

## **1) GREEN INDIA- REALISTIC STEP TOWARDS CLIMATE CHANGE**

### **Introduction**

From Rio to Paris, since the first Earth Summit in 1992 that gave birth to the UN Framework Convention on Climate Change (UNFCCC) in 1994, the World had been going through five more summits which culminated with a global agreement in Paris in 2015. Though the Kyoto (Japan) Protocol assigned legally binding emission reduction targets to rich and developed nations, to be achieved between 2008- 12, the US and Russia delayed ratification despite having signed up. Russia signed up in 2005 and the Kyoto protocol came into force, though US never signed up, diminishing the legitimacy of the Protocol. Copenhagen (Denmark) Summit on Climate Change, however, jolted the world nations out of their slump and Climate had become the no-1 global agenda. Though 110 heads of states turned up to back a new treaty, to the dismay of all, the talks failed after world major powers refused to be the only ones to carry the entire burden.

In this scenario Paris Summit was a huge success as the entire world decided to abide by a world order, to which all nations would cooperate and agree.

### **India's Ratification**

It is a matter for all Indians to rejoice that India decided to ratify the Paris Summit, though it lost its sheen in the hostile atmosphere prevailing in the LOC. In terms of its scope and impact, it is probably the most far-reaching international agreement ever. In India, as in the rest of the world, it will lead to change in the way we live, how we travel, what we eat or wear and even what we do in our personal and official spaces.

It is pertinent for us to understand what is in store for us.

### **Alternative Sources of Energy**

Solar photovoltaic panels and large wind mills will soon decorate India's horizon and are going to be familiar land marks. India plans to install as much as 100 GW of power generation capacity through solar energy by 2022, of which 40 GW would be through individual roof-top systems. Also India had announced plans for setting up 60 GW of wind energy by 2022. The Government targets, 200 million people who are still living in the dark, by promoting all kinds of alternative sources of energy like solar energy, Wind Energy, Wave Energy Hydro Power Energy and Nuclear Energy.

### **Use of Optimal Power at Homes**

Consumption of domestic electricity in a more eco-friendly manner is a major concern and challenge for India. Under the Paris agreement, India has promised to reduce emissions intensity or the amount of greenhouse gas emissions per unit of GDP, by 33 to 35 % before 2030. A quarter of India's total electricity is consumed at homes. So far, more than 3 cores of consumers have switched over to energy efficient LED bulbs. More than 16.5 core LED bulbs are in use in our houses.

### **Private & Public Transport**

Electric cars are slowly making their entry into Indian roads. Battery - operated e- rickshaws have become popular in cities like Chandigarh and Surat. Stringent fuel efficiency norms will be enforced by Government with India advancing the implementation of 'Bharat VI' pollution norms to 2020, instead of 2022. Besides Metro tracks coming up in many cities will give relief to people, a great extent, from air pollution and congestion of traffic.

### **Green India**

India has undertaken to create an additional Carbon sink- system capable of absorbing Carbon Dioxide(CO<sub>2</sub>) from the atmosphere- of 2.5 to 3 billion tonnes of CO<sub>2</sub>- equivalent through forest and tree cover by 2030. The target looks ambitious since the present green lungs of India consists of only 24% of India's geographical area, whereas the stated objective is to take it to 33%. In the previous Parliament session, the government managed to get the landmark CAMPA(Compensatory Afforestation Fund Management and Planning Authority) Bill passed to make up for every piece of forest destroyed for any reason. Thus 'Green India Mission' or CAMPA envisages

investing thousands of cores of rupees for a forestation in the ensuing years; especially along highways and railways.

### **Smart Cities**

Projections show that 70% of the infrastructure that India will have in 2030 is still to be built. "Smart" and "net zero" buildings are becoming the new buzzwords. As an example, the new building of the Union Environment Ministry, was constructed to be net zero, i.e.; the total amount of energy used on an annual basis is roughly equal to the amount of renewable energy created on the site. Another sterling example is the Kochi International Airport in Kerala, which has the unique distinction of being the only Airport powered by complete solar energy, in the world. Already, the Green Rating for Integrated Habitat Assessment(GRIHA) endorsed by the Ministry of New & Renewable Energy, and Leadership in Energy and Environmental Design(LEED), a third party Certification Programme, which is one of the most popular green building Certification Programs used worldwide, are fairly well established.

### **Water- Our mainstay of life**

India, in spite of monsoons rains, unfortunately is already water- stressed. The 'Climate Change' has made us thirstier of water. The day will soon come - free water is rationed and water for all uses could be priced. There will be no unrestricted rights over groundwater below the land one owns. Industries will be ordered to use only treated water. Rain water harvesting facility will be made a mandatory requirement for all buildings to be constructed in India.

### **Conclusion**

India intends to come out of our power crisis by 2030, by increasing our electricity generation up to 40%, from non- fossil fuel which can remedy our acute pollution levels in cities. It is heartening to see that India has set its targets realistically with a vision towards future development. It is high time for all citizens of India, to be more vigilant to save our eco-system and environment from degradation and destruction. We have a tryst with destiny, to be accomplished, towards our next generation.

## 2) End Game for BCCI in the Lodha vs BCCI Slugfest



### **Introduction**

The national governing body for the game of cricket in India is the Board of Control for Cricket in India (BCCI). The Board was registered under the Tamil Nadu Societies Registration Act and came into existence as a 'Society' in December 1928.

The BCCI is a consortium of various state cricket associations, who select and field their representatives into the BCCI. The selected members of the state cricket associations, then in turn elect the BCCI officials.

The game of cricket is highly popular and is literally worshiped in India. As a result, a huge amount of revenue is generated through sponsorships and advertisements. The BCCI is India's richest sporting body and the richest cricket board in the world.

Consequently, BCCI has become rather notorious for the role played by the politicians as part of the Board. Besides, there have been numerous charges of monopolizing its control and rampant corruption allegations in the utilization of its colossal corpus.

The present officials of the BCCI are: Anurag Thakur (the BCCI president), Ajay Shirke (secretary), Anirudh Chaudhry (treasurer), Amitabh Choudhary (joint secretary), Rajiv Shukla (IPL chairman) and former India captain Sourav Ganguly (IPL Governing Council).

The outright defiance of the Supreme Court directions by BCCI regarding implementation of the apex court ordered Lodha Committee Report is a live example of the clout BCCI enjoys.

### **Financial Autonomy of BCCI**

It is a little known fact that besides the Indian Premier League (IPL), Ranji Trophy and the Duleep Trophy, the BCCI organizes a number of other domestic cricketing events like, the BCCI Corporate Trophy, NPK Salve Challenger Trophy, Vijay Hazare Trophy, Deodar Trophy, Syed Mustaq Ali Trophy and Irani Trophy.

The Board of Control for Cricket in India is not dependent on the government for its finances. The generation of revenue currently is approximately Rs 2000 core, a large chunk of which comes from broadcasting rights and advertisement revenues.

BCCI had avoided taxes on its income, claiming exemption as a charitable organization. The Income Tax Department withdrew this exemption in 2007-08 and the total amount payable as income tax from the assessment year 2004-05 onwards was Rs 2,510.48 core.

An amount of Rs 2,140.58 core has already been collected and the remaining demand of Rs 369.89 crore has been stayed by income tax authorities till the disposal of an appeal filed by BCCI.

BCCI is set to suffer a financial loss to the tune of Rs 1600 core if Lodha Panel's recommendations on curtailing the advertisement breaks during the matches are implemented.

#### **What Led to the Institution of the Lodha Committee?**

Delhi Police arrested three cricketers, i.e. Seesanth, Ajit Chandila and Ankeet Chavan from the Rajasthan Royals franchise on charges of spot fixing during the 2013 IPL.

In June 2013, Raj Kundra, the co-owner of Rajasthan Royals confessed to the police during questioning that he was placing bets on his IPL team through a bookie who was his friend.

In a separate case, Mumbai Police arrested Vindu Dara Singh and Gurunath Meiyappan for alleged betting and having links with bookies.

On 25 March 2014, the Supreme Court of India told N. Srinivasan to voluntarily step down from his position as the BCCI president in order to ensure a fair investigation into the betting and spot-fixing charges levied against his son-in-law Gurunath Meiyappan who was, team principal of Chennai Super Kings, else it would pass verdict asking him to step down.

Finally, in January 2015 the Supreme Court of India appointed a panel, headed by former Chief Justice of India RM Lodha, to look into the functioning of the Indian board and suggest changes to its constitution to enhance transparency and accountability in its dealings.

#### **Compilation of Lodha Committee Report**

On 14 April 2015, the Lodha panel sent a 82 point questionnaire to the BCCI to understand how it functions and how it runs cricket in India.

The questions were split into eight sections that included diverse topics from the role of the BCCI's stakeholders to the board's election processes, the basis and formation of its various committees, player welfare, conflict of interest and transparency in the IPL's functioning.

The Lodha panel submitted its recommendations on 04<sup>th</sup> January 2016.

#### **Salient Features of The Lodha Committee Recommendations**

The Lodha Committee in its recommendations suggested a major overhaul of the BCCI, affecting every stakeholder from top to bottom. The major recommendations include:

- Presently, some states have more than one cricket associations and hence, have a greater stake in the electorate. The Lodha Committee has recommended that the BCCI's electorate to have only one association per state.
- Ministers and bureaucrats will not be allowed to hold positions on the board, nor will those holding positions in their state associations or those above 70 years of age.
- The Committee recommends that, there should be only three elected office bearers, i.e. president; secretary; one vice-president, instead of the current five, treasurer and joint secretary were suggested to be done away with.
- The tenure of office-bearers in any capacity has been restricted to two terms, not exceeding six years. Tenure of president will not be longer than three terms, with a cooling off period of three years between each successive tenure
- Only ex-cricketers in state associations and implementation of proper stadium rotation policy have been recommended.

- The team selectors must be prominent ex test cricket players from the Indian squad and the number of selectors has been proposed to be reduced from five to three.
- Justice Lodha's report has replaced the Working Committee, the BCCI's highest decision-making body, with a nine-member Apex Council, which will include representatives from the players' community, including one woman.
- The Apex Council as described above will have a nominee of the Comptroller and Auditor General, presumably to keep an eye on how the board's vast resources are being utilised.
- Lodha panel has proposed that an 'ethics officer' would be the one-man jury to determine conflict as well as any penalty.
- The Committee has recommended that the administrators of the BCCI must not hold any dual posts, e.g. Amitabh Chaudhry is the Jharkhand CA president and BCCI joint secretary, Anirudh Chaudhry is the Haryana CA president and BCCI treasurer, India coaches Sanjay Bangar (batting), Bharat Arun (bowling) and R Sridhar (fielding) also hold coaching positions at IPL franchises, etc.
- The Lodha Committee Report has proposed that the Legislature must consider bringing BCCI under the purview of Right to Information Act to enhance transparency and accountability.
- Lastly, BCCI must share details of rules and regulations, norms, meetings, expenditures, balance sheets, reports and orders of authorities on its website.

#### **Establishment of Players' Association**

India happens to be the only Test-playing nation not to have a Players' Association.

Therefore, in keeping with the recommendations of the Lodha Committee, a four-member standing committee has been appointed, comprising former union home secretary GK Pillai (chairperson) and former India cricketers Mohinder Amarnath, Anil Kumble and former India women captain Diana Edulji.

The task of the above said committee will be to "identify and invite all eligible ex-cricketers to be members, to open bank accounts, receive funds from the BCCI, conduct the first elections for office bearers, and communicate the names of BCCI player nominees to the board."

#### **Supreme Court Deadline to BCCI for Implementation of the Lodha Committee Report**

The BCCI adopted a delay tactics by forwarding the Lodha Committee Report to the state associations to study the Report and submit their findings to the Board by 31 January 2016.

Therefore, the Supreme Court set a deadline of 03 March 2016 for the Board to make their stance clear one way or the other.

In response, on 05<sup>th</sup> February, the BCCI argued that the Lodha committee had taken close to 12 months to come up with it and the Board should be given about two months more to discuss, debate, and after deliberations come to a consensus to implement that report.

The BCCI held a meeting on 19<sup>th</sup> February and indicated a few anomalies in the Report that required deliberation. Mainly, the anomalies were pertaining to certain recommendations such as bringing the BCCI under the Right to Information Act, the one-state, one vote rule and the age cap for office bearers.

The first salvo was fired by the BCCI against the Lodha Committee Report from the shoulder of the Mumbai Cricket Association on 22<sup>nd</sup> February, who filed an intervention stating the one-state-one-vote recommendation hurts the MCA.

The BCCI, just two days before the 03<sup>rd</sup> March deadline of the SC, filed an affidavit, stating it has implemented some of the recommendations, however, it does not agree with the one-state-one-vote rule, age cap of 70 years for an office-bearer or a board official, limits on an office bearer's and restriction on advertisements during Tests and ODIs.

Supreme Court on 03<sup>rd</sup> March, pulled up BCCI for the continued reluctance to change, but said that it would ask the Lodha committee to reconsider some of the suggestions.

#### **Recent Developments on the Case**

The Supreme Court accepted majority of the Lodha Committee recommendations on 18 July 2016 and gave the BCCI between four and six months to implement them.

On 09<sup>th</sup> August, the BCCI was given out specific timeline by the Lodha Panel to implement 15 specific steps related to constitutional amendments, like principles of awarding various contracts, including lucrative TV rights by 15<sup>th</sup> October 2016.

The 'first progress report' on the above mentioned steps was asked to be submitted to the panel by 25<sup>th</sup> August. The former Supreme Court judge, Justice (Retd) Markandey Katju has been appointed as "a single point interface for the BCCI to interact with the Justice Lodha Committee as well advice and guide the BCCI.

However, in his 'First Report' to the cricket board", Justice Katju termed the Supreme Court's ruling on Lodha reforms "unconstitutional". Following Justice Katju's advice, the cricket board, made a plea to take the case before a larger bench.

Meanwhile, BCCI also filed a petition in the Supreme Court, where it sought the review on the court's decision on July 18, where it had accepted most of the recommendations filed by the Lodha panel.

On 28<sup>th</sup> September, Chief Justice of India T S Thakur pulled up the BCCI, and said it would make the BCCI "fall in line" and "not allow them to defy orders any more".

CJI Thakur, instructed the BCCI to render explanation by 06<sup>th</sup> October on all instances of non-compliance reported by the Lodha panel.

Lodha panel on 28<sup>th</sup> September sought for the removal of BCCI's top brass, including its president Anurag Thakur and secretary Ajay Shirke, for violation of court orders.

The panel sought replacement of the current management with a set of administrators who would "ensure the smooth transition from the old to the new system recommended by the committee".

### **Special General Body Meeting of BCCI on 01 October 2016**

The Board's Special General Body met on 01<sup>st</sup> October and deliberated upon the recommendations of the Lodha Committee.

Although, Justice RM Lodha had made it clear that none of the reforms suggested by the panel are negotiable, the BCCI, in complete defiance to the Supreme Court orders chose to stick to their stand by accepting only a few minor recommendations.

The following three key recommendations were rejected by the Board:

- Selection panel to have three, instead of five selectors.
- One state, one vote policy for the BCCI electorate, meant to elect the BCCI officials.
- Upper age limit of 70 years and cooling-off period of three years for administrators and a nine-year tenure.

The BCCI President, Anurag Thakur told the press after the Meeting that, "A detailed report will be submitted to the Supreme Court and will be sent to Lodha Committee also what the members felt and why they have accepted (some recommendations) and not accepted (some other)."

### **Freezing of BCCI Bank Accounts**

The Lodha panel directed banks, where BCCI holds accounts, not to disburse "large" funds to the state associations, which was a decision taken by the Board at its Special General Meeting on September 30<sup>th</sup>.

However, Justice Lodha later clarified that, "We have not frozen the accounts of BCCI, but, we have directed the BCCI to not disburse funds to the state association. Day to day affairs, routine expenditure, matches, games, that should go on. There is absolutely no prohibition".

The BCCI argued that the state associations were dependant on the parent body for organising matches and they were unable to carry on their functioning in the wake of the latest directive from the Lodha panel, affecting their preparations for the upcoming games in the ongoing series against New Zealand.

### **End Game for BCCI**

The hearing of the case took place in the Supreme Court on 06 October 2016. During which, the Supreme Court agreed to examine the RM Lodha panel's plea to supersede office bearers of the BCCI with a panel of administrators.

The Supreme Court also instructed the BCCI not to disburse funds to the state associations, who were not willing to implement the committee's reforms.

Chief Justice TS Thakur, who heads the bench of judges in this case gave out his directions in very strong words and said, "If the BCCI thinks that they are a law unto themselves, then they are wrong. They have to comply with the directions of the court. Fall in line; otherwise we will make you fall in line."

In its final ultimatum, the Supreme Court asked the BCCI to give an undertaking by October 7<sup>th</sup>, that it will abide by all the recommendations of the Lodha panel report or an order will be passed by the SC on the issue tomorrow.

**Conclusion**

First, it was Karnataka government who defied Supreme Court orders on the release of Cauvery water, and now it is BCCI, who has nonchalantly decided to hold its ground.

The question that arises here is that, is the country headed in the right direction, where the judiciary is losing its grip over powerful political lobbies?



### **3) Implications of Banning Chinese Products in India**



#### **Introduction**

China has been very open in supporting Pakistan's Low Intensity Conflict Operations (LICO) waged against India, both morally and also, by supplying them military hardware.

The recent Uri attack and the subsequent actions taken by India to isolate and expose Pakistan has only found China still backing up Pakistan.

At this juncture, when many countries across the globe are unanimous in their consideration to label Pakistan as a terrorist state, China is showing solidarity with Pakistan.

China had obstructed the entry of India to Nuclear Suppliers Group (NSG), citing the reason that it has not signed the CTBT and linked Pakistan's entry into NSG along with India. Also, China has been a major road block towards India's permanent seat in United Nations Security Council.

It has recently commenced work to block a tributary of Brahmaputra River (in response to India's declaration that it will work towards optimum utilization of water as per the Indus Water Treaty) and is continuing to block India's bid for banning JeM chief Masood Azhar.

China has often adopted aggressive stance at the LAC, opposes India's control over Arunachal Pradesh and has indulged in fanning Maoist movement in India. Besides, it has unequivocally demonstrated assertive expansionism in the Indian Ocean.

Considering the above, perhaps it is now time for India to act within its capacity to clip the wings of the dragon. A lot of talk and campaigns have been doing the circles in the social media regarding banning the use of Chinese products.

The Health Minister Anil Vij, appealed to people not to use Chinese goods and has said that, "China can buy weapons with whatever money it earns through business with India. These weapons are given to our enemy countries. Hence, we should focus on Make in India".

Similar appeals have been made by BJP president Subhash Barala and Haryana Agriculture Minister O P Dhankar on social media. RSS volunteers are visiting Navratri pandals, with a message that Indians should stop using Chinese products.



The Ujjain Municipal Corporation has passed a resolution to ban the sale of Chinese goods during a religious fair in November to protest against China's alleged support to Pakistan.

Gram Kachahri (village court) in Bihar's Aurangabad district has banned the sale and purchase of 'Made in China' goods, through a provision passed with consensus to punish people found violating the order by imposing a fine. Also, village court of Obra panchayat has decided to ban the products manufactured in China. Besides India, Philippines, Vietnam and even the separatist movements within China have also called for the boycott of Chinese goods.

### **India-China Bilateral Trade**

China is India's one of the largest trading partners'. The total bilateral trade between India and China stood at \$65.16 billion (nearly Rs 43.3 lakh core) during 2015-16 and the trade deficit during the same period was \$48.68 billion (nearly Rs 32.4 lakh core).

The lopsided trade deficit in China's favor basically indicates that India is importing much more than it is exporting to China.

The major products imported by India from China include, telecom instruments, computer hardware and peripherals, fertilizers, electronic components/instruments, project goods, organic chemicals and drug intermediates, consumer electronics, electrical machinery and equipments, iron and steel etc.

These imports feed the growing demand in India for such goods which China, due to variety of reasons, is able to export to India at competitive prices.

India mostly exports products that require less efficient trade infrastructure, e.g. rice, cotton, diamonds, jewellery, yarn, garments, low end engineering products, generic medicines and petrochemicals.

Thus, Chinese exports to India rely strongly on manufactured items to meet the demand of fast expanding sectors like telecom and power, while India's exports to China are characterized by the supply of raw materials called 'primary' or intermediate products.

