj's visit to Thailand, Indonesia and Singapore to deepen India's ties with key ASEAN countries has been productive, an official said Monday.

Her three-nation visit was the part of New Delhi's efforts to hold bilateral interactions in various sectors with the countries of South East Asian region within the framework of India's Act East Policy.

## OUTREACH TO THE INDIAN DIASPORA

Swaraj was in Singapore on the last leg of the 5-day tour.

In a message of government's outreach to the Indian diaspora in Singapore, External Affairs Minister Sushma Swaraj on 7 December urged people of Indian origin to take advantage of India's projects for connectivity to Southeast Asian countries.

Speaking at the ASEAN-India Pravasi Bharatiya Divas (Non-Resident Indians Day), she said her Ministry prioritised the welfare of Indian citizens living abroad, and urged them to return home to take advantage of the economic opportunities.

"Today, 16 Indian cities are connected to Singapore, a trilateral highway project from India to Thailand is making progress, and we plan to extend this further to connect India with other ASEAN countries. India has become a dominant power in the world, and that influence and that sense of power reaches every Indian," she said.

## BILATERAL DISCUSSIONS WITH SINGAPOREAN COUNTERPART

External Affairs Minister Sushma Swaraj on 7 December met with her Singaporean counterpart Dr Vivian Balakrishnan in Singapore and discussed bilateral and multilateral issues relating to the economic and strategic partnership.

The two leaders also discussed the enormous potential for cooperation

between ASEAN and India.

They had discussions on bilateral and multilateral issues relating to the economic and strategic partnership, External Affairs Ministry Spokesperson Raveesh Kumar said in a tweet.

Swaraj addressed the Indian diaspora at the ASEAN-India Pravasi Bharatiya Divas (PBD) during which she reaffirmed India's commitment to ASEAN. She also met delegates from the ASEAN countries attending the PBD.

Balakrishnan said that the Regional Comprehensive Economic Partnership (RCEP) between ASEAN and six of its key partners including India is a historic opportunity to set up the world's largest trade bloc.

If it comes to fruition, the RCEP would cover half of the world's population and a third of its gross domestic product, he said. "Economic integration is not just a mantra, but it is crucial for the mutual prosperity of the citizens of India and of ASEAN," Balakrishnan told some 3,000 Indian delegates.

He pointed out that the potential was still untapped. "There is a huge potential for growth in trade, tourism and many other fields (between India and ASEAN)," he said.

To grow ASEAN's ties with India, Balakrishnan suggested more affordable flights, to encourage more businessmen and tourists to travel.

Smart cities in India and ASEAN could also connect with each other, the minister said. He also called for better digital connectivity.

Earlier, Swaraj said that India's dialogue partnership with ASEAN has evolved into a strategic partnership and the Indian diaspora provides a platform for stronger ties with the grouping.

ASEAN, which comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, is India's fourth largest trading partner, accounting for 10.2 per cent of India's total trade.

New Delhi will host a commemorative summit on January 25 to mark the 25th anniversary of the Dialogue Partnership between India and ASEAN in which all the leaders of the bloc are expected to participate.

Swaraj said Southeast Asia remained an inseparable part of the plan to convert the 21st century into the Asian century.

Swaraj, who was in Indonesia on January 5 and 6, had announced that President Joko Widodo would be one of the guests of the summit and the Republic Day parade.

The push for ASEAN ties will be on display on January 9 when India hosts the first global meeting of parliamentarians of Indian origin.



## COMMENT INDIA'S NORTHEAST A CRITICAL FULCRUM IN ACT EAST POLICY

Sreeradha Datta

For most part of the past seven decades India's Northeast region has drawn attention for security related concerns and remained peripheral to the development pattern that rest of India had embarked upon.

The reasons were many, stemming from both the generic problems within the region, and also largely due to the domination of the security prism through which mainland India viewed the eight northeastern states - Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura - given their long borders with Bangladesh, Myanmar, China and Bhutan.

The challenge of the geography, perpetuated by the stereotyped politico-strategic narrative, allowed the insular and isolated status of the region to continue. Isolated and inaccessible, with limited transport and communication facilities, the per capita index and overall

development trend fell much below the national average. Despite all that, the northeastern states - known generically as simply the Northeast - have recorded better human development index indicators in matters of electricity and toilet coverage, literacy, sanitation and gender rights than several of the mainland states. Is it possible to suggest that the process of a turnaround has been initiated?

It was only in the early 1990s that the 'Look East' policy of the Indian government for the first time introduced the perspective of development and growth for the Northeast. Unfortunately, while the erstwhile 'Look East' policy opened up significant bilateral cooperation with Southeast Asia and the ASEAN regional group, the Northeast did not feature much in this initiative beyond the rhetoric.

Ironically, this actually led to a flurry of studies being undertaken, contributing to the greater understanding of the potential that the region offered. It was only with the coining of the 'Act East' policy by the Prime Minister Narendra Modi - led government that the perspective about this region has undergone some changes.

The government has not only positioned the Northeast as the gateway to Southeast Asia and beyond but, through multi-pronged efforts of a sustained engagement, developing physical connectivity and encouraging greater investment flows, has given rise to a distinct upbeat thinking about and in the region.

There are several reasons for this: first, the security establishment in India had for long dominated the policy perspective for this region and there was no political will to change the course. Several developments in the neighbourhood finally led to recognition of the hollowness of the policy of keeping the region insulated - and infrastructurally deficient - to safeguard it and the rest of the country from deeper incursions by an aggressive China.

There is appreciation of the fact that while the India-China border dispute is not going to be resolved soon, physical

connectivity and upgradation of defence infrastructure in the border region is a vital component for India's preparedness against any aggression. India, continuing to struggle with the spectre of the threat emanating from China, belatedly understood the criticality of improving its border zones and commissioned a large number of highways and other infrastructure development plans in Arunachal Pradesh, Nagaland and Manipur. Construction of the four-lane highway between Dimapur and Kohima - travelling on it earlier constituted a driving nightmare - was a reflection of that political will.

Secondly, the thrust on border and infrastructure development was necessary to implement the sub regionalism that was necessitated in the sub-continent in the wake of ineffective SAARC regionalism. India wishing to increase its influence in the region would be ineffectual without being able to carry its neighbours with it.

With the exception of Bangladesh, much of the bilateral 'Neighbours First' policy has lost much of its sheen; As it stands now, Nepal is yet to signal its forgiveness for the blockage of the borders, engagements with Sri Lanka have been business as usual without any significant high moments, while Bhutan, a most valued partner, cannot any more be taken for granted.

In the absence of significant bilateral partnerships the sub-regional initiative seemed a preferred alternative to engage with the neighbours. Although the motor vehicle agreement (BBIN MVA) amongst the four members - Bhutan, Bangladesh, Nepal and India - has encountered problems because of Bhutan's environmental concerns, India is hoping the BIMSTEC regional grouping will provide an alternative for the states to collectively move ahead on infrastructure and trade and investments. Also, befriending states in the neighbourhood has been found invaluable in the face of the strong partnerships that China had already built in and around India's neighbourhood.

Thirdly, the present government is

keen to implement its political intent in the northeastern states. Having formed governments in Assam, Manipur and Arunachal Pradesh, the Bharatiya Janata Party (BJP) hopes to consolidate its hold over the other five states. Winning the assembly elections in Meghalaya, Nagaland and Tripura, scheduled around April 2018, is considered critical in implementing some of its national and foreign policy promises.

Ensuring the Nagaland peace talks and moving towards a comprehensive agreement seems critical to the BJP's plan for the region. It appears an opportune moment to co-opt the various Naga factions that remain outside the peace talks. With general elections in India scheduled for 2019, the conclusion of the decades-long peace talks with the Naga insurgents groups is bound to yield rich dividends for the government.

(The author is a strategic analyst with expertise on India's eastern neighbours and Northeast)

In arrangement with South Asia Monitor



## ROHINGYA ISSUE: THE BIGGER DANGER FOR THE REGION AND INDIA

In a first attack after August, fighters of the Arakan Rohingya Salvation Army (ARSA) ambushed a Myanmar military truck, wounding several members of the security forces.

### NO OPTION BUT TO CONTINUE FIGHTING SAY INSURGENTS

Rohingya Muslim insurgents said they have no option but to fight what they called Myanmar's 'state-sponsored terrorism' to defend the Rohingya community, and they demanded that the Rohingya be consulted on all decisions affecting their future.

The Arakan Rohingya Salvation Army

(ARSA) launched raids on the Myanmar security forces on August 25, which sparked counter-insurgency operations in the Muslim-majority north of Rakhine State that led to widespread violence and arson and an exodus of some 6,50,000 Rohingya villagers to Bangladesh.

The UN condemned the Myanmar military campaign as ethnic cleansing, Myanmar rejected that.

“ARSA has... no other option but to combat ‘Burmese state-sponsored terrorism’ against the Rohingya population for the purpose of defending, salvaging and protecting the Rohingya community,” the group said in a statement signed by leader Ata Ullah and posted on Twitter. “Rohingya people must be consulted in all decision-making that affects their humanitarian needs and political future.”

Myanmar and Bangladesh meanwhile, have been discussing a plan to repatriate the refugees but more insecurity in Myanmar is likely to raise even more doubts about how quickly that might happen. The refugees complain that they have not been consulted on the plan. Details of the repatriation plan have yet to be finalised and many questions remain, not only about security but also about the terms refugees will return under, and whether they will be able to go back to their homes or be resettled in camps. Rohingya have for years been denied citizenship, freedom of movement and access to services such as health care. Myanmar regards them as illegal immigrants from Bangladesh.