In other words, out of India's total export earnings, 75 per cent comes from such primary products, which actually accounts for less than 30 per cent of world merchandise trade. Simply put, most of India's manufacturing and exports end up chasing a small fraction of the global trade basket.

### **India's Recent Punitive Actions against Chinese Products**

The government of India imposed a ban on milk and milk products from China as their quality was unacceptable. Also, some mobile phones, which do not carry International Mobile Station Equipment Identity number or other security features, and some steel products have also been banned from China since April 2016.

The Central Board of Excise & Customs has released an advertisement, which did not name any country but appealed to the public to be alert against "illegal foreign origin firecrackers" since they contain sulphur or sulphurate in admixture with any chlorate and are hazardous in nature.

The Directorate of Revenue Intelligence (DRI) seized illegal Chinese firecrackers worth Rs 09 core from six cargo containers in New Delhi at the Inland Container Depot in Tughlaqabad on 08 October 2016.

The firecrackers were wrongly declared as medical equipment for handicapped/disabled persons and as bicycle parts

A similar seizure at the Jawaharlal Nehru Port Trust (JNPT) in Nhava Sheva of illegal Chinese firecrackers worth Rs. 7.2 core was reported in August this year.

It is estimated that the value of illegal Chinese firecrackers imported into India every year is about Rs. 1,500 core, using false declarations in import documents.

### **Implications of Banning Chinese Products in India**

The World Trade Organization (WTO) mandates all member countries to abide by the "Principles of Trade" delineated in its charter.

The one which will be applicable here is that a country should not discriminate between its trading partners and it should not discriminate between its own and foreign products, services or nationals.

However, in order to restrict the 'unfair' trade practices, WTO has given certain provisions to the governments to respond, in particular by charging additional import duties calculated to compensate for damage caused by unfair trade by way of dumping goods into the market that are cheaper than those produced domestically.

Thus, as brought out by the Commerce Minister Nirmala Sitharaman that, “complete ban of import from any country is not possible now due to WTO rules even if we have problems diplomatically, territorially or militarily”.

Secondly, a huge amount of revenue is being generated through customs duty that comes into the state reserves by imposing antidumping duty or countervailing duty on specific goods imported from China. Thus banning import from China will result in a financial loss for the country.

Besides other reasons, the failure of the Swadeshi Movement of 1908 to boycott British products can be attributed to the fact that sustenance of the large Indian population only on Indian products, which had got used to the British products, was practically not feasible.

China is the world’s manufacturing hub which has, over the years, invested heavily in research and development and owing to cheap labor is able to produce goods at competitive costs.

If India does not import from China, we would either be left with expensive western alternative or sub-standard Indian substitute in most of the cases.

India has to first reach a state of self sufficiency and create adequate wherewithal to manufacture indigenously to cater to the express needs of for our vast population before we take a call to out rightly ban Chinese products.

In order to substantiate the above point, I would like to illustrate it with the following examples:

### **Consumer Durables:**

The maximum spending of Indian middle class people is on consumer durables like Electronic appliances, Clothes, Vehicle and many more. However, these people are smart buyers. They want quality products/ services at low price.

China, because of its effective mass production capacity is able to fill the gap between demand and supply in India. If we ban Chinese products it will obviously hurt the Indian middle class the most.

### **Pharma Industry:**

We are over-dependent on China for imports of bulk drugs, as more than 75% of bulk drug imports come from China.

Most antibiotics such as Penicillin, Ofloxacin and Levofloxacin (used to treat infections), India is heavily reliant on imports for both the Active Pharmaceutical Ingredients (API) as well as the key intermediates on China.

Non availability of these chemicals will only result in India not being able to manufacture and in many cases export those drugs.

In February-April this year, India’s exports contracted 16.7% to \$238.4 billion and imports shrank 14.7% to \$351.8 billion, leaving a trade deficit of \$113.4 billion. The industrial output has shrunk to 0.7% from 2.4% in the previous quarter.

Considering the figures given above, which indicate a trying economic time not only for India, but the world over, banning of Chinese products in India may turn out to be counterproductive for our economy.

The abrupt announcement of ban on Chinese products will not cause much harm to Chinese manufacturers at this stage. The China-made items are already in the Indian market and if these don't sell, local shopkeepers will incur heavy losses.

### **Conclusion**

I am myself a serious proponent of banning Chinese products in India for the reasons of its unethical tacit support to Pakistan and for its display of territorial expansionism. However, I will not subscribe to “cutting the nose to spite the face”.

Ban of Chinese products to my mind must be imposed progressively, articulately and in a manner that it hurts China more than it hurts India.

India still needs to cover a lot of ground towards self sufficiency by way of investing in state-of-art R&D, capacity building and putting a cogent force behind campaigns like ‘Make in India’, ‘Skill India’, ‘Digital India’, ‘Start-up India’, etc.

In the meanwhile, India must engage its elaborate and robust legal framework and institutional set-up to protect its environment by putting into place adequate safeguards to restrict import of poor quality goods as well as trade defense measures such as anti-dumping and countervailing dut

#### **4) TRIPLE TALAQ - IS THE TIME RIPE FOR REFORMS IN PERSONAL LAW?**

##### **Introduction**

The age old Islam practices of 'Triple Talaq' for divorce, Nika Halala and Polygamy are back in news, as Centre opposed these Shariat practices in the Supreme Court. It held that such practices are not integral to Islam and should be done away with. Before we discuss this highly volatile topic, it is worthy to take a look at these practices, practiced in many Islam countries. In Afghanistan, performance of three declarations of divorce in one sitting is invalid. In Morocco, divorce proceedings take place in a Secular Court, not in a Religious Court. In this country, man allowed a second wife only under special circumstances. In Tunisia, divorce is strictly a judicial matter, hence Talaq is invalid. Polygamy is outlawed with punishment for violation of 1-year sentence or fine of 2, 40,000 franc. In Turkey, Polygamy attracts 2 years imprisonment and divorce procedures are carried out by the law of the land. In Indonesia, though polygamy is legal, law discourages and restricts the practice. Divorce can only be claimed through a Court. The controversy on the subject dates back to three decades- to the famous 'Shah Bano' divorce case, in which the SC questioned the sanctity of Muslim Personal Law on Talaq. In February this year, 'Shayara Bano' again stirred the 'hornets' nest' by questioning the sanctity of Triple Talaq and triggered a fresh debate - religious orthodoxy versus gender sensitivity and equality.

##### **Shayara Bano divorce Case**

In February this year, Shayara, a resident of Kashipur in Uttarakhand who was divorced by giving instantaneous triple Talaq by her husband, approached the Supreme Court. She challenged the age old practices of "talaq-e-bidat", (on the spot triple Talaq), "Nikah halala" (prohibition on remarriage with the divorced husband without consummating marriage with another man) and polygamy. The plot thickened as the Union Government filed an affidavit that in principle it supports the petitioner's demand for doing away with such practices.

##### **Centre in the midst of controversy**

Subsequent to the petition of Sharaya, in March the SC asked Centre to make public a report by the high-level Pam Rajput Committee on the status of women in India- the committee had sought a ban on gender discriminatory practices propagated by Personal Laws. Law Ministry in its affidavit took a controversial stand that Personal Laws, regardless of the fact that they are meant to preserve the plurality and diversity of the country, "must be examined and reviewed in the light of the noble goal of gender equality and dignity to women". Centre also pleaded for reexamination of a 1952 Bombay High Court judgment that held that Article 13 of the Constitution doesn't cover personal laws. Article 13 states that Laws that are inconsistent with or in derogation of the fundamental rights are void. To drive home this point, the Affidavit stated that such practices are not integral to Islam as seen in other Muslim countries of the world. Affidavit further emphasized that Secularism is the hallmark of Indian democracy and no citizens can be denied access to fundamental rights enshrined in the Constitution, pointing out that even theocratic countries like Afghanistan and Tunisia, have undergone reforms.

##### **Islamic Principles and Interpretations**

The Muslim Personal Law (Shariat) Application Act 1937, allows Indian Muslims to be governed by the Shariat (Islamic Law), based on the Quran and Hadith ( Utterances of the Prophet), in matters of personal law. In the absence of any codification even within the Quranic framework, however, Shariat has been subjected to interpretations by the Muslim clergy, who have held these practices as sacrosanct. Several Islam scholars across the globe have held in the past that, 'Triple Talaq' is valid only if the three utterances are spread over a period of 90 days and after several attempts at reconciliation have failed. Muslim scholars such as Irfan Ali Engineer through his Centre for Study of Society and secularism and several muslim women's groups such as Bharatiya Muslim Mahila Andholan (One Lakh members) and Bebaak Collective have filed intervening petitions supporting Shayara's demand. All India Muslim Women Personal Law Board which has in the past drafted its own Sharia Nikahnama that gives equal rights to men and women and repeatedly spoken against triple Talaq, is also expected to join the band wagon soon.

## **Conclusion**

The all India Muslim Personal Law Board (AIMPLB) has, however, decried all the groups that have spoken out in favor of reforming the Muslim Personal Law. It opposes any attempts at interference by Supreme Court in matters of religious rights .It states that 'triple talaq' in fact, saves women the ignominy of divorce proceedings that could otherwise damage her chances of re-marriage and prevents the 'murder of wives' at the hands of their husbands who may want to divorce them. It also supports Polygamy on the grounds that-" an unlawful mistress is more harmful for social fabric than a lawful second wife". It is advisable for all progressive thinking Muslims to put their heads together and find an amicable solution to these social issues which are affecting the society.



## **5) A New Dawn in Indo-Russia Relationship**

### **Introduction**

The United States had overtaken Russia in bagging defense deals over the previous four years, with sales worth \$15 billion, since 2007.

The significant acquisitions on the anvil are/were C-17 Globe master-III, strategic airlifters; P-8I aircrafts, which are, maritime patrol planes; Apache attack helicopters and Chinook heavy-lift helicopters.

The closeness of India with USA irked Russia, who has traditionally been the biggest suppliers of arms to India, since the 1960s, with sales worth \$50 billion.

In fact, even today, India holds at least 60% of its equipment and weapon systems of Russian origin. The mainstay equipment pieces, like the MiGs, Sukhoi fighter aircrafts, the T-90 tanks, Kilo-class submarines, Talwar frigates and INS Vikramaditya held on India's inventory are all from Russia.

The acquisition of French 36 Rafale, medium multi-role combat aircrafts (MMRCA) at a phenomenal cost of \$9billion, has been frowned upon by some experts, who feel that repair and maintenance of the aircrafts will need exclusive and more intensive expertise, if Indian Air Force has such divergent fleet of aircrafts.

Notwithstanding, the recent delegation level talks between India and Russia on the sidelines of BRICS Summit at Goa, saw a renewal of Indo-Russia relationship and signing of defense procurement deals worth \$10.5 billion (Rs 72,000 core).

### **Significant Indo-Russia Defence Deals**

#### **Missile Shield**

India has made a bid for five S-400 Triumph Air Defense Systems to plug the operational gaps in the India's air defense.

S-400 AD system is capable of destroying hostile aircrafts, stealth fighters, long range ballistic missiles and drones at a ranges between 120-400 km.

The weapon platform is equipped to fire three types of supersonic and hypersonic missiles to intercept different targets and has a long-range, all weather radar that can track hundreds of targets simultaneously.

It is envisaged that three of these air defense shields will be deployed on the western sector against air threat from Pakistan and two on the eastern sector against China.

Incidentally, China also had sealed a deal with Russia in 2014 for the delivery of the AD system S-400 by 2017.

#### **Guided Missile Stealth Frigates**

India has inked a deal for four Grigorovich-class frigates from Russia at a cost of \$4 billion. Two of these will be built in India.

These stealth frigates are 4000 ton, multi-role frigates, with an operating range of 4500 nautical miles and fitted with hi-tech sensors and state of art weapons, including the supersonic BrahMos missile.

However, the above deal has been linked to India's plan to lease a second nuclear powered Russian submarine at a cost of \$1.5 billion. The first nuclear submarine, INS Chakra was leased by India from Russia in 2012.

India has already inducted six Russian stealth frigates into the Navy, i.e. three Talwar-class and three Teg-class. The Grigorovich-class frigate will be an upgraded version of the Teg-class.

Indian Navy at present has 130 warships, out of which many are old and at the verge of down gradation.

In order to be able to appropriately project its maritime power and effectively protect its interests, India Navy plans to induct 212 warships by 2017.

A total of 39 warships and six Scorpene submarines are under construction in various Indian shipyards.

#### **Light Utility Helicopter**

A deal for procurement of 200 Kamov-226T helicopters at a cost of \$1 billion was signed between India and Russia.

It has been decided that first 60 choppers will be procured from Russia and the balance will be produced in India over the next nine years, giving a fillip to the 'make in India' campaign.

The Kamov-226T is a small twin-engine, multirole helicopter, which can perform the tasks of reconnaissance, aerial patrolling and disaster relief operations. It can carry on board, eight combat ready soldiers and has an operational range of 600km.

In all, the armed forces needs 484 light helicopters to replace the ageing fleet of Cheetah and Chetak helicopters, which are presently held with India. HAL is also in the process of manufacturing 187 light helicopters.

### **Russia's Compulsions to Look towards South Asia**

Russian economy has been crippled because of US-EU sanctions post the Ukraine crisis, falling price of oil, which is Russia's major source of income, and the impact of fast depreciating Russian currency, leading to flow of investments out of the country (capital flight).

Russia is said to be losing \$40 billion a year due to sanctions, around \$100 billion on account of falling oil prices, and some \$130 billion in capital flight. Further, inflation in the country has for the first time reached a double digit figure.

European Union is exploring alternate sources of gas for its domestic requirements to punish Russia on account of its military intervention in Ukraine and hence, Russia has shelved its \$50 billion South Stream gas pipeline project, which was to run across the Black Sea to Southern and Central Europe.

Furthermore, as a retaliatory step to EU sanctions, Russia has imposed trade restrictions by banning import of meat, fish, dairy, fruit and vegetables from the US, the EU, Canada, Australia and Norway.

The above said compulsions are drawing Russia towards fresh markets for its energy and bilateral trading partners in Asia.

China is Russia's largest single trading partner, with bilateral trade flows of \$90 billion and India, in comparison was just \$6.17 billion in 2015-16.

It is for the above stated reasons that, Russia signed contracts with China to supply 38 and 30 billion cubic metres of natural gas annually from 2018, for a period of 30 years in 2014.

Also, Russian Defence Minister visited Pakistan (first visit since 1969), and signed their first military cooperation agreement on 20 Nov 2014, which included joint naval exercises, military officer exchanges, arms sales, counter-narcotics and counter-terrorism cooperation.

Pakistan's Chief of Army Staff General Raheel Sharif had visited Russia in June 2015 and Russia has signed a deal with Pakistan at Rawalpindi to supply Mi-35 attack helicopters, 'Hind' to Pakistan on 20 August 2015.

Keeping the foregoing in mind, it can well be deduced that Russia is now looking for other partners to bridge this supply gap.

### **Reason's for Renewal of Indo-Russia Ties**

India has been traditionally dependent on Russia for defense procurement, owing to its cutting edge technology which is rugged, appropriately tempered for Indian conditions and hassle free, well defined procurement procedures.

Further, India's energy security is also very closely linked with Russia. The Russian consortium, comprising of energy giant Rosneft, commodities trader Trafigura and United Capital Parterres on 15 October announced acquisition of 98% stakes of India's Essar Oil for \$12.9 billion. This is the largest ever single foreign direct investment in India.

Besides, the two leaders during their meeting at Goa also dedicated the Unit-II of Kudankulum Nuclear Power Plant and witnessed foundation laying of its Unit 3 and 4.

Similarly, India has been the major factor that has provided the requisite wind to the sails of the Russian defence industry. Hence, Russia cannot afford to ignore India, as much as, India cannot afford to dump Russia for US.

The recent drift of Russia towards Pakistan and China has been primarily due to the growing closeness between India and USA. It was Russia's way to reprimand India, by participating in the recent military exercises with Pakistan.

### **Conclusion**

In a conscious attempt to rebuilt bridges, PM Modi during his Joint Statement with Russian President Vladimir Putin recalled a very apt Russian proverb that, “one old friend is better than two new friends”.

The temporary freeze that had appeared in the Indo-Russia relationship in the face of changing global geopolitics saw a thaw in the ongoing BRICS Summit.

Russia mirrored India’s concerns over terrorism and supported India’s actions to fight cross border terrorism. It also supported India’s bid for Nuclear Suppliers Group (NSG), membership for Wasseanaar Agreement and permanent berth in UNSC.

India, while walking this tight rope will have to demonstrate ‘Chanyaka Niti’ in diplomatic engagements to appropriately safeguard its national interests.



## 6) Major Highlights of BRICS and BIMSTEC Summit Held at Goa: 15-16 October 2016

### Introduction

**BRICS** is an acronym for Brazil, Russia, India, China, and South Africa. It is a conglomeration of five leading emerging powers, straddling the continents of Asia, Africa and Latin America.

BRICS, the power of 'Five', constitutes, one fourth of the world's landmass, 3.6 billion people, or half of the world's population and accounts for 25% of the global GDP amounting to \$16 trillion.

This socio-economic union was formed as an aftermath of global financial crisis of 2008, the first summit was held in Russia in 2009.

The aim of establishing BRICS was to form a formidable multilateral grouping that has striking convergence of interests at the global level rather than at regional level, so as to create a new world order which would reflect a tectonic shift by reducing the US and European Union geo-political dominance and economic hegemony.

Till now seven BRICS summits have been held, as follows; Russian city of Yekaterinburg in June 2009, Brazil in 2010, Sanya, China in 2011, New Delhi in 2012, Durban, South Africa in 2013, Fortaleza, Brazil in 2014 and Ufa Russia 2015.

The Eighth BRICS Summit was held in India at Goa on 15-16 October 2016. The theme of this year's summit was '**Building Responsive, Inclusive and collective solutions**'.

The first trade fair of the BRICS countries, was also held at Pragati Maidan exhibition ground, New Delhi from 12 to 14 October to commemorate the event.

Besides the BRICS Summit, India is also hosting the first-ever BRICS-BIMSTEC Outreach Summit. BIMSTEC stands for: **Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation**.

The seven-member BIMSTEC bloc has Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. Prime Ministers of Myanmar, Sri Lanka, Thailand, Bhutan and Nepal attended the summit.

### Background Information

The global institutions like, World Bank and IMF are widely considered to be predominantly influenced by the dictates of US and its European cronies and are biased against the interests of emerging economies.

The countries constituting this conglomerate are emerging economies and a power to reckon with in the global scenario. Russia and China are permanent members of the UNSC and the balance three, i.e. India, Brazil and South Africa are considered to be serious contenders for reserving a permanent berth in the expanded UN Security Council.

During the period of global economic meltdown, these emerging markets have become the favorite destinations for investors and are being considered the driving engines to catapult the world from economic depression.

Hence, this alliance forges to weaken the dominance of US dollar, provide an environment conducive for economic collaboration and also to provide a powerful voice to keep in check the 'West' dictated narrative of the world affairs.

### Most Distinctive Achievement: Creation of New Development Bank

The New Development Bank (NDB) was formally inaugurated during the BRICS Summit, which was held at Fortaleza, Brazil in 2014. The Group signed the mandatory documents to create the US\$100 BRICS Development Bank on 15 July 2014.

During the latest BRICS Summit at Goa, the NDB President presented a Report on the work of the Bank during the first year of its operations and also brought out the progress regarding operationalising the Africa Regional Centre (ARC) of the NDB.

The New Development Bank (NDB) has commenced its operations with release of first set of loans in the renewable energy projects to BRICS countries.

### Salient Features of the Functioning of NDB

Reduce dependency on US dollar and strengthen stand during World Bank and IMF decision making.



Promote cooperation amongst various BRICS export credit agencies and also, cooperation with respect to innovations amongst member states.

Shanghai was selected as the Headquarters, first President from India (Mr KV Kamath), inaugural Chairman for Board of Directors from Brazil and inaugural Chairman of Board of Governors from Russia. South Africa will be the African Headquarters of the NDB.

Bank's primary focus will be lending for infrastructure development projects with a limit of \$ 34 billion annually.

All five member states to contribute \$10 billion each to accumulate a capital of \$50 billion initially, this would be increased to \$100 billion over a period of time.

Any member cannot increase its share capital without the consent of balance four members. This issue was raised by India and was accepted by other members.