### CONSPIRACY OF CHINA, PAKISTAN, SAUDI ARABIA AND MYANMAR

During his recent visit to Dhaka and interaction with top Bangladeshi Ministers, diplomats and defence strategists over there, Manash Ghosh (veteran Kolkata-based journalist) notes that “one strand that was common in their interpretation about the Rohingya crisis was that it was no more about ethnic and religious minority cleansing, as many had

sought to project and highlighted it to be, but a result of a well-planned and well coordinated action strategy of four nations — China, Pakistan, Saudi Arabia and Myanmar — whose leaders, in order to secure their own respective national interests and also their geo-political and economic goals, goaded the Myanmar military to unleash mindless violence on the Rohingyas, thereby forcing over six lakh of them to seek refuge in neighbouring Bangladesh.”

During the interface, Ghosh points out “all of them agreed that Rohingyas are but a victim of the Chinese economic aggression in Myanmar’s Rakhine Province. Since Beijing has begun investing heavily (about \$10 billion) in modernising Sittwe port and building oil and gas pipelines from Sittwe to Yunan in south China and also building special economic zones to ‘develop’ Rakhine’s huge and rich untapped natural resources, natural gas, oil, timber, tin and precious gems and stones, it wants to safeguard its investments and assets in this Province, bordering Bangladesh. Moreover, their investments are going to treble in the coming years, which makes China an important stakeholder in whatever happens in Rakhine Province.”

Ghosh says the presence of Islamic terror groups like the Arakan Rohingya Salvation Army, Afghanistan and Syria returned battle-hardened Rohingya warriors, makes China extremely nervous. Beijing considers their presence in Rakhine a threat to its investment.

Pakistan and Saudi Arabia have also contributed handsomely to its creation in pursuance of their own agenda. “While the Pakistani objective is purely political, the Saudi objective is religious — to bring the peripheral Muslim groups, like the Rohingyas, under its wahibi sway. Pakistanis, who have always patronised the Rohingyas, especially the extremist kind, have relentlessly incited them to take up arms for liberating Rakhine. The Pakistanis consciously pursued this line knowing well that this would unleash a violent backlash from the junta, forcing

lakhs to seek refuge in Bangladesh. The Pakistanis had for long been working for the large-scale displacement of Rohingyas from their roots and their eventual exodus to Bangladesh so as to enlarge their committed political constituency in that country.”

The Pakistanis had hoped that Prime Minister Sheikh Hasina’s known misgivings for the Rohingyas, because of a large section getting radicalised with Pakistani help, coupled with her battling against Pakistan-backed Islamic militants, would induce her to shut Bangladesh’s door to the Rohingya influx.

But Hasina agreed to provide refuge and relief to the Rohingyas. This has however, presented Hasina with a massive economic and political challenge. What is worrying many in the Government is that there are Opposition leaders who openly profess, “We must help the Rohingyas to fight to get an independent Rakhine nation.” Some are for Bangladesh, waging a war against Myanmar.

The persecution of the Rohingyas is also “the result of Buddhist clergy spearheading a vicious anti-Rohingya movement against their separatist and terror activities. This brought about a convergence of Chinese and Myanmarese interests to rid Rakhine of the Rohingyas and the military junta readily obliged the Chinese by taking the specious plea that Rohingyas being Bengalis had no right to stay in Myanmar.”

Ghosh recalls that in 1992, the Bangladesh Government signed an agreement with Yangon, which wholly favoured the junta. For instance, one clause of the agreement said only those refugees would be sent back who could produce their nationality and property documents. The other unfavourable clause was that in case of any disagreement, Myanmar’s say will be final. Both these two clauses have been retained on Myanmar’s strong insistence in the Memorandum of Understanding signed by Bangladesh with NayPyi Daw last

month. These two clauses are major stumbling blocks to wholesale return of Rohingyas to Myanmar.

The bigger problem is that with no sources of livelihood to sustain them, Rohingyas have become ready recruits for banned home-grown terror groups like the Jamaat-ul-Mujahideen, Harkat-ul-Jihad al-Islami, Ansarullah Bangla Team and also international terror groups like the Taliban, the Islamic State and the Al Qaeda. According to experts, the worry is that the future generation of Rohingyas will not be as tolerant as the present one. And if the world opinion does not force Myanmar to take back all the refugees, the whole Indian sub-continent will have a serious security problem at hand. The Rohingyas will act as freewheeling mercenaries, spilling death and destruction. That's why India too has to play a meaningful role in the resolution of this crisis.



## BRIEFS

### US DROPS H-1B VISA PROPOSAL: RELIEF FOR INDIANS

In a breather for foreign tech workers, particularly Indians, the Trump administration Monday announced it was not considering any proposal that could force deportation of thousands of H-1B visa holders by denying them extensions beyond the maximum permissible period of six years, as they waited for permanent residency.

"...USCIS is not considering a regulatory change that would force H-1B visa holders to leave the United States by changing our interpretation of section 104(c) of AC-21, which provides for H-1B extensions beyond the 6 year limit. Even if it were, such a change would not likely result in these H-1B visa holders having to leave the United States because employers could request extensions in one-year increments under section 106(a)-(b) of AC21 instead," said Jonathan

Withington, Chief of Media Relations at US Citizenship and Immigration Services (USCIS), the agency that oversees H-1Bs.

The announcement came as a major relief to Indian H-1B holders waiting for their Green Cards who were at risk of deportation if a proposal to end granting extension to visa under this programme was accepted.

An estimated 500,000 to 750,000 Indian H-1B visa holders could have been deported if the administration decided to go ahead with the proposal, which was in line with President Donald Trump's "Buy American, Hire American" vision to boost manufacturing and protect local jobs for American.

### SAUDI ARABIA GIVES NOD FOR HAJ PILGRIMAGE BY SEA ROUTE

Saudi Arabia has agreed to India's proposal to revive the option of Haj pilgrimage through sea route, Minority Affairs Minister Mukhtar Abbas Naqvi said Monday adding that the service will begin soon.

The minister made the announcement shortly after signing the bilateral annual Haj 2018 agreement with Saudi Arabia's Haj and Umrah Minister, Mohammad Benteen at Makkah.

"Saudi Arabia has given green signal for India's decision to revive option of Haj pilgrimage through sea route also & officials from both countries will discuss on all formalities & technicalities so that Haj through sea route can be re-started in coming yrs," he tweeted.

"Sending Haj pilgrims through ships will help cut down travel expenses significantly. It will be a revolutionary, pro-poor, pilgrim-friendly decision," he said.

As per reports, the journey via sea from cities like Mumbai, Kolkata and Cochi will cut down travel expenses by almost half as compared to air travel.

The practice of ferrying Haj pilgrims between Mumbai and Jeddah by

waterways was stopped in 1995.

The option to send pilgrims by sea route is being weighed in the wake of a 2012 Supreme Court verdict asking the Union government to abolish by 2022 the subsidy offered to Haj pilgrims who travel by air.

### 16 MORE GURDWARAS (SIKH TEMPLES) IN CANADA, 96 IN US BAN ENTRY OF INDIAN OFFICIALS

Days after 14 gurdwaras in Canada's Ontario province banned the entry of Indian government representatives, more gurdwara management committees in Canada and the US followed suit and barred Indian officials, RSS and Shiv Sena members from entering gurdwaras (sikh temples) under their control.

An announcement in this regard was made on 7 December at New York's Gurudwara Sikh Cultural Society right after a religious congregation organised to observe death anniversary of Satwant Singh and Kehar Singh, who were given death penalty killing former PM Indira Gandhi.

Sikh Coordinator East Cost and American Gurudwara Parbhandak Committee representative, Himmat Singh, said, "Total 116 gurdwara management committees had participated in teleconference on Saturday night and 96 of these gurdwaras had confirmed agreement to proposal to bar entry of Indian officials in gurdwaras, along with representatives of RSS and Shiv Sena."

Statement released by these gurdwaras read: "Although this policy of restriction exists informally, it is due time for a formal declaration. This step is being taken not to restrict access to the Guru, but rather to ensure that the Gurudwara Sahib remains independent from the interference of corrupt officials who represent a government that for the last four decades has committed genocide against the Sikh community and has never had positive intentions in dealing with Sikhs as a separate nation of people." ■ ■ ■

# H-1B CHALLENGE IS HERE TO STAY: IT IS TIME FOR TRANSFORMATION OF THE IT SECTOR

In a relief for Indian techies, US authorities last Tuesday said that the Trump administration is not considering any proposal that would force H-1B visa holders to leave the country.

The announcement by the US Citizenship and Immigration Services (USCIS) came days after reports emerged that the Trump administration was considering tightening H-1B visa rules that could lead to deportation of 7,50,000 Indians. The reports had said it was mulling ending extensions for H-1B holders.

However, Jonathan Withington, Chief of Media Relations at the USCIS, said in a statement that the agency is considering a number of policy and regulatory changes to carry out the President's "Buy American, Hire American Executive Order, including a thorough review of employment based visa programmes.

The statement comes after last week's news report by US-based news agency McClatchy DC Bureau according to which the US was considering new regulations to prevent the extension of H-1B visas, the most sought after by Indian IT professionals.

The National Association of Software and Services Companies (NASSCOM), a trade association of Indian information technology, had warned that any disruptive move on the visa front would be detrimental for both India and the US.

Turbulent caused by the evolving scenario calls for a deeper analysis of the issues involved and their implications for the trading partners in the global trading context.

Free trade and liberal immigration policies are, broadly, economic positives on a macro scale. US President Donald Trump rode to victory in 2016 on his declared plank that he would not let Americans lose jobs to outsiders, and he has continued to

follow that script. In April 2017, he signed the "Buy American and Hire American" executive order. Since the order, various proposals have been made, or notified, that would make hiring H-1B workers difficult for companies. The latest one—ending grant of extensions to H-1B visa-holders who were waiting for permanent residency—was clarified on Monday as being withdrawn. Observers believe that may not be the end of the troubles in the future.

The direction of recent policy, or at least the rhetoric, was intended to make life difficult for future immigrants, with proposals like: reserving 20% of the H-1B visas for small firms, which necessarily reduces the number of visas that Indian multinationals can apply for; raising the minimum salary to reduce the opportunity cost of hiring an American; rules deciding whether family members can seek work and if the worker can indefinitely stay in the country while waiting for the green card.

India has been the largest beneficiary of the old system, illustrated by the disproportionate number of visas—126,692, new and renewed—that were issued to Indians in 2016. And over 60% of the revenue of the \$150-billion-plus Indian IT industry is from exports to the US. It follows that India will be among the major losers if the US decides to tighten the screws. This would make a significant dent on the bottom-line and cost-competitiveness of these companies. According to data published by the United States Citizenship and Immigration Services (USCIS), an increase in the salary threshold from \$60,000, decided in 1998, to \$100,000 will increase the wage bill for Infosys Ltd, Tata Consultancy Services Ltd, Wipro Ltd and Tech Mahindra Ltd by at least \$1.7 billion.

But there are other challenges on the horizon. Due to the rise of e-commerce, mobile computing and penetration of the internet, demand in the industry has shifted

from traditional products—application creation and management—towards new technologies. Companies like International Business Machines and Accenture are winning a majority of the digital deals due to their capabilities in services like big data analytics and cloud computing.

Forty per cent of Accenture's revenue reportedly comes from the digital segment, which it has built up by acquiring more than a dozen companies in 2016. On the other hand, Indian companies have been lagging behind in responding to the challenge, favouring organic growth to acquisitions. That's why only 14% of Indian companies' revenues come from their business in digital services while losing out on a growing market.

India will, no doubt, continue pushing for freer movement of its skilled professionals across borders. It has been lobbying at the World Trade Organization (WTO) for multiple-entry visas on cross-border movement of services, relieving professionals on short stints from social security contributions, insurance visas, etc., as a part of the Trade Facilitation Agreement for Services.

Immigration restrictions and the threat to the traditional IT services niche that India occupies from automation, Artificial Intelligence and machine learning mean that change is around the corner. The necessary transformation of the IT sector in response goes beyond evolving new business models and services. Re-skilling tens of thousands of employees to keep pace will be essential. Tightening immigration controls in the US will mean more skilled home-grown professionals looking for opportunities in the Indian market—not only for employment but also in the start-up space.

It remains to be seen how governments at the Centre and the State level, as well as the IT industry are able to respond to the new situation emerging out of the rise of populism in the US. ■ ■ ■

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## ECONOMIC OUTLOOK

### GROWTH PROJECTIONS BULLISH ON ECONOMY

#### INDIA TO BE FASTEST GROWING ECONOMY AGAIN IN 2018: WORLD BANK

World Bank is upbeat on India's growth prospects as its latest report projects it growing at 6.7 percent in 2017 and by 7.3 percent in 2018-19 respectively. In comparison, the figure for the second quarter of the current financial year (July-September 2017) was 6.3%, up from the three-year low of 5.7% in the first quarter.

The bright outlook by the international financial body comes despite initial setbacks from demonetization and Goods and Services Tax (GST). With this forecast, India is likely to reclaim its position as the fastest growing major economy in 2018. The World Bank projections look good in comparison with China. While Chinese economy grew at 6.8% in 2017, just a tad better than India, its projected growth rate is decelerating: 6.4% in 2018 and 6.3% in the next two years.

However, the estimates are on a different fiscal year basis for each country. India's fiscal year runs from April to March. China follows a January-December fiscal year.

According to the "2018 Global Economics Prospects" released last Tuesday, India's GDP growth will pick up to 7.3 percent in 2018-19 and to 7.5 percent for the next two years. India leapfrogged 30 places in the recently-published Ease of Doing Business index brought out by the World Bank.

The World Bank also revised India's growth estimate for 2017 to 6.7% from 7%



projected in October, blaming short-term disruptions caused by the newly introduced Goods and Services Tax (GST) and a softer-than-envisioned recovery in private investment.

"In contrast, growth in potential output is flagging, languishing below its longer-term and pre-crisis average both globally and among emerging market and developing economies. The forces depressing potential output growth will continue unless countered by structural policies," it cautioned.

According to the GEP, India's future is looking good on several fronts. Strong private consumption and services are expected to continue to support economic activity. Private investment is expected to revive as the corporate sector adjusts to the GST, which over the medium term is expected to benefit economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems,

drawing informal activity into the formal sector, and expanding the tax base.

Moreover, the recent recapitalization package for public sector banks announced by the government is expected to help resolve banking sector balance sheets, support credit to the private sector, and lift investment, while the global trade recovery is expected to lift exports.

"In all likelihood, India is going to register higher growth rate than other major emerging market economies in the next decade. So, I wouldn't focus on the short-term numbers. I would look at the big picture for India and big picture is telling us that it has enormous potential," Ayhan Kose, director, development prospects group, World Bank, told PTI in an interview.

"The growth numbers of the past three years were very healthy," Kose, author of the report, said. To achieve its potential, India, Kose said, needs to take steps to boost

investment prospects. There are measures underway to do in terms of non-performing loans and productivity, he said.

"On the productivity side, India has enormous potential with respect to secondary education completion rate. All in all, improved labour market reforms, education and health reforms as well as relaxing investment bottleneck will help improve India's prospects," Kose said.

The World Bank said strong private consumption and services are expected to continue to support economic activity.

Moody's Investors Service in a report released last Wednesday also said that India and China remain the fastest growth economies in the Asia Pacific region. "A gradual moderation in growth in China and temporary slowdown in India will be balanced by robust growth trends in other Asian economies," it added.

Economic affairs secretary Subhash Chandra Garg tweeted last week: "World Bank releases its GDP growth estimates. India projected to grow at 6.7% in 2017. Higher growth of 7.3% projected for 2018. Impressive advance corporate tax receipts in 3rd quarter indicate India's growth turnaround to be much better."

Direct tax collections grew by more than 18% in the first nine months (April-December) of the fiscal year 2017-18 to two-thirds of the full-year target, which is expected to provide a breather to the government as it struggles to contain the fiscal deficit.

**On Global growth:** The global economy, meanwhile, is projected to edge up to 3.1 per cent in 2018, as growth in advanced economies is projected to slow while growth in emerging economies is expected to accelerate.

### THREE REASONS WHY WORLD BANK THINKS INDIA HAS HUGE GROWTH POTENTIAL

Here are the three key reasons why World Bank is bullish on India.

**1) Stable economy:** There is a host of positives that are playing out in India's favour, including macroeconomic outlook

and a fast-changing regulatory ecosystem—and both are central to the current M&A outlook. The Indian economy has stayed resilient over the past several quarters, mainly because of a stable fisc, easing credit conditions with manageable inflation and continued progress in reforms.

**2) Measures against NPA:** The government has already recognised some of these problems and undertaking measures and willing to see the outcomes of these measures. India is taking tough measures to deal with non-performing loans and increase banks's capacity to lend to productive sectors.

**3) Labour market reforms:** India has undertaken several labour market reforms. These reforms coupled with education and health reforms as well as relaxing investment bottleneck will help improve India's growth prospects.

"In all likelihood, India is going to register higher growth rate than other major emerging market economies in the next decade," Ayhan Kose, Director, Development Prospects Group, World Bank, told PTI in an interview.

### INDIA'S POTENTIAL GDP GROWTH RATE AT 6.7% OVER NEXT 5 YEARS: ACCORDING TO A FITCH

Ratings report on the 'Medium-Term Growth Potential in Emerging Economies', India has the highest potential gross domestic product (GDP) growth rate of 6.7% per annum over the next five years among the 10 major economies studied.

That may not be music to Indian ears, considering the disappointment that has greeted the Central Statistics Office's estimate that real GDP growth will be 6.5% this fiscal.

The real push to GDP growth is expected to come from an improvement in total factor productivity (TFP), thanks to the recent structural reforms such as the introduction of the goods and services tax (GST). The pick-up in labour productivity in recent years has been almost entirely due to capital deepening, and Fitch says that is about to change.

### CRISIL RETAINS 7.6 PER CENT GROWTH ESTIMATE

In another forecast, Rating Agency, Crisil has retained 7.6 per cent growth estimate for Financial Year 2019 on lower base.

"The pace of economic growth has slowed down this fiscal year, which is attributable mostly to the lingering impact of the demonetisation, transitory disruptions caused by the implementation of the goods and services tax (GST), and weak agricultural growth," it said in a note last Monday.

The note comes days after the Central Statistical Office came out with its advanced estimates of growth for Financial Year 2018 suggesting a slowdown in GDP expansion to 6.5 per cent, the lowest in four years.

The agency, however, held on to its Financial Year 2019 growth estimate of 7.6 per cent primarily on the low base of Financial Year 2018.

"Given the low base and the expected waning of the GST impacts going ahead, we retain our forecast of 7.6 per cent real GDP growth in fiscal 2019, with private consumption leading the recovery," it said.

Private consumption will grow 6.3 per cent in Financial Year 2018, over a high base of an 8.7 per cent growth in Financial Year 2017, and will remain the biggest contributor to GDP at 55.7 per cent, the report said.

The reported noted that in the Financial Year 2019 as well, growth will continue to be consumption-led as inflation will remain under control and interest rates are expected to be soft, it said. The rural focused government spending will also be of help.

The Rs 2.11 trillion recapitalisation programme will ensure that the state-run banks are well positioned to support the growth, it said. Support to growth will also come from the external sector where the global recovery should help exports, which had faced some headwinds after the GST implementation, said the report.