Bank will allow new members to join up, but the total capital value of BRICS member countries cannot fall below 55% of the total share value.

A Contingent Reserve Arrangement (CRA) will be maintained to provide protection against global liquidity pressures. It will serve as a precautionary instrument against short term balance of payment pressures.

Bank would also provide monetary assistance to other countries suffering from economic volatility. \$10 billion will be 'paid-in' capital (\$2 billion from each member), and \$40 billion to be paid 'upon request'.

Out of the total \$100 billion being envisaged as the capital of the Bank, \$41 billion will be contributed by China, \$18 billion by India, Russia and Brazil and \$5 billion by South Africa.

### **Highlights of the BRICS Summit 2016**

#### **15 October 2016**

##### **Delegation Level Talks with Russian President Vladimir Putin**

India and Russia signed a total of 16 agreements mostly in the fields of defence, energy, power, shipbuilding and space.

##### **Bilateral Talks between PM Modi and Chinese President Xi Jinping**

PM Modi during his bilateral with the Chinese President brought out the issues of memberships in NSG and UNSC. However, China remained non-committal over both the issues.

In response to India's efforts to isolate Pakistan, China stood steadfast with its all-weather ally.

China has made its position very clear on the subject, when its Foreign Ministry spokeswoman Hua Chunying said: "Everyone knows that India and Pakistan are victims of terrorism. Pakistan has made huge efforts and great sacrifices in fighting terrorism. I think the international community should respect this. We also oppose the linking of terrorism to any specific country, ethnicity or religion".

#### **16 October 2016**

The BRICS and BIMSTEC interventions were formally held on 16 October, which was followed by the adoption of the Goa Declaration.

##### **Salient Features of Goa Declaration**

The member countries echoed that the key priorities to further strengthen strategic partnership in the spirit of openness, solidarity, equality, mutual understanding, inclusiveness and mutually beneficial cooperation.

The BRICS members expressed satisfaction with respect to the operationalisation of the New Development Bank (NDB) and of the Contingent Reserve Arrangement (CRA), which is poised to immensely contribute to the global economy and the strengthening of the international financial architecture.

The members expressed satisfaction with NDB's issuance of the first set of green bonds in RMB and noted with great appreciation that the operationalisation of BRICS Contingent Reserve Arrangements (CRA) has strengthened the global financial safety net.

The Outreach Summit of BRICS Leaders with the Leaders of BIMSTEC member countries (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) comprising of Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand was seen as great opportunity to renew friendship with BIMSTEC countries.

The Goa Declaration highlighted the possibilities to jointly explore and expand trade and commercial ties. The investment cooperation between BRICS and BIMSTEC countries, would also serve to advance common goals of peace, development, democracy and prosperity.

The member nations underlined the importance of collective efforts in solving international problems, and for peaceful settlement of disputes through political and diplomatic means.

The members agreed that development and security are closely interlinked, mutually reinforcing and key to attaining sustainable peace and reaffirmed their commitment to contribute to safeguarding a fair and equitable international order.

**The members expressed their concern over the situation in the Middle East, North Africa and significant increase in terrorist activities in Afghanistan. They affirmed unequivocal support in the efforts for finding ways to the settlement of the crises in accordance with international law.**

The member countries also expressed their deep concern over the political and security instability that continues to loom in a number of countries that is exacerbated by terrorism and extremism.

### **China's Position on Pakistan**

President Xi in his 10 minute speech made oblique reference to Kashmir; he talked about the need to find a “political solution” to “regional hotspots”. He also called for concrete efforts and multi-pronged approach that address both “symptoms and root causes” to global challenges like terrorism.

Earlier, PM Modi in his speech had targeted Pakistan (without naming it) and had called it the “mother ship” of terrorism and pointed out that, “In our own region, terrorism poses a grave threat to peace, security and development.

Later during his address at the BIMSTEC meeting, PM Modi again highlighted that, “it is imperative for BRICS and BIMSTEC to create a comprehensive response to secure our societies against the perpetrators of terror”.

**The BRICS Summit saw India, at every stage go all out to isolated, expose and build consensus against Pakistan sponsored terrorism in the region.**

**Though all other countries were fairly supportive, India's efforts did not cut much ice with China, who continues to defend Pakistan's actions and also displayed out right indifference towards India's efforts to establish better neighborly ties.**

### **Conclusion**

**In his final call, PM Modi** asked all nations to work together to expedite the adoption of the Comprehensive Convention on International Terrorism (CCIT) in the UN General Assembly without any further delay.

Towards this, the BRICS leaders reaffirmed their commitment to the FATF (Financial Action Task Force), which is an intergovernmental organization founded in 1989, on the initiative of the G7, to develop policies to combat money laundering, especially for the purpose of financing terrorism.

**Finally, the BRICS Summit-2016 served well for India's interests, in terms of enhancing economic ties, arresting the ongoing drift of Russia and building up consensus to internationally isolate Pakistan.**

## **7) Deadly Terror Attack at Baluchistan Police College, Quetta**

### **Introduction**

Balochistan province of Pakistan was once again rocked by a major terror attack, when militants belonging to the Al-Alimi faction of the Lashkar-e-Jhangvi group attacked Balochistan Police College, located 20 kilometres east of provincial capital Quetta.

The total casualties reported in the incident were 59 dead and 111 injured.

This was the second major terror attack in the previous two months. In August 2016, suicide bombing by Islamic State group, Jamaat-ul-Ahrar at Quetta hospital had claimed lives of 93 people, including many of the city's lawyer community who had gone there to mourn the fatal shooting of a colleague.

### **Details of the Attack**

The Police Academy was attacked by three heavily armed assailants, who were equipped with suicide jackets, at around 11.10pm on 24 October 2016.

The gunmen targeted the sleeping quarters of the academy, which was home to some 700 recruits. They wore army uniforms, had their faces covered and carried Kalashnikov rifles.

Initially, they silenced the watch tower sentry and were able to enter the sprawling academy grounds. Most of the deaths were caused when two of the attackers blew themselves up.

Finally, in the counter militant operations conducted by Pakistan army and paramilitary forces, two of the militants died after detonating their bomb vests and one was killed by security forces.

### **Motive of the Attack**

The population of Baluchistan has a majority of Sunni Muslims. Iran being a Shiite majority country has been helping Pakistan militarily in subduing the Sunni dominated Baluchistan, which is also a cause of anguish amongst the Baloch people.

Though the specific motive of this attack could not be immediately ascertained, however, Lashkar-e-Jhangvi, whose roots are in Punjab province, has a history of carrying out sectarian attacks in Baluchistan, particularly against the minority Hazara Shias.

The other militant groups that operate in Baluchistan include factions of the Pakistani Taliban and Al Qaeda.

There has been a major migration of Pashtuns' from Afghanistan into Baluchistan during the Afghan War, which also drives the insurgency movement in Baluchistan.

Moreover, the Taliban fighters use Baluchistan for rest and recuperation, whenever, pressure on them intensifies from the US led forces in Afghanistan.

The control over resource rich Baluchistan province, in which China too has major economic and strategic interests, has multiple dynamics in play.

## **8) Status of Military Officers Lowered in Comparison with their Civilian Counterparts**

### **Introduction**

The Government has issued an order on 18 October 2016, lowering the status of military officers with respect to their civilian counterparts.

It was shocking to note that the Joint Secretary E/CAO, dealing with recruitment and provisioning of civilians in the Defense Ministry, arbitrarily defined the rank equation between civilian officer and serving military officer based on duties and functional responsibilities.

This letter comes amidst the continuous stream of body bags that have been arriving from J&K during the past few months and is naturally very upsetting and detrimental to the morale of the defence forces.

### **Highlights of the Government Order**

As per the provisions of the above stated letter, a Principal Director is equivalent to a Major General, A Director is equivalent to a Brigadier and a Joint Director is equivalent to a Colonel.

The status has been lowered by one rung, i.e. a Colonel was earlier considered equivalent to a Director and so on.

The order states that the above rank equation has to be followed in assigning duties/ functional responsibilities and for all purposes such as channel of reporting, detailing of officer to training courses, providing stenographic assistance, etc.

A selection grade Colonel, who has over 20 years of service has now been equated with a promote Jt Directors, who puts in just 5 years of Group A service. Further, Colonel and above ranks in the army are selected based on promotion boards, in which, only less than half the officer cadre makes the cut from Lieutenant Colonel to Colonel's rank.

Overall, the instructions downgrade the status of service officers to levels even lower than Group B civil services officers.

Regrettably, the lowering of the status has been done without paying any heed to various parameters that are conventionally used for establishing equivalence like the laid down Warrant/Order of Precedence, Pay Scales, years of service in particular class/grade and various judgments by Courts of Law, reports of various Pay Commissions, etc.

### **Historical Perspective to the Civil-Military Status Equivalence**

The 'Order of Precedence' of the Republic of India lays down a protocol list of the functionaries and officials in terms of the hierarchy of importance accorded to their rank and office in the Government of India.

The order is established by the President of India, through the Office of the President of India and is maintained by the Ministry of Home Affairs.

Before independence the status of the Commander in Chief (C in C) in India was second only to that of the Viceroy. He was de facto the Defense Minister. Today the service chiefs are twelfth in the order of precedence, i.e. below, even the cabinet secretary.

At that time, the role of the Defense Department was not to examine proposals, or to sit in judgement over the Army Headquarters, but was restricted to issuing orders in the name of the Government of India.

Soon after independence the War Department and the Department of Defense were merged to form the Ministry of Defense (MOD).

In 1947 a committee of three senior Indian Civil Service (ICS) officers had suggested structuring of the MOD on the lines of the Ministry of Home Affairs (MHA) and, in the process, had also aimed at lowering the standing of the military officers much in the same way as that of the police officers in relation to the Indian Civil Services.

However, at that stage Lord Mountbatten intervened to ensure that the Service Chiefs retained their status higher than the Defense Secretary.

In the years immediately preceding independence the Army had a very strong and visible presence in India, which made the political masters nervous.

In order to highlight the above, I will narrate a true story of that time:

In 1957, the then Indian prime minister Jawaharlal Nehru, visiting the office of general Thimayya, the chief of the army staff, saw a steel cabinet behind his desk, and asked the general what it contained.

The general replied that the top drawer contained the nation's defense plans. And the second drawer contained the confidential files of the nation's top generals.

"And, what about the third drawer", enquired Nehru.

Ah, said the general with a straight face, "the third drawer contains my secret plans for a military coup against you".

Nehru laughed, but there was apparently a tinge of nervousness to his laughter.

### **Political Compulsions to Restrain the Armed Forces**

The need to restrict the power of the military was first seen by Nehru, who felt that India needs to rethink the role of the army, and initiated a policy that would firmly subordinate it to the civilian authority.

The Indian and Pakistani defense forces prior to independence had been similarly groomed and supported similar military ethos. A military coup in Pakistan in 1958 served as the driving force for the politico-bureaucrat lobby to promptly clip the wings of the Indian armed forces to make it coup-proof.

One of the first symbolic things that happened in this direction was that the Teen Murti House, traditionally the grand residence of the army chief, was assigned instead to the Prime Minister.

The next thing that came was, a series of budget cuts (resulting, among other things, in hefty cuts in army officers' generous Raj-era salaries).

Over the years a systematic programme was pursued to ring-fence the armed forces, and their influence in Indian society.

The stinging defeat of 1962 in the Indo-China conflict was an outcome of keeping the Service Headquarters outside the government's decision-making machinery.

In order to further contain the aspirations of military hierarchy, Krishna Menon was appointed as a defense minister, who was known to be a powerful, abrasive, leftist intellectual.

The existing system subjects the Indian armed forces to three tiers of procession controls—secretarial, financial and ministerial. The same results in a lot of in fructuous paper work and inordinate delays as superficially conversant civil servants take decisions on matters military.

Regrettably, our political leaders continue to remain uninformed and indifferent towards the requirements of the armed forces and their justified aspirations.

The bureaucrats (MOD), on whom the politicians completely depend and rely for running the ministry, want to keep the military bottled up. The same also suits the interests of the politicians.

Therefore, a number of actions have been taken over the years to restrain the armed forces by implementing the following, very craftily thought-out measures, like: diversifying the ethnic composition of the armed forces to setting up rugged command and control structures, re-casting the order of precedence between civil and military authorities, paying close attention to promotions, disallowing army officers from making public statements, creating a counter-balancing paramilitary force, and topping off this entire effort with little touches like ensuring that retired chiefs of staff are usually sent off as ambassadors to faraway countries.

### **Conclusion**

Though, the Defense Ministry sources have said that the letter "does not relate to equivalence in any way, it is about financial powers and work responsibility within service headquarters", but to my mind, it seems that the left hand does not know what the right is doing.

The Indian Armed Forces, which has always risen to the occasion in every national emergency, has been, for too long taken for granted.

The bureaucratic encumbrances applied through political collusion, serves as a drag to the functional ability of the armed forces.

The Armed Forces has been demanding a modest 3% of the GDP to be able to keep up its modernization prospectively planned in consultation with the MoD.

This year's defense allocation in the budget was the lowest in the previous 30 years at 1.75% of the estimated GDP. In 1987 it was 3.16% of the GDP, which has been reduced over the successive budgets. This is a major reason that the defense forces are at least ten years behind their scheduled modernization plans.

The reluctance of the government to execute One Rank one Pension (watered down version), many anomalies in the 7th Pay commission (like, pay parity with their civilian counterparts and grant of NFU (non-functional up-gradation) for securing the emoluments granted to officers denied promotions due to the lack of vacancies in the steeply-pyramidal structure of the armed forces. The IAS, IFS and IPS officers, as also those from organized Group 'A' civil services, now get NFU after the 6th CPC), cutting down of the disability pension of the defense veterans and lowering their inter se status in comparison with the civilian counterparts are deliberate measures adopted by the all powerful politico-bureaucrat lobby to put army in its place.

Unfortunately, what the decision making echelons of the country does not comprehend is that, "if you throw nuts, it will only attract monkeys".

Consider the adverse effect of lowering the perks, status and eventually, respect of the service personnel on their morale, especially, when they never ever think twice before putting their lives into the harm's way for the sake of the country and the kind of hostile sub-human environment in which they serve.

The question that we need to ask is that, is the security of the nation so cheap and can we afford to jeopardize it, especially, in the prevalent geo-political regional scenario.

## **9) Barrier of Frustration Breached Over Contentious Issues Raised about the One Rank One Pension (OROP)**

### **Introduction**

Ram Kishan Grewal, a retired army subedar, who was protesting over the One Rank One Pension (OROP) scheme at Jantar Mantar, allegedly committed suicide on 01 November 2016.

It is a major milestone in the ongoing struggle of the ex-servicemen for the grant of their rights that has rocked the boat at the highest level. This tragedy has once again highlighted the general apathy of the nation towards its defense forces.

The demand for One Rank One Pension (OROP) was accepted after 42 years by the government on 07 November 2015 and the detailed order along with OROP tables for its implementation was issued on 03 February 2016.

The OROP scheme has been implemented with effect from 01 July 2014 and the base year for calculation of pensions has been taken as 2013.

The OROP scheme has benefitted over 30 lakh ex-servicemen and war widows, out of which, 86 percent are Personnel Below Officer Rank (PBOR).

The scheme will be implemented at an annual cost of around Rs 7500 core and the arrears from 01 July 2014 to 31 December 2015 would cost the government exchequer approximately Rs10, 900 core.

The total increase in the Defense Budget for pensions is estimated to go up from Rs 54,000 core (BE 2015-16) to around Rs 65,000 core (proposed BE 2016-17), thereby increasing the Defense Pension Outlay by about 20 per cent.

### **Understanding One Rank One Pension (OROP)**

The 85% of the service personnel (mainly, PBOR) retire at an age of 35-37 years and an officer at the rank of a colonel retires at the age of 54 years, as compared to their civilian counterparts who retire at an age of 60 years and continue to draw salary for many additional years.

Therefore, it is mandatory to safeguard and secure the future of the relatively young ex-servicemen who give away their prime for the sake of the nation, serving in hostile conditions away from their loved ones.

The security of their future can either be ensured by laterally absorbing them in some other employments, akin to their skill set, or monetarily compensating them. As of date, there are no major provisions that exist to ensure their lateral absorption; hence, they need to be given some financial relief.

‘One Rank One Pension’ basically means that retired soldiers of the same rank, who have retired after serving for the same length of service, will receive the same pension, irrespective of the date/year of their retirement.

A Pay Commission sits every 10 years and gives recommendations for enhancing the pay and allowances of the serving personnel based on the various factors like inflation, price hikes, and increase in living expenditures to meet the explicit needs of the lifestyle befitting the stature of a defense officer, etc.

Pension of the officers superannuating is based on the last salary drawn by them at the time of retirement.

Hence, with each consecutive Pay Commission, the military veterans who retired earlier received lesser pension as compared to those who retired later with the same rank and length of service.

All pre-2006 (the year the 6th pay panel report became effective) pensioners were receiving lesser pension than not only their counterparts but also their juniors.

For instance, a Major General who retired in 1995 drew a basic pension of Rs 30,350 but an officer retiring in the same rank after 2006 got Rs 38,500.

Similarly, a colonel who retired in 2003 got Rs 26,150, compared to Rs 34,000 drawn by a colonel who retired this year.

### **Events Leading up to Meeting of the Demand of OROP**

The demand for OROP by the ex servicemen had been there every since the era of Mrs Indira Gandhi, who had promised its implementation.

The first major country wide strike against the issue began on 08 February 2009, when more than 300 retired soldiers had marched to the Rashtrapati Bhavan in New Delhi and had returned their gallantry awards.

After series of protests by the Ex Servicemen Association, the UPA government towards its fag end agreed in principle to clear the scheme in 2013.

The NDA also renewed the hope for implementation of OROP by unequivocally including it in its election manifesto.

Seven years ago, the Supreme Court had directed the government to follow a 'One Rank, One Pension' principle for retired servicemen. In February 2015, the court said failure to implement it within three months would mean contempt of court.

On 09 April 2015, Defense Minister Manohar Parrikar said, "All hurdles, including a political clearance on its financial implications, have been removed. Now the actual calculation and administrative details are being worked out. We are sure to get the scheme rolling in the next few weeks."

However, as usual the Prime Minister Narendra Modi remained conspicuously silent regarding 'One Rank One Pension' during his various discourses, like the rally in Mathura in Uttar Pradesh to mark his government's one year in office on 25 May 2015, while delivering 'Man Ki Baat' and on the occasion of Kargil Diwas on 26 July 2015. The same greatly disappointed the ex servicemen and made them impatient.

Meanwhile, Major General Satbir Singh (retd), who heads the Indian Ex-servicemen Movement, planned a big rally in Delhi on 14 June 2015 followed by hunger strikes across the country. The police intervened and prevented ex servicemen from reaching the rally site.

In another very unfortunate turn of events, on the eve of Independence Day, the Delhi Police and New Delhi Municipal Council forcefully attempted to evict the ex servicemen protesting for 'One Rank One Pension' from Jantar Mantar.

The Prime Minister handpicked General VP Malik (retd), who was the Army Chief during the Kargil war, as a mediator. However, he walked away from his role within 48 hours as he said that the "gap between the demands from the two sides is too wide."

The main sticking points in talks between ex-servicemen and the government was the date of implementation of the OROP and years after which pension must be revised.

While the government proposed to benchmark pensions at 2011 rates, the ex servicemen insisted that 2014 rates and secondly government wanted to revise it once in five years, while ex servicemen wanted it revised every two years.

Finally, the Central Government on 07 November 2015 issued the notification regarding implementation of 'One Rank One Pension' in respect of Defense Forces personnel.

#### **Salient Aspects of the OROP Notification**

- Pension of past pensioners would be re-fixed on the basis of pension of retirees of 2013 & the benefit will be from 1 July 2014.
- Pension will be re-fixed as per average of min and max pension of personnel retired in 2013 in same rank and same length of service.
- Pension for those drawing above the average shall be protected.
- Arrears will be paid in four equal half yearly installments.
- All family pensioners including those getting Special/Liberalized family pension & Gallantry award winners to get arrears in one installment.
- In future, the pension would be re-fixed every 5 years.
- Personnel, who opt to get discharged, now on, on their request will not get benefits of OROP. It will be effective prospectively and not retrospectively.
- Judicial Commission will be constituted to iron out the anomalies which shall submit its report in 6 months.