## CSO ESTIMATES GDP GROWTH AT A FOUR-YEAR LOW OF 6.5 PER CENT IN 2017-18

While the economic outlook for the financial year 2018-19 and beyond appears to be bullish, the overall growth for the current year remains rather depressed. Last week, India's statistics office projected the economy to slow to 6.5% in 2017-18 from 7.1% a year ago, citing the lingering impact of demonetization and disruptions caused by the rollout of Goods & Services Tax (GST). The GST provisions were frequently changed to quell protests by traders and industry.

This is the lowest growth of the Indian economy since Prime Minister Narendra Modi came to power in May 2014, riding high on expectations that he would put India on a high-growth trajectory. The forecast has been released a little over three weeks before finance minister Arun Jaitley presents the last full-fledged Union Budget of this government before the 2019 Lok Sabha elections.

The depressing forecast will put pressure on the government to announce dramatic measures in the Budget to revive the economy, particularly in the rural sector. In 2017-18, the manufacturing sector is predicted to grow by 4.6 per cent, down from 7.9 per cent in 2016-17, as per the first advance estimates released by the Central Statistics Office (CSO) on Friday. The agriculture sector, a major source of employment across the country, will grow by 2.1 per cent in the current fiscal, down from 4.9 per cent in 2016-2017. GDP had grown by 7.1 per cent in 2016-17, 8 per cent in 2015-2016 and 7.5 per cent in 2014-15.

GDP had grown by 6 per cent in the first six months of 2017-18. GDP had grown by 6.3 per cent in the second quarter (July-September period) of 2017-18 (the latest quarter for which real data is available), after falling for the straight last five quarters, which had raised hopes in the government that the slowdown in the economy had bottomed out.

“GDP growth of 6.5 per cent for 2017-

18 implies growth of 7 per cent for the second half. It confirms a strong turnaround of the economy. The investment growth of almost twice of last year indicates that investment is reviving,” economic affairs secretary Subhash Chandra Garg said.

The statistics office will release economic growth data for 2017-18's October-December quarter in February, along with the revised full-year growth estimates.

“The lower GDP growth in Financial Year 2018 clearly reflects the challenges the Indian economy is facing in terms of maintaining growth momentum. Instead of accelerating from 7.1 per cent, GDP growth is likely to slip. The predominant narrative would be to attribute this slowdown to the adverse impact of demonetization and implementation of GST. No doubt both these measures have had an adverse impact on GDP growth and were more pronounced in case of the manufacturing sector,” said Sunil Kumar Sinha, principal economist, India Ratings and Research.

Mr Sinha said accelerating GDP growth from this level and maintaining it close to 8 per cent will be a tough task even after the economy begins to reap the benefits of GST. “The biggest clog in the wheel is the revival of private corporate investment,” Mr Sinha added.

**DBS pegs growth at 6.6 per cent this fiscal:** Just similar estimate has been indicated by Singapore's banking group DBS in its economic report last Thursday. It said India's economy is likely to grow by 6.6 per cent in current fiscal and a gradual recovery is underway as there are encouraging signs that the country's economic growth has bottomed out,

The bank said that it is optimistic that the Indian economy will achieve a growth rate of over 7 per cent in fiscal 2019. “This growth will be on stabilisation in post-Goods and Services Tax activity helped by more fine-tuning measures, trickledown benefits from the bankrecapitalisation efforts, a higher fiscal deficit target and stronger investment growth,” the report said.

But for Financial Year 2018, DBS cited

the government's advance projection of 6.5 per cent growth. However, the bank sees an improvement in investments at 4.5 per cent in Financial Year 2018 from 2.4 per cent in Financial Year 2017.

Net trade balance is expected to remain adverse with imports at 10 per cent Year-on-Year (YoY) likely to outpace a 4.5 per cent increase in exports, according to DBS.

## BUDGET TO FOCUS ON FARM & INFRASTRUCTURE

India is only three weeks away from Union Budget 2018, Finance Minister Arun Jaitley is all set to present this government's last full budget on 1 February 2018 before the General Elections of 2019. Arun Jaitley is likely to go with a populist Union Budget 2018 which seems to have infused a wave of optimism among the people of the country, going by various news reports and analyst comments on television. Since India has entered into the poll-bound 2018, it is more likely that the Narendra Modi government's reforms spree takes a pause for populist measures in Union Budget 2018-2019.

Policy-makers are likely to focus on government expenditure and rural revival in the upcoming pre-election year budget with the economy forecast to grow just 6.5 per cent this fiscal, the lowest since the Narendra Modi-government came to power more than three-and-a-half years ago.

Public spending is seen as slowing down, while consumer demand is tapering off in the current financial year - both signs of great concern in an emerging economy.

According to GDP data released by the Central Statistics Office recently, while the government's final expenditure, or government spending, is expected to grow 8.5 per cent in 2017-18 compared with 20.8 per cent last year, the private final consumption expenditure that reflects consumer demand is seen slowing down to 6.3 per cent from 8.7 per cent in the year before,

“A slowdown in government spending at a time businesses are wary of investing given the slowdown in consumer demand



gives the economy fewer triggers to kick-start revival," said Pronab Sen, former chairman of the National Statistical Commission. "An increase in government spending is likely in the coming year," he added.

Unless demand picks up, it would be difficult to attract fresh investments. The only way to spark an economic revival, vital to the ruling coalition's election plans for 2019, would be increased public spending on infrastructure projects and the farm sector, which has reported extremely low growth despite a good monsoon.

Biswajit Dhar of the Jawaharlal Nehru University said last week, "The challenge before the government will be to pump-prime the economy to ensure growth by 7 per cent in the second half. We can see that private investment is not picking up. In such a situation, one would expect government spending on infrastructure picking up pace, which has not yet happened."

Industrial investment has been tardy through 2017. Credit growth has remained in single digits through the year with banking credit growth hitting a multi-year low of 6.8 per cent in the fortnight ended September 15, 2017.

Lack of demand and uncertainty over the new GST tax has lowered the appetite among Indian businesses for fresh loans. At the same time, banks, too, have been reluctant to lend, fighting as they are to recover an all-time high bad loan portfolio of Rs 9.5 lakh crore as of June 2017.

Infrastructure spending by the government is a classical Keynesian economic prescription for a slowing economy. Spending on building roads, dams and ports help to spur growth as it creates demand for steel and cement, besides jobs.

In the run-up to budget meetings, Finance ministry officials indicated that spending could be stepped up in key infrastructure sectors such as railways, transport and power in 2018-19, ahead of the general elections.

The advance estimates prepared by the CSO showed the farm sector growing just

2.1 per cent against 4.9 per cent last year, which implies growth dropped more than half. Manufacturing is similarly expected to grow 4.6 per cent against 7.9 per cent last year.

Economists say demonetization saw large chunks of the small scale sector shutting shop with people losing jobs. Recovery, which started at the beginning of this financial year, was hit by the introduction of the GST with all its complexities and multiple rates. "The worst hit by demonetization and GST has been the informal sector and this data really doesn't capture much of what happened there," Sen said.

Similarly, demonetization dried up the cash flow in the rural economy, leading to lower prices and distress sales of crops, hitting farm production through the year despite good monsoons and adequate water supplies during the winter crop.

Analysts believe the farmer agitations and other rural-based protests, including caste-based ones, and votes against ruling parties have an economic underpinning as rural distress is coming out in the form of protests. The fact that rural Gujarat voted against the ruling BJP is seen as a direct result of the economic distress.

According to finance ministry officials, the budget meetings have taken note of the low farm growth figures and reports of farm distress. The outcome is that "it is likely that the outlays for rural infrastructure, including rural roads and housing, will go up incrementally and support for minimum support prices for grains and cereals will continue and go up in real terms".

However, the real challenge will be to "push spending by the government in a situation where the fiscal deficit is soaring and expected revenue collections are not coming through, especially on the GST front", Dhar pointed out.

## **BUDGET 2018: FINANCE MINISTER FACES TOUGH BALANCING JOB!**

With the government announcement that the budget session will begin from 29th January and the Union budget will

be presented on 1st February, stage is set for what would be finance minister Arun Jaitley's fifth budget; technically his last, as the next one due just months before the scheduled date of the 17th general election will be a vote-on-account (where Parliament approves routine expenditure such that the government continues to run till a new regime is in place). And probably the most challenging and important one for the primary steward of the Indian economy.

This fiscal's GDP growth being projected at a four-year low of 6.5 per cent, down from 7.1 per cent last year, is not surprising given that the economy was trapped in two enormous disruptions caused by demonetization and the hurried introduction of a flawed Goods and Services Tax.

This economic adventurism drove the already decelerating economy down to 5.7 per cent in the September quarter. The rural economy that runs on cash, came to a halt after demonetization and the small and medium industries, which are the main job creators and depend significantly on cash, were almost paralysed.

Jaitley will now have to undo the damage to the economy in the Budget he will present on February 1. He has an onerous task given that the Budget is being presented against heavy odds like rural distress, especially in agriculture, where farmers still don't get a fair price for their produce, low private and public investment and the elections due in several states.

Besides, the government had to curtail its expenditure to avoid crossing its budgeted expenditure target. But this is now threatened by the announcement that it's likely to borrow Rs 50,000 crores for additional expenditure. The government's revenues have taken a hit due to the price concessions it had to give under GST to quell public protests. Mr Jaitley will have to do some arithmetical acrobatics if he decides to keep the fiscal deficit target under control.

An additional cause of worry for the finance minister is rising oil price. In the last one year, it has risen 30%, in contrast

to the first three years of the NDA regime when falling oil prices provided an unexpected boost to the economy.

However, a section of analysts strongly predicts the economy will pick up to seven per cent in the second half of the fiscal, as the ill-effects of demonetization wear off and GST's complexities are ironed out. Private investment too is picking up.

The economic affairs secretary pointed out some days ago that investment has grown to almost twice that of last year. Mr Jaitley will have to build on positives like incentivising private investment by making it easier to do business and focusing on the revival of agriculture.

While much depends on the monsoon in case of agriculture, the government needs to introduce incentives to modernise cultivation, and take steps like encouraging drip irrigation.

**Accelerating investments:** Biggest clog in the economic growth wheel is the muted private investments. Though there's a pick up in the fixed gross capital formation, this is not enough to support the 7 per cent plus growth.

As per government's advance estimates, gross fixed capital formation, an indicator for private investments, was estimated to grow at 29 per cent as against 29.5 per cent in the last fiscal.

Slowdown in private investments could well turn out to be a major cause for scaled down GDP growth at 6.5 per cent in 2017-18.

In the event of slow pick up in fixed gross capital formation, manufacturing growth may not cross the very modest 4.6 per cent mark as against 7.9 per cent reported in the last fiscal. The positive part was that if pick up in investments were sustained, it would contribute handsomely to next year's growth.

Muted performance in rural and farm sectors would definitely figure high up in the factors that may lead to lower than initially estimated GDP growth. Gross Value addition of 2.1 per cent in agriculture, forestry and fishing estimated for this fiscal is less than half of 4.9 per cent posted in 2016-17. Historically,

whenever the agriculture sector did not keep up, it has had adverse impact on economic performance. This time round, it may not be different.

Mr. Jaitley will have to come up with big ideas to revive the rural economy. Subsidies and farm loans cannot sustain the technology driven agriculture sector. Unless the market related risks of farmers owing to price volatility is not taken care of, agriculture sector cannot deliver its full potential.

Fortunately, the macroeconomic news is much better than the backdrop in which Jaitley presented his first budget. The inheritance from the United Progressive Alliance was nearly double-digit inflation and an anaemic growth trajectory. Going into his final budget, the finance minister can take solace from the fact that the inflation demon has been tamed and that growth is showing faint signs of a recovery.

The forecast of 6.5% growth for the current fiscal year may be a tad disappointing compared to the initial projection of 6.7%, but it is a fact that this is masking the nascent recovery that even bellwether indicators like the Purchasing Managers Index captured in the quarter ended December.

In sum, Mr. Jaitley has the unenviable task of balancing economics with politics. And this time, the economics—prolonged farm distress and a delayed recovery in growth—is shaping the politics. The budget will have to posit solutions to address rural distress even though it is a fact that the structural problems of Indian agriculture can't be fixed by mere policy interventions by the Union government.

The just-concluded poll in Gujarat, where the BJP just about scrambled home, showed how vulnerable the party is to this political charge. At the same time, the BJP will be cognisant of the bruising electoral calendar ahead of it—eight states go to polls this year.

## AGRICULTURE RURAL INDICATORS PAINT A DISMAL PICTURE FOR FARMERS AND THE AGRICULTURE SECTOR

The data released by the government on rural wages, crop prices and sowing of winter crops reveals that rural distress is worsening.

This is reflected in the planting of wheat, the main winter crop, between October and early January which was 5% lower than a year ago due to lower sowing in Madhya Pradesh by close to a million hectares; area under oilseeds was also lower by over 5%.

The tepid progress in winter planting is due to uneven rainfall during the monsoon last year, leading to moisture stress. Worryingly, it follows an estimated 2.8% dip in India's rain-fed kharif production in 2017-18, compared with the year before.

Rajasthan accounted for most of the decline in oilseed cultivation because of 0.7 million hectares lower sowing of mustard.

Similarly, data on nominal rural wages is showing sluggish growth. According to the labour bureau, in October 2017, nominal rural wages for ploughing (men) rose 6.6% year-on-year.

In the case of rural wages, while the growth is higher than the growth of 5% and 3.1% seen in the previous years (October 2016 and 2015, respectively), it is well below the growth of 17% and 17.6% growth in nominal wages witnessed in October 2014 and 2013, respectively, implying stressed farm incomes and sluggish labour demand.

At the same time, crop prices continue to be a point of concern for farmers.

Wholesale prices of major horticulture crops such as potatoes, tomatoes and onions have fluctuated sharply, forcing farmers, in some instances, to dump their produce.

Farmer protests began in several states such as Madhya Pradesh, Maharashtra, Rajasthan and Haryana in June last year to press for remunerative prices for farm produce and loan waivers, following a collapse in prices of most pulse varieties and



oilseeds such as soybean.

According to observers, worsening rural distress holds serious political implications. Not just because it is an election year, with eight state assemblies going to the polls, including Karnataka, Madhya Pradesh, Rajasthan and Chhattisgarh which are plagued by farm distress. The Gujarat election results showed that the Bharatiya Janata Party (BJP) bore the brunt of farmer angst and was able to scrape together a win only because it made up the rural vote deficit in urban areas.

“The biggest problem for the Indian farmer is falling profitability, which has come down dramatically for most crops. Against sky-high expectation of at least 50% profit over costs (BJP’s promise during 2014 general elections), the disillusionment has manifested in the continuous protests by farmers over the past year,” said Ashok Gulati, agriculture chair professor at the Indian Council for Research on International Economic Relations, Delhi.

Gulati added that it will be prudent for the government to acknowledge the problem and speed up implementation of flagship programmes on crop insurance and irrigation, which are lagging behind due to poor implementation.

In 2014-15 and 2015-16, both drought years, growth in agriculture contracted by 0.2% and rose by 0.7%, respectively, before rebounding to a high of 4.9% in 2016-17 following a normal monsoon (in 2016) and a bumper harvest. GDP advance estimates released on 5 January showed that farm growth rate is estimated to plummet to 2.1% in 2017-18. This implies a dismal 1.9% average agriculture growth rate in the first four years of the BJP-led National Democratic Alliance government.

Budget 2018, the Narendra Modi-led government’s final full Budget in the present term, there was a mixed bag of good and bad news for the central government in the form of two sets of economic indicators released on Friday by the Ministry of Statistics and Programme Implementation (Mospi).

As reported in the “Economic Times”, industrial activity in the country, as measured by the Index of Industrial Production (IIP), brought some cheer, rising 8.4 per cent in November, compared with 2.2 per cent the previous month. According to Bloomberg analysts’ estimate, IIP was expected at 4% in November.

In October, growth in IIP had declined by almost half to a three-month low of 2.2 per cent, despite it being a festival month, from 4.1 per cent the previous month. This was seen as an indication that the restocking after the goods and services tax (GST) roll-out had not given a boost to Index of Industrial Production.

However, the pain of the common man continued, with the rate of retail inflation, as measured by the Consumer Price Index (CPI), going past the psychological 5 per cent mark to stand at 5.12 per cent in December, compared with a 15-month high of 4.88 per cent the previous month.

Rising retail inflation, mostly due to hardening fuel and vegetable prices, would however complicate matters for the economy as it may reduce profit margins for companies and may raise input costs. This will reduce any last chances of an interest rate cut by the Reserve Bank of India (RBI) to revive economic growth. RBI had projected inflation to be in the range of 4.3-4.7 per cent in the second half of the year.

### EXPANSION IN CREDIT GROWTH AUGURS WELL FOR REVIVAL OF ECONOMY

For the first time in 14 months, the industrial sector saw an expansion in credit growth in November 2017 over the same period the previous year. According to the Reserve Bank of India data, gross bank credit expanded 8.3 per cent in November,

and credit off-take by the industry by 1 per cent. The contraction in credit growth to the industry since October 2016 had hit a low of (-) 5.2 per cent in February 2017, while the gross bank credit growth stood at 3 per cent in the same month.

According to reports, the credit outstanding to the industry, which stood at Rs 27,30,300 crore in March 2016, had come down to Rs 25,99,100 crore in October 2017 as a result of decline in credit growth numbers and year-on-year contraction since October 2016. In November, it expanded to Rs 26,04,000 crore for the first time since the government announced its demonetization policy in November 2016.

Data show that credit growth to the industry was driven by expansion to sectors such as food processing (9.9%), textiles (4.6%), chemicals (3.2%), engineering (2.4%) and metals (1%). But the infrastructure sector, which accounts for nearly 34 per cent of the credit demand by industries, witnessed a contraction in credit by 2.3 per cent in November. Data further show that while micro and small industries, and large industrial units, saw expansion in credit growth in November, the medium scale industries continued to see a contraction (-8.3% in November 2017).

“The movement is positive and we have also seen reassuring numbers for exports and PMI but it must be noted that the credit growth numbers for the industry come on the back of a weak base, and we can’t say it is a full fledged recovery. We have to wait for data for few more months to reach any conclusion,” said D K Joshi, chief economist, Crisil.

It shows that stability is returning post-demonetisation and implementation of GST, and industry is looking for investment for their working capital requirement.

Other than industries, the services sector too saw a sharp rise in credit growth in November 2017 at 14 per cent, which is the highest since September 2016, with the exception of a 19.5 per cent growth seen in March 2017. The credit growth for the services sector had slipped to a low of 4 per cent in May 2017 and stood at 7 per cent



## INDUSTRY

**IIP JUMPS TO 8.4% RETAIL INFLATION SURGES TO 5.12% IN DEC**

Less than a month before Finance Minister Arun Jaitley would present

in September 2017.

## TOP INDUSTRY BODIES' URGE ARUN JAITLEY WITH THEIR FORMULA TO BOOST PRIVATE INVESTMENT

The countdown to the last full Budget of the present government has begun. Finance Minister Arun Jaitley will present the Union Budget on February 1 keeping the tradition which began last year to ensure that proposals made in the Budget are effective from April 1.