#### **Contentious Issues of OROP**

The veterans who have continued their protest at Jantar Mantar rejected the notification on OROP issued by the defense ministry. The major contentious issues are as follows:



- The notification excludes the premature retirees out of OROP, which translates into excluding 70 per cent of military pensioners. However, this clause was removed, but the government has said that the benefit of OROP will not be extended to military personnel who seek premature retirement now on.
- The veterans want equalization of pension at least every two years, but the government has notified that it would happen only once in five years.
- The veterans want that the revised pensions should be fixed at the rate of maximum pension being received by current retirees, but the government has announced that only an average of the maximum and minimum pension that will be received by the current retirees will be given.
- The government has notified the appointment of a single judge judicial committee to look into anomalies of OROP and the panel was asked to submit its report in six months, but the panel asked for another six months extension up to June 2016. The veterans want a five judge bench to look into the anomalies and the committee must have the representation from the military and ex-servicemen, and also desire that its report be submitted within 90 days.
- The disability pension granted to the ex-servicemen, who have been invalidated out of service, has been drastically reduced. A “slab system” has been introduced for disability pension, which is significantly lower than the earlier percentage system and will have a flat rate of Rs 27,000 a month for officers, 17,000 for junior commissioned officers and Rs 12,000 for all other ranks.

### **Continuous Lowering of Pension Benefits to Armed Forces**

Until the 3rd Central Pay Commission [CPC], the military enjoyed a pension of 75% of the last pay drawn, while for the civilian employees, it was 35%. This advantage compensated for the harsh service conditions and early retirement, essential to keep the armed forces young. The 3rd CPC made it 50% for all.

The 4th CPC introduced ‘Rank Pay’ (as per rank from Rs 400 to 1200), a component added to the existing basic pay. The bureaucrats, very smartly deducted an amount equal to the rank pay from the defense officers basic pay, which commensurately reduced their Basic salary, without apparently reducing the overall salary. Since entitlements are dependent on the basic pay, this lowering in effect lowered their status / entitlements. It also adversely affected future enhancements during successive Pay Commissions.

Even after the Sixth Pay Commission Award, the Service Chiefs have pointed out 39 anomalies in the award and its implementation, which were never adequately addressed by the government.

### **Conclusion**

The decision to implement a watered down OROP has turned out to be a damp squib for the forces. It is highly unfortunate that the media had even stopped covering the ongoing strive of the ex-servicemen at Jantar Mantar. The frustrations that compelled a veteran to commit suicide and the relentless campaigning by other veterans to protect their honor and dignity must ring the alarm bells at the highest echelons, who deem to be the custodians of our constitutional democracy; otherwise we will be consciously script writing the episode of our own doomsday.

## **10) DEATH CURSE OF DELHI**

### **Introduction**

The latest reports on air pollution about India's capital has given a crown to Delhi among all other capitals of the world. Devils own crown- The most dangerously poisonous CapitaLand city in the world. We, Indians, the most intelligent people of this Earth, should be really proud of this unique achievement. The hour of reckoning has come. The 'Dooms day predictions have come true.

### **The Gloomy Picture**

A report released by UNICEF on 01 Nov 2016, had said around 6 lakh children under age 5, die every year - more than malaria and HIV/AIDS combined - from diseases caused by or exacerbated by outdoor and indoor air pollution.

1,800 Schools Shut as Delhi Chokes on Pollution, 13 Times Worse than Safe limit. Air pollution several times worse than safe limits has crippled Delhi again, due to unmind -ful abuse of environment by us.

What are the high lights of this death dance:-

- Thick smog in Delhi has worsened since Diwali celebrations.
- Pollutants as high as 13 times above the safe limit of pollution, in Delhi.
- Can cause acute respiratory diseases, if subjected to prolonged exposure.

Some 1,800 primary schools in New Delhi have been ordered to shut down temporarily, as the national capital grapples with some of the worst pollution in recent years. The administrative decision affects around 9 lakh children studying at schools run by the Delhi municipality authorities.

### **Deepening Crisis**

Delhi after Deepawali, had been blanketed by a dark thick smog which had been enveloping the city, choking fresh air supply. Data from the city's pollution monitoring agency showed that concentrations of Particulate Matter or PM 10 (coarser pollutants) was over 1,200 micrograms per cubic meter since Deepawali , compared to a safe level of 100, in many parts of Delhi. PM 2.5, a standard measure of air quality, was as much as 13 times more than the prescribed safe limit. These particles are capable of causing respiratory diseases like Asthma, Bronchitis and even lungs cancer if one is subjected to prolonged exposure to such polluted air.

"It has been decided to keep the municipal schools shut on Saturday because of smog in Delhi. The schools will operate as normal from Monday," spokesman for the Municipal Corporation of Delhi reported. New Delhi's air quality has steadily worsened over the years, a consequence of rapid urbanization that brings pollution from diesel engines, coal-fired power plants and industrial emissions. Vehicles and coal-fired power plants add to Delhi's pollution. Delhi also suffers from atmospheric dust, the burning of crop stubble in farms around the city and pollution from open fires, lit by the urban poor to keep warm in winter or to cook food.

The latest crisis began in the aftermath of the Deepawali celebrations, when millions of firecrackers were set off, leaving the city blanketed in smog overnight. In spite of a campaign to stay away from fire crackers, most of the Delhites blasted off their money in smokes.

Subsequently, the environment ministry called a meeting with officials of neighboring states to discuss ways to combat pollution.

### **Do we want a final Solution?**

As I have mentioned in an earlier blog, half- hearted efforts have been underway by the Delhi Administration like odd-no-even -no vehicular movement, restrictions on new construction debris etc. However it lacked doggedness and determination and soon withered away. Mostly the remedial actions were gimmicks to gain political mileage for the ruling party of Delhi State. It is pathetic to witness futile arm-wrestling between Centre and Delhi state to do one-up-man ship, rather than unanimously declaring hard hitting final solution. It is now evident that the situation is beyond dilly- dallying and no one can wish away the harsh truth- death lurking in the Delhi air as pollution. It is NOW or NEVER. We all have to rally behind a purposeful government on a war- footing and combat air pollution even if it is going to throw public life out of gear, for a while. We owe our future generation at least, this much sacrifice.

## **11) INDIAN ARMY- SHARPENING ITS TEETH**

### **Introduction**

One of the major reasons for Indian Army's failure to repel the attacking Chinese Armies in 1962, was the inferior bolt-action rifles of our Infantry in comparison with Chinese small arms. Soon, the Self Loading Rifles (SLR) replaced the .303 Caliber rifles manufactured by Army Ordnance Factories. SLRs remained as the major assault weapons of Infantry and the standard small arm of all soldiers.

### **Present Personal Small Arms**

The Army currently uses the 'Indian Small Arms System'(INSAS) Rifle, introduced in the late 1990s and built by the state-owned Army Ordnance Factory. However, the Infantry soldiers issued with these INSAS Rifles complained that the 5.56mm rifles were unreliable, and prone to malfunctioning in the most crucial war conditions. This feedback from soldiers prompted the Defense ministry to go to the global market to identify an appropriate replacement for INSAS.

### **Modernization of Small weapons**

Indian Army have embarked on a shopping spree for modern small arms for close combat, light bullet-proof jackets and protective helmets, providing a potential boost to global arms suppliers.

The 1.3 million-strong military is abandoning its two decade-old Indian made INSAS Rifles and seeking to outfit its infantry with more state-of-the-art close combat equipment, scouting for a new model on the global market for 185,000 assault rifles. The Ministry of Defense (MOD) also needs to buy hundreds of thousands of protective helmets and tens of thousands of bullet-proof vests.

The urgent requirement to revamp the present standard rifles of Infantry soldiers were felt by the Cabinet committee on National Security. The purchase of sophisticated small arms weapons from the Global market, are part of Prime Minister Narendra Modi's \$250 billion push to modernize India's Armed Forces. Infantry continues to face the brunt of deadly attacks in disputed border areas such as Kashmir and the North-East.

Till date, plans to buy new equipment from overseas, however, have been held back by bureaucratic delays and the Defense Ministry policy of balancing the needs of modernization, against efforts to have equipment built domestically under Modi's "Make in India" program, which is a key plank in his drive to boost domestic production and GNP.

"It's encouraging that they're going ahead with this, but it's discouraging that it's not made under "Make in India," said Anit Mukherjee, a former Indian Army officer and Assistant Professor at Singapore's S. Rajaratnam School of International Studies. "The fact that it took 10 years for Indians to go ahead and say, 'we're importing'- means the bureaucracy is still holding back modernization of the armed forces. That's problematic." To identify possible vendors, the ministry of defense last month issued a request for information. It said it wanted a larger, more deadly 7.62mm model rifle that will "shoot to kill."

India needs 65,000 rifles within 28 months of signing the contract and has asked global manufacturers to reply by 07 November 2016. India plans to issue a tender for procuring sophisticated rifles in April 2017.

This is India's second attempt since 2011 to procure assault rifles for its Infantry. The 2011 tenders were issued to Colt's Manufacturing Company LLC, Italy's Fabbrica d'Armi Pietro Beretta S.p.A., Swiss Sig Sauer Inc., the Czech Republic's Ceska zbrojovka and Israel Weapons Industry Ltd. But it was cancelled in 2015 after the various rifles offered by the global manufacturers did not meet the multi-caliber requirements of the army.

### **Procurement Delays**

Apart from assault rifles, the army also sought to buy light automatic rifles and machine guns, as well as sniper rifles. Initially, it planned to buy 43,000 carbines off the shelf from international companies and build 120,000 others at Ordnance Factories in India.

But a tender issued four years ago to buy the carbines, was cancelled earlier this month over procedural issues, according to a senior army officer, off the records.

The rifle procurement is part of the army's efforts to modernize personnel equipment, including body armour and helmets. It needs over 350,000 bullet-proof vests, and earlier this year decided to buy 50,000 units of body armour to meet emergency requirements. The army has also inched closer to procuring 150,000 lightweight helmets.

Delays in procuring basic equipment should concern policy makers as infantry troops take on the brunt of India's current operations, according to Srinath Raghavan, a former infantry officer and senior fellow at New Delhi's 'Centre for Policy Research.' The 'Make in India' program, where foreign firms team up with local firms, is helping to address that", he said. But there were still tensions between the army's urgent requirements for modern equipment and the slow pace of defence sector joint ventures, meaning at least some equipment must be bought "off the shelf".

"The fact that you can't even design your own small arms system reflects very poorly on the military ecosystem in India," he said. "The military innovation cycle is dysfunctional and broken down and it should be a matter of huge concern."

### **Conclusion**

Analyzing the hostile geo- political situation prevailing in the sub- continent, modernization of military hardware is an essential step towards empowerment of the nation to safeguard our borders from enemies. A reliable and deadly small arm is definitely a moral- booster for a soldier.

## **12) Implications of Demonetization of Rs 500 and Rs 1000 Currency Notes by the Reserve Bank of India**

### **Introduction**

Prime Minister Narendra Modi in his speech on the national television on 08 November 2016 announced demonetization of Rs 500 and Rs 1000 notes by the Reserve Bank of India.

The RBI's Annual Report for the financial year 2015-16 indicated that the notes of these two denominations accounted for nearly 86% of all banknotes in circulation, which is roughly 12% of India's GDP.

This is not the first time that the RBI has demonetized currency. In 2014, the RBI had demonetized all banknotes printed before 2005.

Earlier, Rs 1,000 and Rs 10,000 banknotes were demonetized in January 1946. These two denominations were reintroduced in 1954 along with currency notes of Rs 5,000, and all the three were again demonetized in January 1978.

PM Modi called this move a "fight against corruption, black money, fake notes and terrorism" and expressed confidence that "every citizen will stand up and participate in this Mahayagna".

### **Connecting the Dots**

In case we look back, the decision that has hit the black-marketers like a 'bolt from the blue' was obviously not taken by the Modi government all of a sudden.

It perhaps kick-started with opening of bank accounts at a mega scale, followed by linking of bank accounts with Aadhar cards, further, to bring everyone into the tax net, information regarding bank accounts, passport and Aadhar card was included into the income tax return.

Finally, the volunteer, Income Declaration Scheme that ended on 30th September 2016, provided a vent to honest defaulters, before the Indian 9/11 struck the persistent defaulters with a thunderous blow and rendered Rs 17,54,000 crore worth of notes as trash.

The announcement was made after banking hours and while the market was shutting down at 8pm on 08th November, leaving no room for manoeuvre for the black money holders.

It was informed by Dr Urjit R. Patel, Governor, Reserve Bank of India that the decision was made about six months ago and printing of new currency notes of denomination 500 and 2000 had already been started. Only the top members of the government, security agencies and the central bank were privy to this information.

### **RBI Notification on Demonetization of Notes: Salient Features**

- Withdrawal of existing and older series banknotes in the denominations of Rs 500 and Rs 1000, with effect from midnight of November 8, 2016.
- Bank ATMs to stop dispensing these Old High Denomination (OHD) banknotes from midnight of November 8, 2016.
- Banks to remain closed for public dealings on November 09, 2016 to facilitate their preparation.
- ATMs to remain closed for operations from the mid night of November 08th to November 11th 2016.
- The ATMs to resume functioning upon their recalibration to dispense bank notes of only Rs 50 and Rs 100 denominations.
- Banks have been advised to provide all cash withdrawal transactions at their ATMs free of cost to their customers till 30 Dec 2016.
- Banks to fix a limit of Rs 2000/- per day per card withdrawal limit at ATMs, for all their customers, till November 18, 2016 and the limits to be raised to Rs 4000 per day per card from 19 November 2016.
- The discontinued banknotes of value up to Rs 4000 per person could be exchanged for the new banknotes over the counter of bank branches from 10 November 2016 by furnishing a valid ID proof.

- Citizens will have until December 30, 2016 to tender the discontinued banknotes at any office of the RBI or any bank branch and credit the value into their respective bank accounts.
- The Reserve Bank of India to shortly issue Rs 2000 denomination banknotes in the Mahatma Gandhi (New) Series, with the inset letter 'R', bearing signature of Dr. Urjit R. Patel, Governor, Reserve Bank of India, and the year of printing '2016' printed on the reverse of the banknote.

Note: The above directive was issued under section 10(2) read with section 18 of the Payment and Settlement Systems Act 2007 (Act 51 of 2007).

### **Implications of Demonetization**

The legally earned cash which is stashed with people will immediately find its way into the banks. The same will phenomenally increase the volume of bank deposits.

The increased flow of funds into the banks will allow the banks to lend more, as their cash reserve ratio will become healthy.

Thus, banks will be able to give loans to more people and interest rates may also be slashed. The same will stimulate domestic spending and hence, give a boost to economic growth.

However, the increased money supply in the hands of the public will upset the apple cart of demand-supply and may cause inflation in the long run, i.e. more supply of money in the market in comparison to the supply of goods and commodities.

Those people who have earned and stashed large sums of illegally earned money through corrupt and illegal practices will be naturally hesitant to declare it and put it in the banks.

Thus, it will create an artificial shortage of money in the market overnight, increasing its value. As a result, 'heavy deflation' of the economy may take place momentarily, as the total money supply would have gone down, but the supply of goods and commodities would still be high.

It is expected that the Gold prices and cost of commodities will drop over the next six months to one year and will give a boost to the government's image, especially during the upcoming UP and Punjab elections.

Thereafter, the broad supply of money will continue to go up and prices of all consumer goods will go up slowly and steadily to balance out inflation and deflation.

The extent of deflation cannot be predicted, as it will all depend upon how many people deposit the currency notes into the banks over the next 50 days.

The real estate sector will be majorly impacted by deflation. In the absence of fewer people with white money to buy properties, the demand of real estate will go down, which will drive the market price of property down.

It may be reasonable to predict that the prices of real estate will dip to its lowest by end 2017 and then move up again as inflation catches up.

Lastly, besides causing a temporary inconvenience to the common public, the demonetization will have a short term adverse affect for daily wage laborers, small farmers, roadside vendors / small business people, especially because they may not be very familiar with digital transactions.

### **National Advantages of Demonetization**

All the currency that has been put into the banks will become taxable and the tax net of the government will further increase. Just to give an example, the Income Declaration Scheme is expected to yield tax collection of Rs 29,400 core from the Rs 65,000 core that was declared under the scheme.

This jolt is likely to bring about greater awareness and reliance on formal modes of payments such as debit and credit cards, net-banking and digital wallets. Online transactions will enhance transparency, accountability and help in maximizing taxation.

The parallel shadow economy that thrives on black money corrodes and eats into the vitals of the country's economy, fuels inflation and deprives the government of its legitimate revenues.

It is a common known fact that the political system uses wads of unaccounted for money to fund elections. The election funds are invariably generated through unaccounted for contributions, which usually pushes businesses to generate black money. Besides, the civil servants allegedly also get involved to back up the politicians, making them corrupt.

Further, it has been divulged, that Pakistan has been formally printing higher denomination Indian currency to near perfection. The black money and fake currency provides the requisite wind to the sails of terrorism emanating from Pakistan.

India's image at the global level, with regards to improving transparency and arresting corruption will see an upswing after this move by the government, which will act as an enabling force to attract higher capital flow (FDI/FII) into India and stimulate economic growth.

Finally, once the black money is sucked out of the market, the government can utilise the unclaimed currency to bridge the budget deficit and use it for funding social welfare projects.

### **Conclusion**

The surgical strike carried out by the Modi government is truly a watershed moment in India's fight against the ubiquitous black money and may be termed as one of the greatest economic reforms of recent times.

Though, the cash intensive sectors like, the Real estate, construction material, unorganized trade and services will see a significant pain in the near term, but it will result in bringing about much needed transparency and structural reforms, which will pay handsome dividends in the long term.



### **13) Ramifications of Donald Trump's Presidency for India**

#### **Introduction**

Donald Trump emerged as the 45th President of the United States of America contrary to the popular perception. He is known to be a headed strong person, who is a shrewd businessman.

Trump is highly unpredictable, believes in the political ideology of populism i.e. virtuous citizens are mistreated by a small circle of elites, is extremely loud and his sense of nationalism is unquestioned, though queer.

The above attributes make him, if nothing else, a dangerous person to fill the office of President. One thing is for sure, that the impact of a Trump presidency will be felt far beyond the borders of the United States.

#### **Major Ramifications for India**

One of the most significant election promises made by Donald Trump was to lower the corporate tax rate from 35% to 15%.

The implication of the above would be that US would become an attractive destination in the world for businesses, as it would offset the advantage of cheap labor against tax cuts at home.

Conversely, it would also mean that American businesses that have set shop in other countries to improve their profitability by paying less tax, e.g. Ford Motors in India would like to pull back a part of their business, if they get this additional benefit at home ground.

Thus, it would be bad news for India as it could lose jobs and revenue.

However, besides lowering the corporate tax rate, he plans to cut federal expenses and ease regulatory frameworks for businesses, so as to give a boost to the US economy.

The same would mean enhanced opportunities for not just big businesses in India, but also smaller ones to invest in the US.

The EB-5 visa programme being proposed by US, which is likely to find favour with many Indian investors, requires an investment of \$ 1million and create at least 10 jobs for American workers to get the much coveted Green Card.

Thus, the ever growing list of Indian millionaires (nearly, 2.5 lac as on date), will find greater opportunities to live their “American dream”.

Trump has been extremely unambiguous about curtailing immigration. Though his attacks were more directed towards Mexicans, his views on restricting skilled workers to take up American jobs, could spell trouble for Indian techies.

Companies like TCS, Infosys and Wipro have employed a large population of Indians. In fact, in 2014, Infosys alone filed more than 24000 Labor Condition Applications (LCA) required to obtain these visas.

Besides, many US companies operating in India have been sending their staff to US, simply because Indians are cheaper to employ as compared to American workers.

However, the above said call had been given by most American Presidents before elections, but later found it hard to implement, as they cannot beat India’s technical prowess and “flexibility” of workers to shoulder additional responsibilities.

Presently, energy starved countries like India are at the mercy of the Petroleum Exporting Countries (OPEC) and any rise in the price of fuel bleeds India’s domestic oil companies, throws the government’s fiscal deficit targets out of gear and leads to a spike in the prices of essential goods.

Donald Trump has promised to unleash America’s shale oil, natural gas and coal reserves to make US energy self-sufficient. He has further declared to open onshore and offshore leasing on federal lands and lift the moratorium on coal leasing.