While experts are pegging that the Budget is going to be focused on rural population, corporate India is also continuously putting forward its demand of lower corporate tax rate, which was promised by Arun Jaitley in his first full year Budget.

In the pre-Budget memorandum, both apex trade and industry bodies, FICCI and the PHD Chamber of Commerce and Industry have asked the government to reduce corporate tax from present 30% to 25% to boost private investments, which remained largely muted in the fiscal year 2017-18.

"Businesses today are faced with high tax cost leading to increased cost of production and resultant lower surplus for reinvestment and expansion. The basic corporate tax rate of 30 percent coupled with a dividend distribution tax rate of 20% makes the effective tax cost for an Indian company too high," FICCI said. While PHDCCI said that the reduction in corporate tax rate should be made "inclusive of all surcharges".

**For new businesses/companies:** FICCI suggested that the reduced tax rate of 25% should be extended to companies who have started businesses either during the financial year 2016-17 or 2017-18 and if their total turnover/gross receipts in the first year of operation do not exceed Rs 50 crores. It also suggested that the government should clarify and extend the benefit of the reduced tax rate of 25% to those entities that existed as firms during the financial year 2015-16 and subsequently converted into companies.

**Minimum Alternate Tax:** "The purpose

behind the introduction of MAT was to bring all zero tax companies within the tax net and to neutralize the impact of certain excessive benefits/incentives. MAT had started at around 7.5% in 2000. The present MAT rate of 18.5%, which comes to around 20% including surcharge, cess, etc. seems very high as compared to the expected reduced corporate tax rate of 25% coupled with the planned phase out of exemptions," PHDCCI said.

FICCI said that for businesses, especially the smaller ones, to have relief truly meaningful, MAT should be reduced or reviewed.

## FRESH INVESTMENTS IN INDIA PLUNGE TO A 13-YEAR LOW AS STALLED PROJECTS RISE

According to the project-tracking database of the Centre for Monitoring Indian Economy (CMIE), new project announcements by Indian companies touched a 13-year low of Rs77,000 crore in the last December quarter.

The latest numbers suggest that the investment cycle in India is unlikely to witness a turnaround anytime soon. This means that it may take longer than expected for India's growth engine to roar back to life. CMIE's capital expenditure database is the most widely tracked one in India, and the data on new project announcements serves as a lead indicator for the economy.

The data shows that the value of new projects more than halved in the December quarter compared to the year-ago period. Compared to the preceding quarter, the three months ended December saw a 33% decline in the value of new project announcements. The last time project announcements reached such a low was in 2004.

The manufacturing sector has seen the sharpest fall in new project announcements. The only silver lining in the data was a sharp uptick in power projects, thanks largely to a Rs1,000 crore renewable power project in Andhra Pradesh and a Rs9,000 crore gas-based power project in Punjab.

Overall, the investment picture remains bleak.

There are three key reasons for the sluggish investment scenario. One reason is the low level of capacity utilization at existing plants. The last round of the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) showed that capacity utilization had declined by more than three percentage points to 71.2% in the June quarter compared to the preceding quarter. The second reason for the lack of fresh investments was the pile-up of bad loans, which has made banks wary of lending, and has made companies cautious about new projects. The third and related reason is the rise in stalled projects, which has acted as a fetter on the animal spirits of Indian industry.

Indeed, the latest data from CMIE shows that the stalling rate for private sector projects has reached a record high at 24.7% in the December quarter. This beats the previous peak of 23.8% in December 2003.

The stalling rates in government projects have seen a sharp improvement. But owing to the deterioration in the stalling rate of private sector projects, the overall stalling rate is hovering near a record-high at 13.2%.

The biggest reasons for stalling are lack of clearances (environmental clearances and others). The other key reasons are problems with fuel and raw materials, land acquisition problems, and lack of funds.

The manufacturing and power sectors are the worst affected by stalling. The power sector accounted for 40.6% of all stalled projects while manufacturing accounted for 28.4% of such projects.

Unless the pipeline of stalled projects gets cleared quickly and the debt resolution process moves faster, the capex cycle is unlikely to see a quick recovery.



## TELECOM SECTOR TELECOM WARS SET TO INTENSIFY IN 2018

The fog end of 2017 saw two big announcements in the telecom sector. The first was the 2G verdict by the CBI court,

which acquitted all the accused and slammed the prosecution for not fighting the case properly or even presenting enough evidence. This has led to a number of players who had their 2G licenses cancelled asking for compensation.

The other big announcement was the Reliance Jio- R Com deal which was announced just three days before the year ended. It envisages the Mukesh Ambani led Jio buying out 122.4 MHz of R Com's spectrum, 1.78 lakh route kms of optic fibre with a pan India footprint, 43,000 odd telecom towers and some 248 media convergence nodes for an undisclosed amount. Anil Ambani had earlier announced that the proceeds of this deal would go to repay much of R Com's debt.

While the deal seems win-win for both Jio and R Com, what does it mean for the telecom sector is that the telecom war will enter its bitterest phase in 2018 between the three big players and the other two players may get marginalized.

2017 saw the consolidation of the telecom sector gathering pace with Vodafone and Idea announcing a merger (this will make them the biggest player in terms of customers and spectrum, if the current numbers of both players are taken).

Meanwhile, Bharti Airtel has been adding to its own spectrum (and customers) by picking up Telenor and Tata Telecom spectrum. With the R Jio - R Com deal, there are now three clear players with enough spectrum, enough customers, the correct technology and enough resources to duke it out for dominance of the telecom sector.

The other two players - Aircel and BSNL - are bound to get further marginalized in this battle, because the game has now shifted exclusively to the 4 G arena, and neither of these two are significant players in that game.

So, in the short run, it will be good for consumers as data offers will get more attractive. In the long run, it will probably not be all that good because just two or

three dominant players is never good for the consumer.



## POWER SECTOR POWER SET TO COST MORE

Last week, Coal India hiked thermal coal prices for both power and non-power consumers with immediate effect. This decision would jack up energy prices by up to Rs 0.50 per unit.

As per a report in the "Tribune", the average price hike could be around 10% but the Indian Captive Power Producers Association claimed that the hike is in the range of 15-20% for G-11 and G-14 grade fuel which would make power costlier by Rs 0.30-0.50 per unit.

The price revision will result in incremental revenue of Rs 1,956 crore for the remaining period of 2017-18 fiscal while total revenue will be Rs 6,421 crore, Coal India said.

Power producers said the price hike will increase electricity tariffs.

"This increase for G-11 and G-14 grade (coal) is in the range of 15-20 per cent...It is expected that the coal price increase would result in 30-50 paise/per unit rise in power tariff," Indian Captive Power Producers Association (ICPPA) Secretary Rajiv Agrawal said.

This increase, he said, is over and above 12-18% indirect price increase by introduction of evacuation charge (Rs 50 per tonne), sizing charge and surface transportation charge.

"For global competitiveness, energy prices has to come down whereas the nation is being burdened by ineffectiveness of Coal India, its manpower, cost structure and losses," he explained.

According to Association of Power Producers, thermal coal price rise would amount to power tariff hike of 25 to 30 paise per unit.

According to PwC's Kameswara Rao, the higher coal costs will incentivise larger, more efficient plants close to the mines.

## CABINET OKS 100% AUTOMATIC FDI IN SINGLE BRAND RETAIL, EASES RULES IN AVIATION

Upholding its reform credentials ahead of Prime Minister Narendra Modi's hard-sell of the India growth story at the World Economic Forum (WEF) in Davos later this month, the Cabinet on Wednesday unveiled measures to liberalise the foreign direct investment (FDI) regime in aviation, single-brand retail, power exchanges and real estate broking.

The government has allowed foreign airlines to buy a stake of up to 49% in Air India with prior government approval ahead of the state-owned airline's proposed privatisation. Existing rules allow foreign airlines to own as much as 49% in private Indian airlines, but not in Air India.

After a Cabinet meeting chaired by Prime Minister Modi, the government clarified that substantial ownership and effective control of Air India will remain with Indian nationals.

"Foreign investments in Air India including that of foreign airlines shall not exceed 49% either directly or indirectly," the government said in a release.

Aviation secretary Rajiv Nayan Choubey said that the government would invite expressions of interest from those interested in buying Air India Ltd after the Budget presentation on February 1.

Air India had total debt of about Rs. 48,877 crore at the end of March 2017—Rs.17,360 crore of aircraft loans and Rs. 31,517 crore of working capital loans.

The government has appointed Ernst & Young to advise it on the privatisation exercise, in which the invitation seeking expressions of interest from would-be bidders is the first step. Cyril Amarchand Mangaldas will be the legal adviser.

IndiGo, run by InterGlobe Aviation Ltd, and Tata Sons Ltd have shown interest in Air India's operations. Turkey's Celebi Aviation Holding, Bird Group, Menzies Aviation Plc. and Livewel Aviation Services Pvt. Ltd have shown interest in the national carrier's subsidiaries.

Simultaneously, the Union cabinet has allowed 100% foreign direct investment (FDI) in single-brand retail without prior government approval and liberalized local sourcing norms.

Although 100% FDI is already permitted in single-brand retail, only up to 49% was allowed through the so-called automatic route and investment above that needed government approval. Wednesday's decision smoothens the way for new entrants to start retail operations in the country.

The cabinet eased the local sourcing rule for foreign single-brand retailers; such entities are not required to meet the 30% target for local sourcing by their Indian units for five years if they are already doing so for their global operations, it said. So far they have been required to source locally 30% of the value of goods purchased for their Indian business initially as an average of five years; later they were required to meet the requirement on a yearly basis.