Opening up of the US oil sector could lead to price stability globally. It could also throw open massive business opportunities for Indian oil companies including the state owned Oil and Natural Gas Corporation of India (ONGC) to invest in oil and gas exploration in US.



India's biggest exports to the US are in the sectors of Gems and Diamonds, followed by Pharmaceutical sector, which is alone pegged at \$66 billion.

India's strength in manufacturing affordable generic drugs complemented the objectives of Obama care, which was signed as a law in 2010 and aimed at providing affordable healthcare to American citizens.

Donald Trump plans to scrap the Obama care scheme. Consequently, not only will the business of Indian drug companies be adversely hit, but also, the Indian IT companies which provide support to the program could also end up losing their business that could lead to job cuts in India.

### **Advantage India vis a vis its Arch Rivals**

Both, China and Pakistan have been using the US as a cash cow for decades: China by running a huge trade surplus (\$366 billion in 2015); Pakistan by being one of the top recipients of US aid (more than \$30 billion since 2002), while pretending to fight radical Islam.

There appears to be a good possibility that Donald Trump will take major steps to restrict the flow of cash in this direction.

**Implications for Pakistan:** Trump has used very strong words while highlighting the need to curtail the influence of ISIS and curb immigration from countries that export terror.

Trump has talked about his very controversial plan to establish a 'Commission on Radical Islam' and launch an ideological offensive that includes using the media as an instrument to inform people about the core ideology and convictions of radical Islam.

The restrictions imposed on immigration on the above said grounds will severely hurt Pakistan by exposing its nefarious designs globally.

Trump has called Pakistan "probably the most dangerous country" and has said that "you have to get India involved; India is the check to Pakistan. I would start talking at that level very quickly".

The above statement is in sharp contrast to the erstwhile approach of US in dealing with Pakistan and the issue of terrorism prevailing in the sub-continent.

In other words, he seems to imply that, Pakistan is a problem, and India is part of the solution to that problem.

**Implications for China:** Donald Trump has labeled China as a 'currency manipulator', who steals American jobs and illegally manufactures items over which US has a patent right.

He has called for imposing higher tariffs on Chinese goods, initiate litigation against China for stealing American trade secrets and bring trade cases against China at the World Trade Organization (WTO) to force it to cut down its trade subsidies.

Trump has vowed to offset China's labor cost advantage in manufacturing with a combination of tariff and non-tariff barriers.

Such a move would come at the worst possible time for China, when a decade's long credit-fuelled investment boom may finally be turning to bust.

The Chinese manufacturers, who have produced goods on borrowed money, when imposed with higher tariff, will not be able to sustain themselves. Consequently, the growth rate of Chinese economy will sharply fall and may even lead to recession.

Hence, curtailing business with China could open up more possibilities for diverting a part of the US trade to India, which China would lose.

### **Conclusion**

The Modi government, over the course of Donald Trump's campaign during the past several months had been very wisely reaching out to the members of Trump's team.

India Inc has been quite active to propagate and remind Washington of India's contributions to the high-technology Sector and the fact that Indian businesses actually create jobs in the US. Besides, the converging ideologies and needs of Indian leadership and that of Trump administration about the common threat of transnational terrorism and curtailing inept trade practices would further cement Indo-US Relations.

**14) Logjam between the Judiciary and Executive Continues to Hurt Delivery of Justice**

<b>LAWMAKERS AND THE CONTENTIOUS LAW</b>	
<b>THE TWO SYSTEMS AT LOGGERHEADS</b>	
Here's a look at the Collegium and the NJAC systems and a comparison between the two in relation to the powers vested with them and their functioning	
<b>COLLEGIUM SYSTEM</b>	<b>NJAC SYSTEM</b>
<b>Original provision</b> Under Article 124(2) and Article 217(1) of the Constitution, SC/HC judges have to be appointed by the President after "consultation" with the CJI. Govt was not bound by the CJI's recommendation.	<b>Constitutional amendment</b> NJAC was established by the Constitution (99th Amendment) Act, 2014, giving some say to executive in judges' appointment
<b>Judicial takeover</b> In 1993, SC introduced the collegium system taking over primacy in appointments of SC&HC judges.	<b>NJAC Act</b> Parliament also passed the National Judicial Appointments Commission Act, 2014 to regulate procedure to be followed by NJAC that replaced collegium system
<b>CJI's primacy</b> In 1998, a nine-judge Constitution bench ruled that "consultation" must be effective and the CJI's opinion shall have primacy	<b>Implementation</b> The 99th Constitutional Amendment Act and NJAC came into force from April 13, 2015. But it could not take off as the CJI refused to join until petitions against the new system were decided
<b>Composition</b> Under the collegium system, a panel of top five SC judges appointed judges in secrecy	<b>Composition</b> CJI, 2 seniormost SC judges, Union law minister, and two eminent persons
<b>Veto power</b> Government could return collegium's recommendation. But if a recommendation was sent again, government was bound by it.	<b>Veto power</b> NJAC not to recommend person if any two members did not agree.

**Introduction**

The judiciary and the executive/ legislature have been at loggerheads with respect to the method of appointment and transfer of judges in the country's higher judiciary.

The huge backlog of pending cases in the courts and inordinate delay in providing justice is increasingly reducing the faith of the citizen's on the judicial system. The same poses a serious threat to the democratic governance of the country.

At present, there are 12 judges per 10 lakh people in the country and at least three crore cases are pending in the courts. If the situation does not change, the figure of pending cases would cross five crore in the next 15-20 years, and crores of people would be deprived of justice.

The reasons ascribed to the pendency of cases in the courts, is that a large number of vacancies of judges are lying under subscribed because of the failure of the apex court to fill up the vacant vacancies of judges in the high court's and in trail courts.

The High Courts', as on date are reeling under a deficiency of 43% unfilled vacancies.

The judiciary-executive tussle over the procedure of appointment of judges became a flashpoint ever since a five-judge bench of Supreme Court struck down the National Judicial Appointments Commission, which was evolved through legislation enacted by the Parliament to replace the existing collegiums system of appointment/ transfer of higher judiciary.

**Existing System of Appointment/ Transfer of Judges**

At present the appointment of judges is made through a 'Collegiums' System', in which the Chief Justice of India (CJI) and a forum of four senior-most judges of the Supreme Court recommend appointments and transfers of judges.

The above said system was evolved through Supreme Court judgments in the ‘Three Judges Cases’.

**The First Judges Case:** On 30 December 1981, or the First Judges Case, it was declared that the “primacy” of the CJI’s recommendation on judicial appointments and transfers can be refused by the executive for “cogent reasons.” The ruling gave the Executive (government) primacy over the Judiciary (Supreme Court) in judicial appointments for the next 12 years.

**The Second Judges Case:** On 06 October 1993, or the Second Judges Case, the majority verdict gave back CJI’s power over judicial appointments and transfers. It ruled that the CJI, only need to consult two senior-most judges.

“The role of the CJI is primal in nature because this being a topic within the judicial family, the Executive cannot have an equal say in the matter,” the verdict reasoned.

Hence, the President is reduced to only an approver of the decision made by the CJI.

**The Third Judges Case:** On 28 October 1998 or, the Third Judges Case, on a reference from former President K.R. Narayanan, the Supreme Court laid down that the CJIs should consult with a plurality of four senior-most Supreme Court judges to form his opinion on judicial appointments and transfers, before sending it to the President for his assent.

The Supreme Court through its interpretation of the Constitution of India, took away the constitutional rights of the President of India to appoint judges in consultation with the Chief Justice of India by forming the “Collegiums’ System” for appointing judges.

In 1993, the Supreme Court created the “Collegiums’ System” in which the Chief Justice and a Collegiums’ of three or more senior judges would appoint other judges and the government could merely object to their nominations. But the Collegiums could still go ahead with its decision.

#### **Institution of National Judicial Appointments Commission (NJAC)**

The National Judicial Appointments Commission (NJAC) is a constitutional body, which was proposed to replace the present Collegiums’ system of appointment and transfer of judges.

The need for instituting the NJAC was felt as the higher judiciary is found lacking by way of, favouritism; by turning a blind eye to injudicious conduct of colleagues and masking their wrong deeds, distorting the norms of judicial independence, and transparency in the mechanism of the appointment and transfer of judges.

The Commission was established by amending the Constitution of India through the ninety-ninth constitution amendment vide the Constitution (Ninety-Ninth Amendment) Act, 2014 passed by the Lok Sabha on 13 August 2014 and by the Rajya Sabha on 14 August 2014.

The NJAC Bill and the Constitutional Amendment Bill, was ratified by 16 of the state legislatures in India, and subsequently assented by the President on 31 December 2014.

The NJAC Act and the Constitutional Amendment Act came into force from 13 April 2015.

#### **The Proposed composition of the NJAC was as follows:**

- Chairperson is the Chief Justice of India.
- Two senior judges of Supreme Court.
- Union Minister of Law and Justice.
- Two eminent persons to be nominated for a period of three years (who cannot be re-nominated) by, Chief Justice of India, Prime Minister and Leader of the Opposition in Lok Sabha. In case no such Leader of opposition is available, as in the present case, then it will be the Leader of the single largest opposition party in Lok Sabha. One of the eminent persons would be from SC/ ST or OBC or Minority Communities or a woman.

#### **Functions of NJAC:**

- Recommend persons for appointment as Chief Justice of India, Judges of the Supreme Court, Chief Justices of High Courts and other Judges of High Courts.
- Recommend transfer of Chief Justices and other Judges of High Courts from one High Court to any other High Court.

- Ensure that the persons recommended are of ability, merit and other criteria mentioned in the regulations related to the act.

### **Proposed Procedure for Appointment of Judges Through NJAC:**

#### **Selection of Supreme Court judges**

##### **Chief Justice of India**

The Commission shall recommend the senior-most judge of the Supreme Court for appointment as Chief Justice of India. This is provided he/she is considered fit to hold the office. However, this must be according to the knowledge one possess rather than the age.

##### **Supreme Court Judges**

The Commission shall recommend names of persons on the basis of their ability, merit and other criteria specified in the regulations.

The Commission shall not recommend a person for appointment if any two of its members do not agree to such recommendation.

#### **Selection of High Courts judges**

##### **Chief Justices of High Courts**

The Commission shall recommend a Judge of a High Court to be the Chief Justice of a High Court on the basis of seniority across High Court judges. The ability, merit and other criteria of suitability as specified in the regulations would also be considered.

##### **High Court Judges**

The Commission shall seek nominations from Chief Justice of the concerned High Court for appointments of High Court Judges or forward a list of such names to the Chief Justice of the concerned High Courts for his/her views.

In both the above mentioned cases, the Chief Justice of the High Court shall consult two senior most judges of that High Court and any other judges and advocates as specified in the regulations.

The Commission shall elicit the views of the Governor and Chief Minister of the state before making recommendations. The Commission shall not recommend a person for appointment if any two members of the Commission do not agree to such recommendation.

#### **The NJAC Struck Down by Supreme Court**

The validity of the constitutional amendment act and the NJAC Act were challenged by certain lawyers, lawyer associations and groups before the Supreme Court of India through writ petitions after it was notified in 2015.

The Supreme Court took cognizance of the petitions and a three judge bench of the Supreme Court referred the matter to a Constitutional Bench.

On 16 October 2015 the Constitution Bench of the Supreme Court, after hearing the petitions, upheld the 'Collegiums' System', while striking down the 99th Amendment and declared the NJAC Act unconstitutional by a 4:1 majority.

Further, the Constitutional Bench asked the government to prepare a new Memorandum of Procedure (MoP), laying down transparent procedure for the appointment of judges.

The MoP is a document which guides the appointment of judges to the Supreme Court and the 24 high courts. At present, there are two Mops; one for the Supreme Court and the other for the High Courts.

The Chief Justice of India and the SC collegiums had objected to certain clauses in the Memorandum of Procedure, under which the government reserves the right to reject a recommendation if there are concerns about national interest.

The above mentioned controversial clause goes against the current practice, under which the government is bound to accept any recommendation by the collegiums, which comprises four senior-most judges of the Supreme Court and the Chief Justice of India, if it reiterates (sends it back after reconsideration).

The Judges' lobby hailed the ruling passed by the Constitution Bench. However, the decision marked the beginning of an open tussle between the Judiciary and the legislature/executive.

Launching its first salvo on 19 November 2015, the Attorney General, Mukul Rohatgi informed the Supreme Court that the central government will not prepare a draft memorandum for judicial appointments contrary to committed earlier and suggested the same to be done through a judgment.

### **Objections of the Judiciary against Institution of NJAC**

Clearly the NJAC will remove the unprecedented usurpation of power of the judiciary. However, the following objections emanated from the judiciary against the NJAC:

- Judiciary was not consulted and it is felt that the constitutional amendment and passing of NJAC was done in too much haste.
- NJAC diminishes the role of judiciary in the appointment process of judges.
- Judiciary feels that it is a wrong practice to give the politicians a voice in the judicial appointments as it may bring about bias in the process of passing judgments involving politicians, e.g. 2G scam or Commonwealth scam, etc.

### **The Logjam Over Appointment of Judges**

The appointment of more than 480 judges in the Supreme Court and High Courts across the country has been caught in the tussle between the judiciary and the government with more than 30 million cases pending in high courts.

The government wants merit and seniority to be the criteria for appointing Judges, while the judiciary is opposed to it and wants the existing practice of seniority as the major criterion. Usually, the process of appointing judges takes between 60 to 75 days.

The major sticking points between the government and the judiciary are: rejection of candidates on grounds of national security, involvement of retired judges in appointment of judges and the participation of Attorney General and Advocate General of states in the selection process.

The government had sent the MoP after revision to the SC collegiums for approval in March. The CJI had returned the document in May raising objections to the various clauses.

The government wanted to put in place a committee of retired judges to evaluate the applications of candidates before forwarding them to the collegiums to decide whether to recommend their names for elevation or appointment as judges. However, the Chief Justice of India has rejected the government's move.

On 03 August 2016 the government finally agreed to seniority being the main criteria for elevation rather than merit-cum-seniority, which it was insisting earlier. But, the government wanted to retain the power to reject any name recommended by the collegiums on grounds of "national security" and "public interest" in the revised draft of the MoP.

However, the Collegiums unanimously rejected the clause saying it amounted to interference in the functioning of the judiciary.

The Attorney General, Mr Rohatgi, pointed out that non-finalization of the Memorandum of Procedure was coming in the way of the government in clearing the recommendations of names forwarded by the SC collegiums in February 2016.

However, Chief Justice Thakur argued that in the absence of a new Memorandum of Procedure, appointments could be made on the basis of the old MoP.

### **Recent Developments**

The Attorney General, on 11 November 2016, told the Supreme Court that "Out of total 77 names, 34 names have been cleared for the appointment and rest 43 recommendations have been sent back to the apex court collegiums for reconsideration."

However, a bench comprising Chief Justice TS Thakur and AR Dave said that "We have reiterated 43 names for the appointment of judges of high courts which were rejected by the government and have been sent back for reconsideration."

The reiteration of 43 names by the collegiums has apparently put the government in a bind as under the prevailing Memorandum of Procedure (MoP), it is binding on the government to make the appointment of judges if the collegiums reiterate its recommended names.

## **15) Debate on Modi Government's Objectives for Demonetization**

### **Introduction**

The demonetization of Rs 500 and Rs 1000 notes is undoubtedly a bold and appreciable step, which could have been better executed.

However, the more I read and hear debates on demonetization, the more I feel that, the dividends that may accrue from this exercise may not be commensurate with the agonizing harassment and loss to businesses.

The perishables are getting destroyed without filling anyone's stomach; day to day running of households and small businesses/ farming sector has been severely disrupted.

We cannot compare ourselves with Sweden which has gone totally cashless. The reason is that every citizen over there has access to and is internet savvy.

In comparison, India has only 2.6 core credit card holders and even the availability of card readers in shops and other facilities is just 14 lacs in the complete country with a population of 1.3 billion.

### **Stress on the Banking Sector**

Demonetization seems to be more of an exercise by the government to soak out the liquidity from the households and flush the cash starved banks with liquidity.

The primary reason apparently appears to be that the international credit rating agency 'Fitch Ratings' would downgrade India if it does not conform to the Basel III norms.

Basel III is an international regulatory accord that introduced a set of reforms designed to improve regulation, supervision and risk management within the banking sector.

The Basel Committee on Banking Supervision published the first version of Basel III norms in late 2009, giving banks approximately three years to satisfy all requirements.

The PSU banks in India have been seriously facing challenges as they suffer from poor capital buffers, thin capital ratios and weak prospects for raising capital through market channels.

In June 2016, six domestic lenders did not have enough cash to meet the minimum capital requirements. Further, Fitch believes nearly half of the domestic lenders are in danger of breaching capital triggers due to an increase in minimum capital requirements under the Basel III norms.

The rupee has phenomenally fallen against the dollar. Naturally, the same hurts the competitiveness of exporters as their real income in rupee term goes down.

Therefore, RBI was buying dollars from the market to stem the rise of the rupee and, for every dollar it bought, an equivalent amount in rupees was injected into the system. Consequently, the Indian banking sector had a liquidity crunch.

The stress from increased capital requirement under the Basel norms had put further pressure on the Indian banking sector.

### **Debate on Modi Government's Objectives for Demonetization**

The objectives of demonetization as delineated by PM Modi on 08<sup>th</sup> November are being debated in the Parliament and certain important aspects that have emerged are as follows:

#### **Objective-I: Remove Black Money from the System**

It is a known fact that a parallel black money economy exists in India. However, what needs to be understood here is that only 6% of the total black money exists in the form of cash.

In fact, 90% of this black money is parked overseas in tax heavens like Mauritius and Singapore. The balance is in the form of Benami properties and Gold. Interestingly, there has been a major surge in the import of gold since 9/11.

Secondly, government has recently allowed Rs 7000 core of bad debts of State Bank of India to be converted into Non Performing Assets (NPA).

Similarly, bad debts and disproportionate assets acquired through corrupt means by absconders like Vijay Malaya and Lalit Modi are far from being recovered.

Besides, a lot of agencies like builders, CAs and even private banks are in full swing to help convert black money into white.

Thus, the objective of squeezing out black money from the market by demonetization may not really curb illicit wealth.

#### **Objective-II: Tackle Menace of Counterfeit Currency**

The quantum of counterfeit currency in the system is a miniscule 0.028% of the total currency in circulation.

Moreover, there is no guarantee that the counterfeits of the new currency cannot be prepared. In fact, a counterfeit of Rs 2000 has been already recovered in Bangalore two days ago.

This massive exercise to print new currency at a colossal cost to fish out just 0.028% of counterfeit currency that can again be printed appears to be counterproductive.

#### **Objective-III: Stop Terror Funding**

It is a well known fact that the terrorists do not deal in cash, but invariably their funding is done through electronic transfers.

The terror organizations utilize hawala route, mainly through fake/ shell companies operating abroad to draw funds.

Thus, unless we have more stringent means to monitor electronic banking and tackle black money stashed in tax heavens, we will not be able to stop funding of terror outfits.

There is a UN Charter on preventive steps against terror funding that could be adopted. Demonetization of the currency may not be an effective step to stop terror funding.

#### **Objective-IV: Reduce Corruption**

The most effective way to curb corruption is not by attacking the demand side of it, but the supply side of corruption.

The biggest reason for corruption to multiply in our country is the requirement of funding of political parties. The same indirectly, pressurizes the executive also to become corrupt.

The big corporate houses are free to support political parties by paying in tax exempted money as party funds. Naturally, they would then demand favors from the government in return, ushering in corruption.

Secondly, the big black money-hoarders would have already devised means to convert their black money into white and the new Rs 2000 notes would only facilitate fresh hoarding.

#### **Ulterior Motives of Government being Highlighted by Opposition**

The opposition has claimed that the government had secretly and selectively shared their decision of demonetization and hence, a lot of black money from BJP and its allies was either disclosed under the Volunteer Disclosure Scheme earlier this year or was put into the banks to convert it into white or has been moved to tax heavens abroad.

The example being quoted is that of West Bengal BJP wing that put a core worth of Rs 500 and Rs 1000 old

The demonetization is definitely a good step, however, the planning and execution of the exercise is seriously flawed.

#### **Conclusion**

It is sure to have some positive affects at least in the short and medium terms. However, I sincerely hope that the grueling exercise is over soon and life comes back to normal for common people like us.

Notes into the bank, hours before it ceased to be a legal tender.

It is also widely considered that, while BJP has secured its financial position, the regional political parties have been effectively demolished.

The hype created about curbing black money and terror funding was used to gain popular support of the common people, who are willingly bearing the punishment on the ground.

## 16) Implications of Cash Reserve Ratio (CRR) Increased to 100% by RBI

### Introduction

The announcement by the RBI on 26 November 2016 to increase the Cash Reserve Ratio (CRR) to 100% will have serious implications for the banking sector and the benefits of demonetization that the banks can dole out to the common man.

The probable implication for the banking sector and the likely ways in which it may affect the general public is discussed in the succeeding paragraphs.

### Relevant Banking Terms

**Bank Rate:** This is the rate at which central bank (RBI) lends money to other banks or financial institutions.

Thus, it can be said that in case bank rate is hiked, in all likelihood banks will hike their own lending rates to ensure that they continue to make profit.

**Cash Reserve Ratio (CRR):** As per the regulations of the RBI, it is mandatory for all the banks in India to hold certain portion of their deposits in the form of cash (the other deposits could be in the form of gold, government bonds, etc). This cash may not be physically held with the banks, but deposited with the Central Bank (RBI)/ currency chests.

The RBI stipulates to the scheduled banks, the minimum ratio, which is a part of their total deposits to be held as cash, and is called the CRR or Cash Reserve Ratio.

Thus, for example, if the CRR is 6% and the bank deposits are increased by a particular bank by an additional Rs100 with the RBI, the bank will be required to hold Rs 6 with RBI as CRR and the balance Rs 94 will be available with the bank for lending/ credit to the people.

As per the provisions of the Reserve Bank of India (Amendment) Act, 2006, the RBI can prescribe Cash Reserve Ratio (CRR) for scheduled banks without any floor rate or ceiling rate to secure monetary stability in the country. It has been increased to 100% on 26<sup>th</sup> November.

RBI uses CRR either to drain excess liquidity or to release funds needed for the growth of the economy from time to time. Increase in CRR means that banks will have less funds available and money is sucked out of circulation.

Thus, we can say that regulating CRR by the RBI serves a dual purpose i.e.(a) ensures that a portion of bank deposits is kept with RBI and is totally risk-free, (b) enables RBI to control liquidity in the system, and thereby, inflation by tying the hands of the banks in lending money.

Therefore, higher the CRR the lower is the amount available with the bank to use for lending and investment.

**Statutory Liquidity Ratio (SLR):** This is the minimum percentage of deposits that the bank has to maintain in the form of gold, cash or other approved securities.

Thus, we can say that SLR is a ratio of cash and some other approved securities to the liabilities (total deposits of a bank with RBI) and regulates the credit growth in India.

RBI is empowered to increase this ratio up to 40%. An increase in SLR restricts the bank's leverage to pump more money into the economy.

**Repo (Repurchase) Rate:** This is the rate at which the RBI lends short-term money to the banks against securities. When the repo rate increases borrowing from RBI becomes more expensive.

The present repo rate is 6.26%.

**Reverse Repo Rate:** This is the rate at which banks park their short-term excess liquidity with the RBI. The banks use this tool when they feel that they are stuck with excess funds and are not able to invest anywhere for reasonable returns, e.g. demonetization flushed the banks with excess cash (old currency).

An increase in the reverse repo rate would mean that the RBI is ready to borrow money from the banks at a higher rate of interest. As a result, banks would prefer to keep more and more surplus funds with RBI.

The present reverse repo rate is 6.22%.



### **Implications of Cash Reserve Ratio (CRR) Increased to 100% by RBI**

Demonetization has already led to over Rs 8 lac core deposited with the banks in the old Rs 500 and Rs1000 currency notes. Another Rs 2 lac core are expected to be deposited.

The banks struggling to find avenues to park this colossal amount of cash collected over a very brief period of time and in the absence of new currency to replace the demonetized notes, had no option but to deposit it with the RBI.

The banks also resorted to buying of government bonds, but their availability was limited and its yield too has fallen from 6.8% to 6.1% since November 9<sup>th</sup>, i.e. even below the reverse repo rate.

Hence, RBI was forced to absorb the excess funds deposited with the banks at 6.22% through the reverse repo window.

Considering the volume of deposits made by the scheduled banks into the central bank (RBI), it became near impossible for the RBI to borrow any more money. Thus, the easiest way out for the RBI was to impound this money under the CRR.

The RBI on 26 November 2016 announced that the CRR is increased to 100%, which means the complete cash deposited by the banks with the RBI will not earn any interest.

However, the banks will have to continue to give interest of 4% to the people who have deposited their cash in personal saving accounts held with them.

Besides, the banks will also need to borrow the new currency from the RBI for disbursement through the repo window at a rate of 6.26%. On 28<sup>th</sup> November alone, an all time high amount of Rs 6 lakh crores were borrowed by banks from the RBI.

In other words, the banks will be losing 0.04% interest while depositing their excess cash collected due to demonetization with the RBI (Repo Rate (6.26%) – Reverse Repo Rate (6.24%)).

Thus, a total of 4.04% loss to the banks is envisaged till such time the new currency notes replaces the complete 86% deficiency of cash created owing to demonetization.

The banks, who would face huge losses, will ask RBI for compensation, which is unlikely to be forthcoming. Hence, the expected gains for the banks due to demonetization could turn out to be a net loss for them.

The immediate reaction of the banks will be to cut down deposit rates and perhaps increase the lending rate (contrary to what is being expected after demonetization). This is surely a bad news, which will adversely affect the sentiments of the common man.

### **Conclusion**

PM Modi has promised people on various occasions that one of the most significant benefits of demonetization for the common man will be that the bank interest rates will drastically come down as the banks will be flush with excess cash.

However, the ground reality and the policies do not seem to be pointing in that direction - at least in the short term. Let's hope someone knows what they are doing with this country of ignorant like me.....

## **17) Implications of the Death of Fidel Castro on Cuba-US Relations**

### **Introduction**

The name Fidel Castro has been for decades a synonym for revolution. He had the courage and gumption to dare the United States of America.

He was responsible for bringing socialism and hence the Cold War to the Western Hemisphere in 1959, when US imposed crippling economic sanctions and the Soviet Union came to the support of Cuba.

This man of steel defied the United States for nearly half a century as Cuba's "Máximo Líder" (maximum leader), bedeviling 11 American presidents and briefly pushing the world to the brink of a nuclear war, died at the age of 90 on 25 November 2016.

### **Regime of Fidel Castro Shaped by Hatred for US**

The death of Fidel Castro marks the end of an era. He had handed over power to his brother Raul Castro in 2006, owing to health reasons. Nonetheless, young GENERATION of Cuban leaders propagating his ideology are already in the process of being groomed.

Washington portrayed him as a devil and a tyrant after he embraced Communism and assumed leadership by overthrowing Fulgencio Batista, the Cuban dictator on 08 Jan 1959.

US repeatedly tried to remove him from power through an ill-fated invasion at the Bay of Pigs in 1961, an economic embargo that continues even till date, assassination plots and even bizarre plans to undercut his prestige so that the people of Cuba turn against him.

In spite of all that, Fidel Castro had held on to power longer than any other living national leader except Queen Elizabeth II.

US adopted a more reconciliatory stance under President Obama, who, in 2014 approached Cuba for normalizing diplomatic relations through certain confidence building measures like exchange of prisoners, etc.

Regulatory changes that have been ushered in include changes to policies within the Departments of Transportation, Treasury and Commerce. Direct commercial flights between the two countries were worked out by the Department of Transportation. Meanwhile, the Department of Treasury has eased the restrictions on travel to Cuba, allowing a "people-to-people" exchange for educational purposes.

President Obama became the first sitting American president in 88 years to visit Cuba in 2016. Fidel Castro in his classic response to this peace overture by an American President said that "Cuba did not need anything the United States was offering".

### **Implications of the Death of Fidel Castro on Cuba-US Relations**

Fidel Castro's regime was marked by totalitarian control by silencing of dissenters, through imprisonment, torture, disappearance and exile and routinely restricting freedom of assembly and expression.

Though, nearly 1.4 million people fled the country, mostly to Florida in North America to escape the politically repressive regime, but universal free education and healthcare and universally low-salary employment through nationalized industry kept many at home.

Yet amidst all this, Fidel Castro paradoxically remained a revered figure for many Cubans until his death. Perhaps, a closed media environment designed to deliver only pro-government propaganda to the Cuban people was also an IMPORTANT reason for his popularity.

In a sharp contrast to US peace initiatives under President Obama, the US President-elect Donald Trump was characteristically blunt while giving a statement after the demise of Field Castro.

Mr Trump said "today, the world marks the passing of a brutal dictator who oppressed his own people for nearly six decades. Fidel Castro's legacy is one of firing squads, theft, unimaginable suffering, poverty and the denial of fundamental human rights."

The death of Fidel Castro may further see a gradual lifting of the Cold War trade embargo by the United States and the reopening of diplomatic ties.

However, with Raul Castro and the Cuban Communist Party still in power, supporting positive change will be an early diplomatic test for incoming president Donald Trump.

### **Is Closing Down of Cuba again a Possibility under Trump?**

President-elect, Donald Trump during a rally at Miami this September had said that he would roll back Obama's executive actions with regards to Cuba, (which includes lifting restrictions on cigars and rum IMPORTS), unless the Castro regime begins to recognize "religious and political freedom" and free political prisoners.

However, to reverse those would require regulatory changes, which would be quite tedious to undo legally.

Besides, given the amount of businesses already working within the new framework, in terms of opening up of flights and services being offered to Cubans, the business lobby may not allow an easy reversal.

Moreover, it may not be prudent for US to close down a potential market for US products, hurt US jobs and limit Americans freedom to travel.

Cuba announced earlier this year that it will legalize small and medium-sized private businesses, expanding the opportunity for entrepreneurs in Cuba.

The same would bring in an increased internet and information flow and serve to infuse awareness and positivity into the circulatory system of this democracy.

It is essential to empower and enlighten the Cuban people, e.g. an increased inflow of American tourists has put money into the pockets of restaurant workers, taxi drivers, HOTEL workers, artists, musicians, etc.

Besides, exposure to the outside world, pronounced increase in privately-owned businesses, and a candid public dialogue everywhere about the government and the future will help Cuba to step towards modernization.

Finally, closing down Cuba as suggested by Trump during his campaign would be a regressive step, which would definitely not be in the interest of the American people to say the least.

## **18) Nagrota Terror Attack - Points to Ponder**

### **Introduction**

The XVI Corps Headquarters at Nagrota, close to Jammu on the Jammu-Srinagar road was attacked by three terrorists on 29 November 2016.

The terrorists, dressed in J&K Police fatigue, scaled the wall surrounding the 166 Medium Regiment premises and hurled grenades before firing indiscriminately at the sentry post.

The terrorists entered the officers mess premises, where ladies and children were also present. However, a hostage situation was averted by the troops, but at a very heavy cost.

Amongst the seven dead, two of them were officers. Three terrorists were also killed in the ensuing gun battle, in what may be called as the biggest terror strike since the September 18 Uri attack.

The surgical strikes conducted by our forces on the ominous “twenty ninth” September, exactly two months ago, seems to have not deterred Pakistan enough (27 brave soldiers and 10 civilians have lost their lives ever since).

A few days before the surgical strikes of 29th September were actually conducted on the ground by our troops, I had written a blog on the options available with India to respond to the Uri attack.

Surgical strike was suggested by me as the first option. However, the level of the attack conducted by our forces may be called an extensive “fire assault” rather than a classical surgical strike, which has a much larger scope and dimensions.

### **Reality Check Time – India vs Pakistan**

Pakistan is neither militarily capable nor prepared as a nation to fight an all out conventional war with India. A major chunk of its military is fighting the militancy on its western border under the Zareb-e-Azb. It may not like to lose the advantage that it has gained in that sector by withdrawing its troops prematurely.

Pakistan has always remained on a denial mode and calls itself a victim of terrorism, rather than a perpetrator. It often blames India and the non-state actors for attacks inside Pakistan and labels the terrorists, as freedom fighters, who are waging a war against the tyranny of India in the state of J&K.

Pakistan has denied any surgical strikes conducted by India on its soil, with the prime motive of not having to respond militarily with equal measure.

Hence, the above brings out that Pakistan does not want to escalate its low cost, high dividend, low intensity conflict beyond the threshold of India’s tolerance level (which seems to be fathomless).

India on the other hand, has enough internal problems of its own, like financial ‘instability’ owing to recent demonetization of currency, political imbroglio and dysfunctional parliament.

The new chief of the Pakistan army, General *Qamar Javed Bajwa is quoted by Geo News to have said that* "The situation at the LoC will improve soon." Besides, Sartaj Aziz, the foreign policy advisor to Prime Minister Nawaz Sharif, would visit India for the Heart of Asia Istanbul Process event on December 3-4.

Thus, India needs to revisit its options of response, while keeping the prevalent internal situation in mind, i.e. whether to give peace another chance by seeing if there will be any change of guard by Pakistan under the new army chief, or, stop all ties with Pakistan and prepare to strike deeper and harder every time we are attacked.

### **Points to Ponder**

The methodology adopted by the fidayeen has always been very similar all along - Gurdaspur, Pathankot, Uri and now, Nagrota, i.e. cross border undetected - wear army/ police fatigues - enter security forces camp close to a road at first light – lob grenades and fire indiscriminately to cause max casualties.

So, the point is “why are we not learning our lessons”? The following has got highlighted repeatedly that needs to be paid attention to:

**Better Homeland Security:** The vigil at the border needs to be intensified through effective deployment of hi-tech equipment, real-time intelligence sharing between various elements of military and paramilitary forces and cultivating adequate human-intelligence mechanism to have an ear to the ground.

**Identification and Protection of Vulnerabilities:** Lessons learnt from similar previous attacks must be integrated into the Standing Operating Procedures (SOP) of units deployed at vulnerable locations.

Protection of these vulnerabilities needs to be secured through all-weather, hi-tech gadgets for access control and intrusion alarm systems, unmanned perimeter security mechanisms of installations and better quality protective gear for our security forces.

The actions of the fidayeen, as observed over a period of time, follow a predictable pattern. Therefore, our responses need to be so calibrated that we plug all such loopholes.

It is understandable that, remaining at the highest state of alert 24x7 for months at end can have serious mental and physical side effects on the wellbeing of the troops. Fatigue is bound to set-in, man-management becomes a challenge and cases of fratricide (soldiers killing one another), soldiers running amok and suicides become common practice.

Therefore, we need to invest heavily into technology and training of our troops to prevent unnecessary loss of life.

**Cut-out the Rhetoric:** We need to stop the rhetoric through avoidable statements made by politicians and retired senior defense officers that creates unnecessary tension and imposes pressure on India/ Pakistan to retaliate, e.g. “Pakistan is in a state of anesthesia since the surgical strikes” or “we will gorge out the eyes of Pakistan if it looks towards India”, etc.

We have seen in the past that our military retaliation has always been met with an equal measure from the Pakistani side. We must speak from a position of strength and go about our business of paying Pakistan back in the same coin without the rhetoric on the media channels.

**Keeping a Window Open for Dialogue:** It is agreed that Pakistan has always back-stabbed India and many are propagating that “terror and talks” cannot go side by side.

Now that we know that we have a neighbor that we cannot change. By completely cutting down all forms of communication we are only creating a void that is being exploited by the jihadists.

We must leave a small window open for any moderates to communicate and see if there are any ways possible to reduce the tension.

### **Conclusion**

Loss of young lives is the saddest thing that one can ever imagine. We cannot afford to continuously use our security forces as cannon fodder for the rhetoric and then move on with our lives as if nothing ever happened.

A superpower like US could not sort out the menace of militancy in Iraq or Afghanistan. Even a host of armies of developed countries along with their Arab allies have not been able to tackle ISIS.

Certain things need to be understood in the correct perspective. Firstly, Pakistan cannot be completely annihilated using military power by India. Secondly, the acts of terrorism cannot be contained without the willing support from the local population and thirdly, killing a few fidayeen’s within the country or conducting surgical strikes across the border is not the answer.

Time has come for some serious introspection at the highest level. Besides, being able to militarily break the predictability cycle of the terrorists, we need to address the root cause of the issue through meaningful parley with all stakeholders.

Some drastic steps need to be taken to improve the demographic support for the Indian constitution in J&K if we want to win this war against terror.

“May the departed souls of the martyrs find glory in His Kingdom?”

## **19) CAN WE DREAM A CORRUPTION FREE INDIA?**

### **Introduction**

What did Prime Minister Modi let loose? Angels or demons-in the form of demonetization? The debate is going still strong, refusing to leave the hot-seat, after his path-breaking announcement, throwing India into a state of collective panic and utter confusion. Though the Government had repeatedly consoled the people that the bold step would bring a tremendous boost to growth and economic development, many economists and critics, including the opposition leaders, are skeptical about the outcome. Though we have been hearing the debate almost daily through all multimedia sources throughout November month, certain serious questions remain to be answered.

***Most important question being*** - Will this step really flush-out black and bribe money from our society? If not, what all steps are further required to be adopted by the government to uproot corruption and black money once for all, from the nation?

Listening to various globally eminent economists, I have come to realize that few iconic reforms, if taken by Modi government, can break the back-bone of illicit and illegitimate money generation in the country for ever.

### **Proposed Reforms**

Eight key steps that may cause short-term pain, but result in long-term dividends, are recommended.

- 1) Mandatory digitization of all land and property records, linked to PAN/Aadhaar numbers. All citizens may be given six months time to declare all the properties/ assets and pay wealth tax. Introduction of 'Binami Act' in which all unexplainable, undeclared and disproportionate properties, will be confiscated by the government, since a huge chunk of ill-gotten wealth is hoarded in properties. Similarly Gold held by people will also be liable to be declared. There after every gold purchase will be closely monitored, allowed only through bank transactions.
- 2) Tax will be introduced on agricultural income, based on the size of farm holding, leaving small and marginal farmers untouched and unaffected. Most of the politicians and business men have vast agricultural lands and they take tax concessions showing their ill gotten money, as revenue generated from agriculture. This loophole needs to be plugged.
- 3) Small and marginal farmers be provided one-time state assistance to rid their personal debts taken from local money lenders at exorbitant rates. The money so given as assistance must be recorded as interest-free loan from state, payable only in case the land is sold by these farmers. This reform will ensure that while the economic status of farmers improve, the money will not be misused. The land shall not be allowed to be mortgaged to anyone except banks for crop loan only. This step will drastically curb the rampant suicides of poor farmers and put an end to the exploitation met to them by unscrupulous money lenders.
- 4) Plastic money should be encouraged by a series of reforms. A charge may be introduced for cash withdrawal beyond a limit. For example, any cash withdrawal beyond a prescribed limit per month for an individual or business entities according to the class of entity will invite a fee, a certain percentage of the turnover may be allowed to be withdrawn free of cost, and thereafter rates should be increased in steps. Special Provisions may be made for small businesses and in their case, the charge levied may be based on net withdrawal. The aim is to reduce the cash economy and promote cash-less economy.
- 5) When the country reaches a stage of 60% cash-less monetary transactions,(it could take up to next 5 years) all higher denominations of currency above Rs 100/- can be demonetized, paving way for an almost complete cash-less economy like Sweden. To encourage credit/debit card payments, the settlement cycle must be reduced from monthly to fortnightly on a mandatory basis; otherwise it will give rise to unhealthy competition.
- 6) Capital Gains Tax on traded security should be calculated by the tax department by linking PAN and Demat accounts. The assesses should be required to only file for exemption, if any, from the tax assessed.

- 7) The funding to political parties should come under the purview of RTI and Income-Tax authorities. The entire donations shall be done through the banks and cash donations will be banned. The political party funding needs to be disclosed to the IT department and matched with the spending in various election campaigns. The ruling party, as well as the Opposition parties should ensure that nobody, including them, is excluded, to be put under the scanner. And, eventually the country should move towards state funding of elections.
- 8) The ultimate economic reform which will revolutionize the Indian economy will be the abolishment of the prevailing 57 types of taxes. Business men are today unhappy to shell out 30% of their hard earned money as Income Tax encouraging the generation of black money. If the prevailing tax regime continues, soon fresh black money will be generated and new ways and means to siphon money to safe heavens will be invented by our enterprising business class. Hence it is prudent to abolish all kinds of taxes and levy a 'Bank Transaction Tax'(BTT) of a maximum rate of 2%. Since the complete money generated in our nation will find its way to the banking system, the tax generation of the government would be colossal, thus wiping out black money completely. However this can be possible only, when the economy is ripe enough to sustain such a radical reform.