These steps could benefit companies like Swedish furniture retailer IKEA of Sweden AB and fashion house Hennes and Mauritz AB (H&M).

IKEA, which has ambitious business plans for India, and H&M are among the potential beneficiaries of the new sourcing norms.

The government did not define the 'state-of-the-art' and 'cutting-edge technology' it has previously said would be required of high-tech companies to open single-brand stores. The current FDI policy says that local sourcing norms will not apply for up to three years after the opening of the first store for single-brand retailers of products having 'state-of-art' and 'cutting-edge' technologies and where local sourcing is not possible.

In August, the government set up a committee under department of industrial policy and promotion (DIPP) secretary Ramesh Abhishek to clearly define these two terms. The recommendations of the committee have not been made public yet.

Retail experts hold that while the FDI relaxation will remove entry barriers for foreign single brand retail companies

altogether, more important concerns regarding local sourcing and FDI in multi-brand retail remain.

Aashish Kasad, India region tax leader for consumer products and retail at Ernst & Young India, said there had been an expectation of the government liberalizing FDI norms for multi-brand retail to enable large international retailers to invest and in India bring the latest technologies and retail formats to the country. That remains an unfinished part of the agenda.

Goldie Dhama, partner at PwC India, said the liberalisation of norms was a progressive move in the direction of improving the 'ease of doing business' in India. "Allowing incremental sourcing undertaken by overseas group companies to be counted towards the 30% sourcing commitment for the initial five years will provide single-brand retail trading companies the flexibility and time to align their retail and sourcing business," he said.

Large global retailers would be seriously considering entering India or accelerating their entry plans because of the new sourcing rule.

### LIBERALISED FDI IN SINGLE BRAND RETAIL ELICITS MIXED REACTIONS

The Union Cabinet's approval of 100 per cent foreign direct investment (FDI) in single brand retail, on Wednesday, drew mixed reactions, with industry observers lauding the move and the trader lobby opposing it. "This is another positive step from the government towards ease of doing business in India. By allowing 100 per cent FDI in single brand retail under the automatic route, foreign entrants will find it easier to set up operations in the country," said Dhanraj Bhagat, Partner, Grant Thornton India LLP.

However, the Confederation of All India Traders (CAIT) strongly condemned the government's decision stating that the step will affect smaller businesses by paving way for the foreign brands to dominate the country's retail trade.

"The CAIT strongly opposes the move to allow 100 per cent FDI in single brand retail through automatic route as it will

facilitate easy entry of multinational corporations in retail trade of India and will also violate poll promise of BJP," the traders' body said in a statement. "It's a serious matter for small businesses. It is a pity that instead of formulating policies for the welfare, upgradation and modernisation of existing retail trade, the government is more interested in paving way for the MNCs to control and dominate the retail trade of India," it added. The CAIT also pointed out that such a step will result in a large number of "people being left jobless".

According to Aashish Kasad, India region tax leader, consumer products and retail, at EY India, the step will give the Indian consumers access to several foreign brands. "Permitting 100 per cent FDI in single brand retail under the automatic route is another progressive step by the Government of India towards attracting foreign investment and ease of doing business in India. This should also generate employment and give the Indian consumers access to several international brands," said Kasad.



## MARKET UPDATE

**SENSEX PEAKS 34,638, NIFTY EYES 10,700; INFOSYS STRIKES 52-WEEK HIGH!**

Markets continued their record-setting run for yet another session on Friday with both the Sensex and Nifty ending at lifetime highs on robust buying by domestic institutional investors amid positive global cues.

The BSE Sensex gained 88.90 points to end at 34,592.39, while the broader NSE Nifty finished at 10,681.25, up 30.05 points.

After opening on a strong footing, the Sensex advanced to hit a fresh lifetime high of 34,638.42 on the back of continued buying by domestic funds and retail investors but later declined to 34,342.16.

It finally settled 88.90 points, or 0.26 per cent higher at 34,592.39, breaking its

previous record closing of 34,503.49 hit in Thursday's trade.

The broader Nifty, after scaling an all-time high (intra-day) of 10,690.40 points, finished at 10,681.25, up 30.05 points, or 0.28 per cent.

It surpassed its previous record closing of 10,651.20 hit on Thursday.

This was the sixth weekly gain in a row for the benchmarks. During the week, the Sensex gained 438.54 points, or 1.28 per cent, while the Nifty rose 122.40 points, or 1.15 per cent.

A firm trend in the Asian region influenced the market sentiment.

All the sectoral indices led by metal, consumer durables, oil and gas and capital goods were in the positive zone, rising up to 0.71 per cent.

The NSE index Nifty too hit a new high of 10,690.25 by gaining 39.05 points, or 0.36 per cent. It also breached previous record of 10,664.60 (intra-day) hit on Thursday.

Stocks of country's largest IT firm Tata Consultancy Services fell 1.20 per cent after the company on Thursday reported 3.6 per cent fall in net profit for the December quarter.

Infosys was trading higher by 0.22 per cent ahead of Qr.3rd earnings, to be announced after trading hours on Friday.

Other major companies which are also lined up with their respective third-quarter results are 3i Infotech, HT Media, Karnataka Bank, Reliance Industrial Infrastructure, and Sintex Industries.

The stock of India's largest IT company, Tata Consultancy Services TCS, fell 1.6% to the day's low of Rs 2,744 after the IT major reported a flat growth in earnings, as net profit came in at Rs 6,531 crore against Rs 6,778 crore in the comparable quarter last fiscal.

Shares of ICICI Bank, HDFC, L&T, Kotak Mahindra Bank, Reliance Industries, SBI, Axis Bank, Tata Motors, HDFC Bank, Bharti Airtel, Dr Reddy's rose up to 1.1% and were the major gainers among the 31 stocks of Sensex. Shares of

Dish TV cracked over 7% while Tata Sponge Iron and Rattan India Power jumped up to 11%. S&P BSE Sensex opened 75.5 points higher at 34,578.99 and NSE Nifty gained 31.35 points to start at 10,682.55.

The other big gainers that lifted the key indices to new highs were, Axis Bank, Wipro, Tata Steel, and NTPC gaining up to 1 per cent.

Domestic institutional investors had bought shares a worth Rs 770.02 crore, while FIIs sold equities to the tune of Rs 623.63 crore on Thursday

Asian markets were trading with gains after Wall Street hit fresh all-time high on Thursday.

Hong Kong's Hang Seng was up 0.49 per cent, while Japan's Nikkei rose 0.04 per cent and Shanghai Composite Index gained 0.08 per cent in early trade on Friday.

Wall Street closed at record highs on Thursday as rising oil prices lifted energy stocks and investors bet on a strong U.S. corporate earnings season, Reuters said in a report.

The S&P energy index closed up 2 percent as Brent crude went above \$70 a barrel for the first time since December 2014. The Dow Jones Industrial Average rose 205.6 points, or 0.81 percent, to 25,574.73, the S&P 500 gained 19.33 points, or 0.70 percent, to 2,767.56 and the Nasdaq Composite added 58.21 points, or 0.81 percent, to 7,211.78.

**Foreign funds propel indices to record highs:** Healthy buying from foreign funds, along with optimism over the quarterly earnings season catapulted the key equity indices — the NSE Nifty50 and the S&P BSE Sensex — to their record closing highs last Monday. Index-wise, the buoyant global cues lifted the wider Nifty50 of the National Stock Exchange (NSE) to close above the 10,600-points-level. It gained 64.75 points or 0.61 per cent to 10,623.60 points.

The Nifty50 touched a fresh intra-day high of 10,631.20 points. The barometer 30-scrip Sensitive Index (Sensex) of the BSE too closed at a fresh high of 34,352.79

points — up 198.94 points or 0.58 per cent from its previous close. The Bombay Stock Exchange market breadth was bullish as 1,792 stocks advanced compared to 1,158 declines.

Apart from key indices, even the broader market indices closed at fresh highs. The S&P BSE mid-cap index closed higher by 0.98 per cent at a new high of 18,247.55 points. The small-cap index edged up 0.97 per cent to close at a record high of 19,895.77 points.

On the NSE, the Nifty50 mid-cap index edged higher by 1.19 per cent to close at a record high of 5,702.70 points.



## TRADE

### WORLD ECONOMIC FORUM: PM TO PROJECT INDIA AS A PREFERRED INVESTMENT DESTINATION

Desi cuisine and yoga will mark the start of the five-day annual jamboree of the rich and powerful from across the world in the snow-laden Swiss ski resort town of Davos later this month, where India will be in the spotlight with Prime Minister Narendra Modi expected to be present for the first time.

The Indian presence is set to be the largest-ever with as many as six union ministers, two chief ministers, several top government officials and over 100 CEOs, among others, already figuring among the registered participants.

According to sources familiar with the programme planning, Mr. Modi is expected to address a special plenary at the WEF Annual Meeting 2018, which would be attended by over 3,000 top business and political leaders including 50 government or state heads.

A formal programme for the event, starting January 22, will be announced soon by the Geneva-based WEF for its 48th annual meeting whose theme will be 'creating a shared future in a fractured world'.

The welcome reception on the inaugural evening will be hosted by the Department of Industrial Policy and Promotion (Ministry of Commerce and Industry, Government of India), which will showcase "India's exquisite cuisine and age-old yoga heritage as well as the spirit of a young, innovative New India".

While the apex industry body CII will be heading a strong delegation of over 100 industrialists, several government departments, state governments and corporates will run extensive brand promotion activities across this small Alpine resort down during the WEF Annual Meeting, including several outdoor campaigns.

The official sessions at WEF will also have special India-focused discussions including one on "India's role in the world", how it is rethinking economics with the use of big data in policymaking and the country's role in securing peace and stability in the Asian century.

The registered participants from India include Finance Minister Arun Jaitley, Railways Minister Piyush Goyal, Commerce Minister Suresh Prabhu, Oil Minister Dharmendra Pradhan, Minister of State for External Affairs M J Akbar and Minister of State (Independent Charge) for Development of North Eastern Region of India Jitendra Singh.

Maharashtra Chief Minister Devendra Fadnavis, his Andhra Pradesh counterpart Chandrababu Naidu and Telangana Minister K T Rama Rao are also among the registered government leaders from India, alongside a number of senior government officials who will participate in a number of panel discussions.

The Indian leaders are also expected to hold a number of bilateral and multilateral meetings on the sidelines.

With a slew of reforms, like the implementation of the Goods and Service Tax (GST), and the country establishing its position as a world leader, the WEF said that the time is right for India to amplify its global influence and accelerate the development of robust and resilient economic, social and political foundations.

"The remarkable pace of bold and structural reforms have boosted the macroeconomic fundamentals and enhanced India's long-term economic outlook," the WEF said, adding that India is expanding its leadership in a wide range of global initiatives.

"Its leading role in the Paris climate agreement and International Solar Alliance, and efforts to become a permanent member of the UN Security Council and the Nuclear Suppliers Group demonstrate a quest for a more pivotal role in global geopolitics," it added.

However, it also said that for India to reap the benefits of its reforms process, it needs to some critical challenges at home. "In spite of significant economic and social progress, spatial, income- and gender-based inequalities persist, and access to core public services is disproportionate between rural and urban areas. There are concerns over high levels of air pollution and scope for improved infrastructure," the WEF said.

The WEF also said that there is no doubt that India is in transition and will soon become a force to be reckoned with, and the government is already scoping targeted initiatives to deal with the challenges.

Earlier, in 1997, the then Prime Minister H D Deve Gowda had attended the WEF conference.

## US ENVOY PITCHES FOR FTA WITH INDIA

As per reports in the "Economic Times", US Ambassador Kenneth Juster said on Thursday that India can seize the opportunity to provide "alternative investment hub" for the American companies which are downgrading their operations in China. He pitched for bilateral FTA as the next big-ticket item. Delivering his first policy speech since taking over as Ambassador to India, Juster identified five pillars to take Indo-US partnership forward Stronger defence ties? strategic economic relationship? energy & environment? inclusive development and cooperation in the region.

The US envoy in particular emphasised

on India's role in Indo-Pacific region and opportunities in economic partnership.

"India needs to take a strategic view of the economic relationship, so a roadmap for FTA could be laid."

Pointing out that 'America First' and 'Make in India' are not incompatible, Juster said rather investing in each other's markets will be mutually beneficial. It will increase economic interactions and volume of trade, lead to collaboration on emerging technologies and create jobs in both countries, he noted. "But let me go further and suggest that it is time to put a strategic lens on our economic relationship, just as we have done with our defence relationship." The speech was organised by Carnegie India India chapter of noted US think tank.

Bilateral trade has increased from approximately \$ 20 billion in 2001 to \$ 115 billion in 2016. The US envoy, however, expressed concerns about persistent trade deficits, including the one the US has with India. He said the US want to work with India to expeditiously resolve trade and investment disputes.

## BRITAIN DOUBLES EXPORT BACKING FOR INDIA

During the ongoing visit of Commerce and Industry Minister Suresh Prabhu, the UK government has announced the doubling of its national credit support for UK businesses exporting to India. Prabhu held talks with Britain's international trade minister, Liam Fox, in London as part of the 12th meeting of the UKIndia Joint Economic and Trade Committee (JETCO) to discuss greater cooperation between the two countries and identify barriers to trade and investment.

As part of the deliberations, Fox announced that the UK's national export credit agency, UK Export Finance (UKEF), has more than doubled its financial support to enable UK businesses to trade with India. This means 4.5 billion pounds will now be available for UK companies exporting to India as well as Indian buyers of UK goods and services.



The minister said the UK government would work closely with India to break down barriers to boosting trade, which includes the latest doubling of trade finance support for UK exporters and Indian buyers of British goods and services. UKEF support is made available in Indian rupees, allowing Indian buyers to access finance in their own currency and making sourcing from the UK even more competitive.

## GREAT OPPORTUNITIES FOR INDIA-ASEAN COLLABORATION: SINGAPORE MINISTER

There are great opportunities for collaboration between India and ASEAN nations, including in the areas of infrastructure, innovation and startups and the digital economy, Singapore's Trade and Industry Minister S Iswaran said last week. He cited the Amaravati project, the proposed capital city of Andhra Pradesh, where planners from Singapore helped devise the master plan. He was speaking at the two-day ASEAN India Pravasi Bharatiya Divas (PBD) conference, which began last week.

External Affairs Minister Sushma Swaraj also participated in the summit. The opportunity for collaboration partnership between India and the ASEAN is self-recognised, Iswaran told delegates at the gathering.

"Both regions have strong growths, coming out of relatively modest pace but anchored by fundamentals whether in terms of demographic or the evolution of the economies and the needs of the population.

"What we see is the opportunity for continued investment in growth in both regions," he said. Iswaran said that India and ASEAN nations have identified innovation as a priority, and they should study how to "build connectivity" so startups have access to markets in both regions. He also highlighted the importance of the digital economy and e-commerce as another area of "common priority" as it serves as an enabling tool for small and medium enterprises to access

markets that were once "out of their reach", the paper said.

The economic growth driving efforts in India are showing results, he said. "We are seeing the results... of the efforts that are underway under the leadership of Prime Minister Narendra Modi," Iswaran said. "It means those who invest their time and efforts in developing deeper understanding of the (Indian) market and its nuances and variations are the ones for whom the awards will be greatest," said Iswaran.

The ASEAN comprises of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

## IMPORT OF DRUG INGREDIENTS FROM SIX CHINESE FIRMS BANNED

Citing quality issues, India's drug regulator Drug Controller General of India (DCGI) has banned the import of ingredients of drugs from six major Chinese pharmaceutical firms.

The move, according to pharma lobby groups could have serious ramifications for the Indian pharma industry, even leading to possible shortages of antibiotics, and anti-diabetes, anti-psychotic and antacid drugs.

In its order, the Central Drug Standards control Organisation (CDSCO) said the active pharmaceutical ingredients (APIs) supplied by these Chinese firms may lead to health risks. Similar orders have been sent out to port offices so that their products don't enter the country.

APIs are a drug's central, chemically active ingredients that produce the intended therapeutic effect on a patient. According to CDSCO, India imports about 84% of the APIs it needs. It purchased APIs worth Rs13,853 crore from China in 2015-16, or 65.3% of the Rs21,217 crore total APIs consumed in the country. These included ingredients for essential antibiotics. The rest came from Europe, Japan and the US.

The alert follows an inspection of seven manufacturing units in China that supply

the bulk of APIs required by Indian pharma firms. The inspections were carried in November last year, following which DCGI cancelled the import registration of six of these firms. Along with this, DCGI also cancelled around 100 import licences of Indian companies which were buying APIs from these Chinese companies.

According to DCGI, "non-compliances" were observed by the Indian inspection team that visited China.

"Not adequate in process quality control checks, no adequate qualification subsequent to the changes, inadequate re-validation of analytical procedure, registration requirements in contravention to GMP (good manufacturing practices) requirement of schedule M of Drugs and Cosmetics rules were found," DCGI said in a notice sent to the firms.

DCGI's regulatory sanctions have triggered concerns about the quality of APIs supplied by these firms to India, one of the biggest markets.

Show cause notices for alleged non-compliances were issued on 26 December to the six companies—Shanghai Xiandai Hasen Pharmaceutical Co. Ltd, Shougang Fukang pharmaceutical Co. Ltd, Qilu Antibiotics Pharmaceutical Co. Ltd, Henan Xinxiang Pharmaceutical Co. Ltd, Zhuhai Rundu Pharmaceutical Co. Ltd and Qingdao Bright Moon Seawood Group Co. Ltd.

"Companies will have to pull up their quality parameters to continue work with India. The imports from these companies will not be allowed till the time we are satisfied. We have to make it clear that quality cannot be compromised and we can't put Indian population at risk due to poor quality products," G.N. Singh, India's drug controller general said.

While India's regulator may have turned on the heat on Chinese drug firms, pharma lobby groups expressed concern, saying the trend of stepped-up enforcement in one of the largest markets for API manufacturing may lead to a shortage of drugs in India, especially third line antibiotics, which in turn could take up their prices. ■ ■ ■

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## Countdown to 2019 Parliamentary elections Issues that could influence voting patterns



It has been almost three years since the National Democratic Alliance or NDA (BJP and its allies) came to power and there have been many assessments on what it has achieved and the areas where its policies have misfired. On balance, the opinion is that under Prime Minister Narendra Modi, the NDA government has done well for itself although there are dark spots. It is debatable whether the Opposition can exploit the dark spots.

There is now speculation on whether the BJP will win the 2019 parliamentary elections due in the month of May. The general opinion at this stage is positive for the BJP but there are caveats.

Asia News Agency offers an in-depth Special Study on the above subject.

The Study does not predict at this stage, whether the BJP led government will win or lose the 2019 parliamentary elections, but will equip the serious reader with a balanced perception on issues, as they have emerged presently, that could count with the voter. There will be regular updates to provide the reader with informed views and perceptions to take him right upto May, 2019.

The Special Study is available for Rs 3,000 for the print version and Rs 3,500 for the electronic version. For those who buy the Study now, subsequent updates, whenever issued, will be available at half price.

**The Special Study is 13,008 words and comes with a 2,246 word Executive Summary.**

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