### **Conclusion**

It is a Herculean task to enforce economic discipline in a highly corrupt and unscrupulous nation who are habitual of circumventing rules and bribing for the easy way-out, of all situations in life. However with the correct and progressive reforms, the system can be revamped. When the corrupt officials find that it's impossible to hide cash or assets without declaring it, they don't have any other option but to forgo it. Huge money hoarded in Swiss banks by big sharks will also be a major concern of government. I earnestly hope that PM will go after these bigwigs, fulfilling his election promises made to the Indian voters.

## **20) Highlights of Sixth Heart of Asia Conference: 03-04 December 2016**

### **Introduction**

The Heart of Asia - Istanbul Process is a region-led dialogue process that was established in Istanbul, Turkey, in November 2011.

The primary objective of its establishment was to promote regional security and cooperation for a secure and stable Afghanistan and its immediate and extended neighbors.

The regional partners, besides cementing political and economic ties during their annual meet, also, carry out deliberate brainstorming to expand practical coordination for countering the common threats of terrorism, narcotics, poverty, and extremism.

The member states, besides Afghanistan, include Azerbaijan, China, India, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Saudi Arabia, Tajikistan, Turkey, Turkmenistan, the United Arab Emirates and Uzbekistan.

The United States and over 20 other nations and organizations serve as “supporting nations” to the process. The countries which support the initiative are Australia, Canada, Denmark, Egypt, France, Finland, Germany, Iraq, Italy, Japan, Norway, Poland, Spain, Sweden, Britain and the U.S.

The recent two ‘Heart of Asia Conferences’ have been held in India, i.e. 26 April 2016, New Delhi and 04 December 2016, Amritsar.

The theme for this year's conference was 'Addressing Challenges, Achieving Prosperity'. Delegates from 40 nations attended the meet.

### **Significant Measures Announced during Previous Ministerial Conferences**

- Creation of “Silk Routes Partnership for Migration” to promote further dialogue and cooperation on the issue of migration was discussed during the ministerial conference, which was held at Almaty, Kazakhstan on 26 April 2013. The Silk Routes Partnership for Migration's main goal is to promote dialogue and mutual cooperation in managing migration flows taking place along the Silk Routes.
- The same meeting also produced a declaration in support of Afghanistan’s development and the withdrawal of international forces.
- Important developmental projects, which are under discussion, include the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, the CASA-1000 electricity project, etc.
- In order to improve connectivity and give an impetus to trade, expansion of the transit corridors under the Asian Development Bank’s Central Asia Regional Economic Corridor (CAREC) Program is being considered.
- Kazakhstan, during an earlier ministerial conference, had volunteered to take the responsibility of funding the Afghan National Security Forces and has financed a fifty-million-dollar program to educate Afghan students in Kazakhstan.
- India too, in September 2016, committed to provide Kabul with \$1 billion in economic aid. Also, India has provided four Russian Mi-25 attack helicopters to Afghanistan military.
- Regional efforts in the areas of counter-terrorism and counter-narcotics trafficking are regularly discussed and streamlined.

### **Highlights of Sixth Heart of Asia Conference: 03-04 December 2016**

The 6<sup>th</sup> Ministerial Conference was held at Amritsar on 03-04 December 2016. All 14 member countries and representatives of 17 supporting nations attended the meet.

The two-day conference’s major focus was on helping Afghanistan during its transition phase by finalizing a counter-terror framework and working on ways to bring back peace to the war-torn country.

The conference was jointly inaugurated by Afghanistan President Ashraf Ghani and PM Modi. They also held bilateral talks, which happens to be their fourth such meeting this year.



The two leaders during their meet discussed further enhancing India's military assistance to Afghanistan, the development of Iran's Chabahar port for trade, as well as finalized the major contours of the "air cargo" agreement, so as to work around obstacles posed by Pakistan to the transit trade.

The signing of the trilateral Transit and Transport Agreement among India, Iran & Afghanistan, was called a landmark agreement by finance minister Arun Jaitley.

He said that, benefits of this agreement will accrue to Afghanistan only if Afghan trucks could carry Indian products to markets in Afghanistan, Central Asia and beyond & vice-versa. He offered to create requisite facilities to receive Afghan trucks on Indian soil, at Attari.

Pakistan's Foreign Affairs Advisor Sartaj Aziz represented his country in the conference as it agreed to be a part of the conference amid on-going tensions between India and Pakistan.

Mr Aziz, said that India's concerns can be addressed through mutual dialogue within the framework which was agreed upon last year at Heart of Asia conference.

PM Modi and his counterpart from Qatar, Sheikh Abdullah bin Nasser bin Khalifa also held a bilateral meeting on key issues of energy, trade and security. Incidentally, Qatar happens to be the largest supplier of LNG to it, accounting for 66 per cent of the total imports in 2015-16.

At the conclusion of the bilateral meet, the two sides signed five agreements in areas such as visa exemption for holders of diplomatic, special and official passports; technical cooperation in cyberspace and combating cybercrime, letter of intent regarding negotiations on an agreement on grant of e-visa for businessmen and tourists, and an MoU between the Supreme Committee for Delivery and Legacy of Qatar and CII.

Additionally, another MoU aimed at encouraging greater collaboration and exchange in the field of national ports management was also signed.

### **Isolation of Pakistan**

In a very hard-hitting speech, Afghanistan's President Ashraf Ghani, openly rebuked Pakistan for sponsoring terrorism and said that, "No amount of money can assist us if there is support to terrorists by Pakistan. Military operations in Pakistan have brought about selective displacement of terrorists... State-sponsored sanctuaries exist in Pakistan... Even the Taliban say they cannot survive even a month without support from Pakistan."

Afghanistan snubbed Pakistan by point blank rejecting its offer to invest \$500 million in reconstruction efforts and said that Islamabad should instead use the money to fight terrorists operating on its soil.

In a sharp contrast, the Afghan President appreciated India for its unconditional support for the economic development of Afghanistan.

Therefore, what has classically emerged during the course of the Heart of Asia summit is that isolation of Pakistan at regional forums will become more of a norm, if it does not desist from its policy of cross border terrorism.

### **Conclusion**

India was able to amply achieve its objective of garnering adequate support against 'those who support and finance terror' (no rewards for guessing) and endanger peace in the entire South Asian region.

PM Modi highlighted in his speech that "silence and inaction against terrorism in Afghanistan and our region will only embolden terrorists and their masters." He further added that "mere action against "forces of terrorism" was not enough and the world also needed to act against "those who support, shelter and finance them".

The royal snub that Pakistan has got during the meet is enough food for thought for its establishment. It is high time that it revisits its policy of state sponsored terrorism, if it sincerely wishes to exist as a sovereign nation.

## **21) Arrest of Former Air Chief Marshal S P Tyagi and Others by CBI in VVIP Chopper Scam**

### **Introduction**

Finmeccanica and GKN are Italy and United Kingdom based companies respectively that merged their respective helicopter subsidiaries, Agusta and Westland Helicopters, in March 1999.

Subsequently, in October 2004, GKN got the approval of British government to sell its share of AgustaWestland to Finmeccanica for £1.06 billion.

In February 2010, India signed a contract to purchase twelve AgustaWestland AW101 helicopters for the Communication Squadron of Indian Air force, to carry the President, PM and other VVIPs.

On 12 February 2013, the Italian authorities arrested Giuseppe Orsi, the CEO of Finmeccanica, which is the parent company of AgustaWestland for using unfair means and giving bribe to procure the contacts.

Consequently, Indian Defence Minister, AK Antony ordered a probe the same day, by the Central Bureau of Investigation (CBI) to investigate the case.

CBI registered a Preliminary Enquiry (PE) against 11 persons, including the former Chief of the Indian Air Force, Air Marshal SP Tyagi on 25 February 2013.

The preliminary enquiry of the CBI found adequate evidence regarding the accused and registered an FIR on 13 March 2013.

The FIR named 13 persons which included, Air Chief Marshal SP Tyagi, his three brothers, brother of former Union Minister Santosh Bagrodia and Chairman and Managing Director of IDS InfoTech, Pratap Aggarwal.

Four companies that were named in the FIR included, Finmeccanica, AgustaWestland and Chandigarh-based IDS InfoTech and Aero matrix. It emerged in the preliminary enquiry that IDS InfoTech and Aero matrix were used for routing kickbacks to India.

Gautam Khaitan, an advocate and a former board member of the Aero matrix Company, which was allegedly used to route the bribes, had accepted that he had set up a shell company to receive money from Finmeccanica through middle men Carlo Gerosa and Haschke as a part of kickbacks to clinch the deal.

The media refers to this scandal as the Chopper scam or Chopper gate.

### **Involvement of UPA in the Scam?**

It all started with a note that was presented in the Italian court by the Italian investigators on 15 March 2008, which indicated that "Congress Party President Sonia Gandhi is the driving force behind the VIP chopper purchase".

The note further asked middleman Peter Hulett to target key advisors to Sonia Gandhi and listed the names of Prime Minister Manmohan Singh, Ahmed Patel (political secretary to Congress President, Sonia Gandhi), Pranab Mukherjee, M. Veerappa Moily, Oscar Fernandez, M. K. Narayanan and Vinay Singh.

The note also contains some code words presumably indicating bribe amounts to be paid, e.g. "AF" €6 Million, "BUR" €8.4 Million, "Pol" €6 Million and "AP" €3 Million.

### **Follow-up Actions by UPA Government**

On 27 February 2013, UPA Government ordered a 30 member Joint Parliamentary Committee (JPC) to investigate the matter.

In January 2014, the government cancelled the Rs 3,600 core helicopter deal with AgustaWestland.

The contact was cancelled on grounds of "breach of the Pre-contract Integrity Pact and the agreement by AWIL (AgustaWestland International Ltd)" and AWIL was black-listed.

After the cancellation of the contract, India encashed Rs 250 core made by AgustaWestland as bank guarantee in the Indian banks in January 2014, and requested the Italian government to retrieve the bank guarantee amount made by the firm in Italian banks which was Rs 2364 cores.

Finally, India was able to recover the entire amount paid to AgustaWestland, which was about 45% of the total contract value of Rs 3600 core.

#### **Judgement by the Italian Court – 2014**

The Italian court, after a preliminary investigation about the chopper scam, on 13 February 2013, had named former chief of the IAF, SP Tyagi in the scam, saying he was bribed by Finmeccanica to sign the deal with AgustaWestland.

However, in October 2014 the court acquitted the ex-IAF chief S.P. Tyagi of all corruption charges, as also, acquitted the former Finmeccanica CEO Giuseppe Orsi and former AgustaWestland head Bruno Spagnolini of “charges of international corruption” .

Nonetheless, the court convicted and sentenced both of them to two years in prison on the lesser charge of “false invoicing” in the case.

AgustaWestland agreed to pay the fine, but reiterated that it knew nothing about the alleged bribery allegations.

#### **Higher Court Overturned the Judgment in 2016**

On 07 April 2016 an Italian Court of Appeals, which is like our High Court, overturned the lower court’s judgement passed in October 2014 and convicted former Finmeccanica chief executive Giuseppe Orsi for corruption and falsifying invoices, sentencing him to four and a half years in prison.

The former head of AgustaWestland, Bruno Spagnolini, was also sentenced to four years in jail.

The court also ordered the two executives to pay 7.5 million Euros, a sum related to the amounts deemed to have been allegedly paid in bribes.

The Congress party and the former Defense Minister AK Antony argue that, the UPA government had cancelled the deal, ordered a CBI inquiry, not a penny was paid, not one chopper was bought, then where is the question of any wrong doing.

However, BJP believes that it has sufficient grounds to nail the UPA and bring to the public domain, the role played by Sonia Gandhi and others in the bribery case.

#### **Alleged Role of Air Chief Marshal S P Tyagi**

Prior to the appointment of Air Chief Marshal Tyagi as the chief, the Indian Air Force had been vehemently opposing purchase AgustaWestland's AW101 as they were not capable of flying in high-altitude areas like Siachen and Tiger Hill.

It was alleged that Chief of Air Staff (CAS) entered into a criminal conspiracy with other accused persons and conceded to changing the IAF’s consistent stand, that the service ceiling of this VVIP helicopters of 6,000 metres was an inescapable operational necessity and reduced the same to 4,500 metres.

The alleged middleman in the deal, Guido Haschke, also corroborated the findings of the investigators that while AW101 did not meet the technical requirements of the IAF, the deal was signed only after Haschke tweaked the contract with the help of his Indian contacts.

Guido Haschke further admitted before the Italian prosecutor that Tyagi had personally met him before and that the bribery took place via Tyagi's cousins Julie, Sandeep and Dosca. Tyagi, however, has denied any claims of having met Haschke.

The Milan Court of Appeals also mentioned Tyagi's name while pronouncing its judgment. "In the absence of contrary indications, it must be concluded that the reward bestowed to Tyagi's family for their work in support of AW in relation to the race of the Government (of) India for military helicopters amounts to €10,500,000."

#### **Arrest of Former Air Chief Marshal S P Tyagi and Others by CBI**

The ongoing probe by CBI has revealed that undue favour was shown and that AgustaWestland Ltd accepted illegal vendors through middlemen and relatives, including, Sanjeev Tyagi.

CBI has further brought out that the total deal amount in AgustaWestland deal was Rs 3767 Core and the bribe amount was 12 per cent of main amount, i.e. about 423 cores as kickbacks for securing the deal.

Hence, on 09 December 2016 the former Air Chief SP Tyagi, along with Delhi-based lawyer, Gautam Khaitan and SP Tyagi's cousin Sanjeev Tyagi alias Julie Tyagi were arrested by CBI for accepting illegal gratification for exercising influence through corrupt or illegal means.

Former Air Force Chief SP Tyagi, along with other accused, was taken into 4-day police custody by the Central Bureau of Investigation on 10 December 2016, after he was presented in a magisterial court in Patiala House.

**Conclusion**

The Italian court's judgment does name Mrs Sonia Gandhi, ex PM Manmohan Singh and others from UPA government regime; however, it does not mention of any concrete proof of their direct involvement.

The Congress Party has hit back to say that the ruling party is using the issue to divert the attention of the people and the sudden emergence of the case at this juncture is being seen as coercive tactics against the opposition, which has cornered the government on the issue of demonetization.

However, the detailed report that will be submitted by the CBI after it finishes the questioning of the accused and the evidences provided by the judgment of the Italian Court of Appeals, will strengthen the ongoing case against the 13 accused in the Indian court.



## **22) The Syrian Conflict – a Blot on Humanity**

### **Introduction**

The ‘Arab Spring’ protests descended into a civil war in Syria in 2011. Aleppo, an ancient city of 2.3 million people, which was once Syria’s main industrial and financial centre, assumed great significance as it was a key base for a number of different rebel factions opposed to the Assad regime.

The rebels operated from Aleppo with impunity till the summer of 2015 and Assad was widely understood to be losing ground around the country, and possibly his grip on power.

However, in response to his call for assistance from his international patrons, mainly, Russia and Iran, he was able to mount a consequential offensive against the rebels.

Russia sent warplanes, attack helicopters, artillery pieces, and significant numbers of military advisers. Iran sent in paramilitary operatives and battle-hardened fighters from Hezbollah, its Lebanon-based proxy.

The pro-government troops had made significant advances around the city by end December 2015 and, by February 2016, had nearly surrounded it.

The Assad regime, with significant support from Iran, imposed a blockade on rebel areas, cutting off supplies to some 320,000 people. The rebels briefly broke the siege in late July this year, but Assad’s forces re-imposed it in September 2016.

It is believed that the pro-government forces launched a campaign to systematically destroy the medical facilities in rebel-held parts of the city, killing or wounding many of its remaining doctors and nurses. The destruction left more than a quarter-million people in eastern Aleppo without hospital care.

Finally, by mid of December 2016, Assad’s forces have taken 90 percent of rebel holdings in eastern Aleppo, reducing the city to rubble with unspeakable devastation and gory tales of disaster etched on its backdrop.

### **Background Perspective**

The unrest in Syria began as a part of the popular movement referred to as the ‘Arab Spring’ that started from Tunisia in 2010 and then swept across the Middle East and North African countries like Egypt and Libya, Syria, Yemen, Bahrain, and several other countries.

The demand of the protestors was to end the many decades’ long autocratic and undemocratic regimes of the likes of Muammar Gaddafi of Libya, Hosni Mubarak of Egypt, etc.

The power vacuum that was so created after the removal of the authoritarian rulers of these countries; lend itself to political instability that provided a safe haven to terrorist groups like Al Qaeda that found an opportunity to acquire greater strength by:

- Firstly, absorbing the elements of terrorist syndicate that had fled from Afghanistan-Pakistan region to escape the American led coalition forces.
- Secondly, after US attack on Iraq and subsequent change of regime from Sunni ruler Saddam Hussein to a Shiites government, which started committing atrocities against the Sunni population, resulted in large number of Sunni’s to join the militant cadres of Al Qaeda.

In March 2011, scarcely a month after Mubarak was deposed; anti-government demonstrators in many cities across Syria started protesting against the authoritarian rule of President Bashar al-Assad, whose family has ruled Syria for more than 40 years.

### **Contours of Syrian Conflict**

Syria became an independent republic in 1946 and has had a history of military coups, with short spurts of democratic rule after a popular uprising from 1958 to 1961. Thereafter, the Parliamentary system was replaced with a highly centralized Presidential regime.

General Hafez al-Asad, the Minister of Defense seized power and declared himself President in March 1971. His rule lasted till his death in 2000 and was automatically succeeded by his son, the present President, Bashar al-Assad.

Sunni Muslims constitute three fourth of the population of Syria. The ruling Assad family comes from a minority Alawite religious group that is an offshoot of the Shiite Muslim faction. This 12% strong community has had a tight control over the Syrian military services and constitutes the ruling elite.

Discontentment against the government progressively grew owing to inequality in the distribution of resources, rampant corruption, curbing/ violation of human rights, poverty and widespread deprivation. The strongest protest came from Syria's poor areas, predominantly among conservative Sunnis.

The first protests started on 15 March 2011, when protesters marched in the Syrian capital of Damascus demanding democratic reforms and the release of political prisoners.

The Syrian security forces retaliated with disproportionate force causing a huge collateral damage thus further instigating the rebellion.

The consequent unprecedented civilian casualties drew a lot of flak for the Asad regime worldwide.

On 29 July 2011, seven defecting Syrian officers formed the Free Syrian Army (FSA), composed of defected Syrian Armed Forces officers and soldiers, aiming "to bring this regime (the Assad government) down" with united opposition forces.

The rebel forces grew in strength over the years and were covertly supplied with sophisticated weaponry from US by Saudi Arabia, the closest US ally in the region and the biggest Sunni country of Middle East that wants to see the ouster of the Shiite regime of Assad.

In the meanwhile the most dreaded militant organization that has designs to form an Islamic Caliphate in the region, The Islamic State saw an opportunity to garner support by getting into the fray.

As Islamic State started gaining territory in North and Eastern Syria, the conflict in Syria became more than just a battle between those, for or against President Assad.

In September 2014, US, UK and some other countries joined forces to air attack ground forces of IS.

Russia has had strong traditional ties with President Assad's Syrian government and has helped Syria in the past by supplying weapons. However, it physically joined into the fight by end 2015 and launched air strikes against the rebels with devastating effects.

### **Syria: a Battle Ground for a Proxy War between US and Russia**

The Syrian war has three separate dimensions:

#### **First: Ouster of President Asad and Change of Regime**

The two opposing sides comprise of the following:

- The Syrian security forces, with the support of one of the largest Shiite country of the Middle East, i.e. Iran, Lebanese Shiite militant group, Hezbollah and is being physically assisted by Russia and morally by China.
- The Syrian rebels, with the tacit support of the largest Sunni country of Middle East, i.e. Saudi Arabia, Sunni militant factions like Al Qaeda and are being supported by US and its European allies.

What needs to be understood here is that while US and Russia stand united on the fight against IS, they are on the opposing sides on the issue of toppling President of Syria, Bashar al-Asad.

The entry of Russia into the Syrian conflict further intensified the proxy war between US and Russia.

United States and its Arab allies are known to be supplying large numbers of hi-tech weapons like the TOW missiles to the rebels, who are striking at the Russian made vehicles being driven around by the Syrian forces.

US has been accusing Russia of targeting Western-backed moderate rebels and not the IS targets alone to prop up the Asad regime. However, Russia has negated US claims and President Putin blames US for not sharing the list of targets with Moscow.

#### **Second: Fight against the Islamic State**

The Islamic State militant outfit is being countered by the Arab Coalition Forces led by Saudi Arabia, supported by US and its European allies and also Russia.

The reason for US and its allies not sending ground troops to fight IS, is that, it fear that the same may escalate the situation by providing cannon fire to the highly effective Islamic State propaganda machinery.

The anti-West propaganda is likely to unite the Arabs world and it is likely to lead to an all out West vs. Arab conflict. Perhaps this is the broader strategy that Islamic State has been working on, while it is often seen mocking the West, provoking and daring them to attack.

### **Third: Turf War between Sunnis and the Shiite Muslim Factions**

The two heavy weights of the Middle East, i.e. Saudi Arabia (Sunni) and Iran (Shia) are fighting for dominance by aiding their own factions of militant outfits operating in the region.

The Shiite militant groups like Hezbollah of Lebanon and Houthis' of Yemen are being supported by Iran, while the Sunni militant groups like the Al Qaeda and ISIS is being supported by Saudi Arabia.

### **Aleppo, a Synonym for Hell**

This unfortunate struggle for dominance by various forces operating in the region has already led to an estimated 300, 000 deaths, about 4.8 million refugees and another 6.1 million displaced within Syria (50% of Syrian population).

The United Nations Secretary-General Ban Ki-moon on 16 December 2016 referred to Aleppo, as a "synonym for hell."

Russia, with virtually no losses of its own troops, has helped Assad retake vital ground like Aleppo while pushing his opponents closer toward near-total defeat. However, Assad's victory has no bearing on the sufferings of the common people in Aleppo.

UN had brokered a peace deal for evacuation of civilians from the besieged territory and nearly 100,000 are fleeing the violence hit area.

The rebels have accused the government of calling off the evacuation to put pressure on them to allow civilians to evacuate two villages currently under siege by rebels. The government said it called off the evacuation because rebels opened fire on a convoy of vehicles.

Notwithstanding, the misery of millions of people continues unabated as the bombs rain-in, not sparing anyone, including the ongoing humanitarian efforts.

### **Conclusion**

The military success that the Syrian government has enjoyed in Aleppo and elsewhere in the country may not be just because of the Russian military support. It is now emerging that many Syrians feel that after over five years of the US waging war for regime-change using these Al Qaeda-linked militias as its proxies, the Assad government, despite its repression and corruption, is being seen as a lesser evil.

Besides, Trump has been suggesting that the US could ally itself with Russia in combating "terrorism" in Syria and has questioned Washington's policy of arming Syrian "rebels."

The fall of Aleppo is likely to strengthen hard-line Islamists, who are less likely to throw in the towel and give up, and who are also better suited to waging an underground campaign. Thus, the rebels may resort to fighting the Assad regime through guerrilla tactics such as car bombings and targeted killings.

However, a guerrilla campaign that has no other goal than to possibly prolong the war eternally may not keep the pragmatists on board for long and hence is likely to lose most of its international support.

Once Aleppo is secured, there are a number of other areas of the country that pro-government forces may target militarily. Areas such as Idlib province, ISIS-controlled eastern Syria and rebel-held territory near Damascus may each face a similar offensive to the one that killed thousands of people and left much of Aleppo in ruins.

## **23) Manipur Blockade Cripples Life in the State**

### **Introduction**

Manipur is one of the seven states of Northeast India, called the “seven sisters”. The State is bound by Nagaland in the north, Mizoram in the south, Assam in the west, and shares a 398 km border to its east and south with Myanmar. The state capital of Manipur is Imphal.

The people of Manipur are predominantly Mongoloid, and speak Tibeto-Burman languages. They can be classified as hill tribes and non-tribal, who live in the valley.

The total population of Manipur is approximately 23 lack; of which, 61.5% live in the valley (non-tribals) and the remaining 38.5% (hill tribes) live in the hills.

The hill tribes can be further broken up into the **Naga** group of tribes, the **Kukis-Chin-Mizo** group of tribes, and the **intermediary group** of tribes. Currently, there are 29 recognized hill tribes.

The non-tribal communities are the **Meiteis** (43%), **Meitei-Muslims** (8%) and other **immigrant communities** (10%).

Christianity is the major religion in the hills; and Sanamahi and Hinduism (46%) in the valley.

An essential point to be noted is that as per a special provision of Article 371C of the Constitution, called the ‘inner line permit system’, the Non-tribal’s are barred from buying land in the hills.

The multi-ethnic demography of Manipur has given rise to frequent inter-group rivalries and violent agitations for dominance.

Once again Manipur is on the boil, owing to a blockade imposed by the United Naga Council (UNC) since 01 November 2016, of the two main highways that connect the landlocked state of Manipur with the rest of the country.

Before we dwell upon the reasons for the present agitation, let us understand the causes of unrest that has persisted in Manipur since time immemorial.

### **Historical Perspective**

The people of Manipur want to aggressively protect their independence and the reason for that is that its people have had ‘histories’ and ‘memories,’ of being an independent entity longer and deeper than those of most other Indian people when India attained independence.

Manipur was an “independent kingdom” since 1st century AD.

Manipur ceased to be an “independent kingdom” in 1891 when, Britain took over the Kingdom in the Battle of Khongjam, a major battle in the conflict, which is even now officially commemorated every year on April 23.

The defeat at the hands of Britain came to be accepted as part of British India’s expansion to secure its eastern frontier in which the independence of Manipur became an inescapable casualty.

Thereafter from 1892 onwards Manipur became a princely native state under the political control of the British India.

After the British rule ended, Manipur State Constitution Act, 1947 established a government with the Maharaja of Manipur as the Executive Head and an elected legislature. The first Manipur State Assembly was opened on 18 October 1948.

In 1949, Manipur was formally merged within the Indian Union through a Merger Agreement signed between the then king, Bodhachandra Singh, and the Government of India.

After its merger, Manipur was placed as a part ‘C’ state which was administered by the President of India through a Chief Commissioner.

In 1956, Manipur became a union territory and finally in 1972, it became a full-fledged state of India with a Legislative Assembly consisting of 60 elected members.

### **Major Issues of Conflict and Prime Contenders**

#### **Opposition to the Merger with Union of India**



The revolutionary movement in Manipur was started by Hijam Irabot Singh. He opposed Manipur's merger with India. Several non-state armed groups also declared it 'illegal and unconstitutional' as it was widely believed that king, Bodhachandra Singh signed the Merger Agreement under duress from India.

Hijam Irabot Singh proposed a Purbanchal state which was to include Manipur, Tripura, Cachar and Mizo hills. He further advocated that Manipur should be assigned the status of a republic and Kabaw Valley, which is previously believed to have been given away by Nehru to Burma.

The public of Manipur, particularly the youth, were very unhappy with the way Manipur, a princely state with a Constitution of its own and an elected Assembly was "annexed" to the Indian Union and felt humiliated by the way the state was put as a Part-C state after the merger.

Feeling slighted and deeply hurt some groups of Meiteis took up arms to fight for restoration of pre-merger status of Manipur.

### **Insecurity Emerging from Demand for Greater Nagaland or 'Nagalim'**

The Naga armed conflict began in 1950s and had a tremendous impact on Manipur. The NSCN-IM, a prominent Naga armed group, has been pressing for the formation of 'Nagalim' comprising all Naga-inhabited areas of Arunachal Pradesh, Assam, Manipur and some areas of Myanmar which it believes to be the rightful homeland of the Nagas.

As per the Sixteen-point Agreement signed in July 1960, between the Government of India and the Naga People's Convention, the Naga leaders expressed the view that other Naga inhabited contiguous areas should be enabled to join the new state.

It was pointed out to them on behalf of the Government of India that, though Article 3 and 4 of the Constitution has elucidated a provision for increasing the area of any state, but it was not possible for the Government of India to make any commitment in this regard at this stage.

Consequently, Nagaland has passed a bill in the State Assembly demanding the merger of Naga inhabited areas of Manipur under terms of 16-points agreements of 1960 as interpreted by them.

However, the merger, if it takes place would not only include the hill areas of Manipur into Nagaland, but also the Dimapur-Imphal Road, which is in the true sense, the life-line of Manipur.

Considering the adverse effect that such a merger will cause to the sentiments of the people of Manipur, as well as the threat of insurgent groups, it is unlikely that any such demands will be favorably addressed by the government for Nagaland.

Four districts of Manipur (Chandel, Senapati, Tamenglong and Ukhrul) are included in 'Nagalim' and Manipuris strongly believe that the Nagas are trying to destroy their state.

The inclusion of Manipuri districts in Nagalim has led to a serious polarization between the Nagas/ Kukis living in the hills and the Meiteis/ Muslims living in the valley.

Consequently, the Meiteis in the valley called for violent demonstrations against the administration and the Naga insurgent groups.

The Naga militant groups retaliated by imposing a 52-day-long (June 19 to August 11, 2005) blockade of the Mao-Imphal section of the NH-39.

### **Conflict between Hill Tribes and Valley People**

The basic source of income for the local people is Agriculture and handloom industry. Though the landmass of valley is much smaller as compared to the hilly region, land in the valley is more fertile and productive.

The valley people are better educated, more skilled, have better access to jobs and are contributing more and hence, have greater say in the running of the affairs of the State.

The hilly tribes are less equipped to earn a comparatively better quality of lifestyle. Hence, they feel like a minority in their own state. Besides, they have greater affinity with the Nagaland (has a sizable Naga population), which have been a constant reason for rivalry amongst them.

### **Special Provision for Hill Areas under Article 371C**

There is a special provision for Manipur under Article 371C of the Indian Constitution providing for the Hill Areas Committee. This Committee comprises of 19 members elected to the state legislative assembly from all the tribal areas, which was envisaged to be the guardian of tribal interests.

The state governor is required to submit an annual report on the administration of Hill Areas to the President of India, and the central government has the power to give directions to the state government regarding administration of these areas.

Hence, Article 371C limits the power of Manipur legislature vis-à-vis the Hill Areas of Manipur.

Under the provisions of Article 371C, called the **Inner Line Permit System**, the non tribal's or any other outsiders are barred from buying land in the hills. The non-tribal communities are the **Meitei's** (43%), **Meitei-Muslims** (8%) and other **immigrant communities** (10%).

In other words, Article 371C has led to a constitutional recognition of the hill-plain divide in Manipur.

### **Conflict of Interests amongst Various Stake Holders**

There has been a conflict in the demands put forth by the tribal's and the non tribal's due to inherent clash of interests. The demands include the following:

- The non tribal population is demanding for the implementation of the Inner Line Permit System in complete Manipur, so as to remove the hill-plain divide. As per the protestors, it would also restrict and regulate the influx of outsiders and internal migrants "to save the culture, tradition, identity and demographic structure of the indigenous people of the state". However, the proposal is being opposed by the tribal hill people of Manipur.
- Since the Manipur Land Revenue and Land Reforms (7th amendment) Bill will now make the tribal areas accessible to all within the state. The ones to suffer would be the tribal's, Kukis and Nagas as they would end up losing land to the more prosperous non tribal's, like the Meitei's.
- The second issue which is contentious is that, as per the amendments passed in the Manipur assembly yesterday; those who have settled in Manipur prior to 1951 can have property rights. The protestors say that many do not have the exact records of when they settled in these areas. They feel that it indirectly mean that they will have to give up their land and leave.
- In addition to the Inner Line Permit System, the Meitei's are also demanding a Scheduled Tribe status, emphasizing their "indigenoussness". The larger aim of the protestors seems to be, to convert Manipur into a tribal state (like Nagaland or Mizoram) by forcing the government to admit the Meitei's into Scheduled Tribe category and then place the entire state under a uniform Inner Line Permit regime.

### **Reasons for the Recent Blockade Announced by UNC**

The state government of Manipur, with the aim of addressing a long-standing demand of the majority Meitei community and the minority Kukis, issued a gazette notification on 09 December 2016, creating seven new districts for administrative convenience, taking the total number of districts in the state to 16.

Presently, out of the nine districts of Manipur, four districts, i.e. Imphal East, Imphal West, Thoubal and Bishenpur are valley districts, and the balance five districts, i.e. Ukhrul, Senapati, Tamenglong, Chandel and Churachandpur are hill districts.

The five hill districts are tribal districts and are sparsely populated, while the valley districts are smaller with a high density of population.

The decision has sharply divided the state's three main communities which are Meiteis, Nagas and Kukis. Though, Meitei and Kuki groups have welcomed the move, the United Naga Council (UNC) has been protesting against it.

The UNC claims that the decision would bifurcate ancestral lands of Nagas in Manipur and also, Manipur Chief Minister Okram Ibobi Singh, primarily for electoral gains ahead of the assembly elections next year, decided to create seven new districts "without consulting" the Nagas who, they said, are the most important stakeholders.

The UNC has accused Meiteis of creating unrest in the state by killing innocent people, saying Meiteis are not only torching vehicles, burning down houses and looting Nagas, but also attacking places of worships in the state.

Thus, as a retaliatory measure, the United Naga Council has imposed an economic blockade on NH-2 (Imphal-Dimapur) and NH 37 (Imphal-Jiribam) that serve as lifelines for the landlocked state of Manipur.

### **Consequences of the Blockade**

In retaliation for UNC's blockade, the Meiteis imposed a counter-blockade, preventing vehicles carrying essential goods from moving to the four Naga-dominated hill districts from Imphal Valley.

The situation worsened on 15 December 2016 as four policemen were killed and eight others were injured in clashes in Chandel, Tengnoupal and Noney districts of the state.

Three blasts were also reported in Imphal. The Manipur Naga Revolutionary Force (MNRF) took responsibility for the same.

Again on 17<sup>th</sup> December, suspected National Socialist Council of Nagaland (NSCN) IM cadres attacked 9 IRB Post and 6 Manipur Rifles post at Nungkao, Jiribam district and took 20 loaded weapons. The same day, some unknown miscreants vandalized Manipur Baptist Convention Centre Church.

The Meitei protesters violently retaliated on 18<sup>th</sup> December and attacked vehicles carrying Nagas, who were on their way to their respective villages to celebrate Christmas. Hundreds of innocent civilians were stranded after the vehicles on which they were travelling were burnt, vandalized or pushed into the river.

The blockade, has not only crippled trade and normal life in the state, it has also stoked up the existing divide between the valley and the hill populace.

### **Actions by Government to Defuse Tension**

The centre government had called for a tripartite talk to resolve the issue, involving a delegation each from the Manipur government, the UNC and the Ministry of Home Affairs to be held in Delhi on 15<sup>th</sup> November. However, the state government did not send anyone to attend that meeting

Subsequently, a delegation of the UNC met with the Union Home Minister Rajnath Singh and urged the Centre for imposition of President's rule in Manipur and stated that the state government had completely failed on all fronts and law order had deteriorated.

In view of the prevailing tension and to prevent rumour mongering and spreading of false propaganda through social media, the District Magistrate of Imphal West District has ordered discontinuation of mobile data service.

The Union Minister of State for Home Kiren Rijiju arrived in Manipur on 23<sup>rd</sup> December and held a high level meeting with the Chief Minister and senior officials of the government, Army and paramilitary forces.

Additional central forces have been requisitioned and measures are being taken to bring essential commodities, fuel and other goods along the two arterial highways to the state.

## **24) DEMONITISATION - POLITICIANS HAVE THE LAST LAUGH**

### **Introduction**

It's common knowledge that politicians are the most corrupt Indians and bulk of the bribe and black money are used for elections by all political parties, basically to lure the common masses by dolling out Frisbees. This ill-gotten wealth is in gigantic proportions, almost covering the dark spectrum of the entire black money. After the demonetization of about 86% of the Indian currency in circulation, we have seen the miseries the common man has been subjected to, in the last one month. It seems now that the Government was ill-prepared for such an economic shake up. The printing capacity of our Security Press is limited and to replace the complete demonetized notes (2400 Core in number of notes to be printed) will take 7 months. Hence, Prime Minister Modi's promise of 50 days waiting period to resume normalcy, seems another false promise like the election promise of 'exposing Swiss deposits of Indian elite'.

### **Winners and Losers.**

The hoarders who laundered every note in their kitty and the brokers, who made a fast buck in this laundering exercise for huge commissions, are the winners. Yes, a new category of employees also got jackpot; several bank employees who conspired with brokers to share a handsome commission, to cheat the masses who wasted a whole month in serpentine queues. All these Indians conjured up a nexus to outsmart the Government and it seems that every rupee printed of the Rs 15, 44,000 cores, will be returned to the banking system.

Who are the losers? Of course the common man. The laborers, small time farmers, daily wage earners, street vendors etc. They were denied their humble income due to acute shortage of cash with their customers.

### **How Politicians are given a loose rope?**

We all are aware that the politicians are loaded with tons of ill- gotten currency. What did our PM do to confiscate this unaccounted money?

### **SWEET NOTHING.**

In 2013, the BJP government had made a provision in Income Tax Act that all registered political parties are allowed to only declare contributions/ donations received by them, in excess of Rs 20,000/- In July 2004, the then Chief Election Commissioner TS Krishna Murthy wrote a letter to PM Manmohan Singh, asking the government to bring about "transparency in the collection of political funds and in the manner those funds are expended". As we know it, all subsequent governments conveniently kept a blind eye towards the issue. Fast forwarding to 16 December 2016, our Revenue Secretary Hasmukh Adhia announced that political parties depositing old denominations currency in their accounts would be exempted from Income Tax scrutiny, provided the donations were below Rs 20,000/- per person.

It seems that the Government had made sure that all politicians are given a 'safe heaven' to launder their undisclosed black money through their political party accounts which would be Income Tax free and allow unlimited remittance. It is interesting to note that in the past, almost 85% of the deposits in the major political parties bank accounts, were shown as donations below Rs 20,000/- there by, this loop hole conveniently given by the Government, is used to the maximum benefit.

As per the data available by ADR, in the year 2013-14, BJP received Rs 673.81 core and in 2014-15, party received Rs 960.43 core. However only Rs 170.86 core and Rs 437.35 core respectively were from disclosed sources. Not to mention the undeclared wealth accumulated by the party and politicians. The corresponding figures for Congress for the same periods are:- Rs 598.06 core( only Rs59. 98 core from disclosed sources) and Rs 593.31 core ( Rs 141.46 core only declared as from named sources). The BSP and Communist Party are no less.

### **Conclusion**

I wonder, do we believe that PM Narendra Modi is sincere in his efforts to wipe off black money and boost the economy? Are we all being taken for a ride? Why the most corrupt clan- ie; the politicians are allowed a free run to launder their money through their party fund accounts? The nation deserves to get logical answers from the Government who have compelled the hapless Indians to wade through this river of fire.

## **25) VIJAY DIVAS - DARKEST DAY OF PAKISTAN**

### **Creation of East Pakistan and Then Bangladesh**

On 20 June 1947, the Bengal Legislative Assembly voted overwhelmingly to break away from India, as the new nation was formed by uniting fragmented small kingdoms and provinces. A referendum on 07 July in Sylhet decided in favor of Pakistan and on 15 August 1947, East Pakistan was a reality. The irony was, more than half of its population lived in its eastern wing, separated from its western wing by 1,300 miles, but united by a common faith. "..... That fantastic bird of a place, two Wings without a body, sundered by a landmass of its greatest foe, joined by nothing but God," wrote Salman Rushdie famously in 'Shame'. However the differences of linguistic and demographic nature, surfaced within a year. Student protesters in East Pakistan shouted down Mohammed Ali Jinnah himself after he rejected their demand for recognizing Bengali as an official language. On 12 February 1952, police shot dead agitating students; it was this day - declared as International Mother Language Day by UNESO in 1999. - That most Bengalis say-" signified the shattering of the dream of Pakistan".

### **The Widening Wedge between Both Pakistan's**

The failure of Urdu- and Punjabi speaking West Pakistanis to understand and respect the aspirations of Bengali nationalists was due to a sense of superiority and arrogance. The Bengali resentment over injustice and humiliation was not just cultural- it was also a result of the economic marginalization of East Pakistan. Foreign Exchange earned from the export of East Pakistani jute was used to import equipment for the industrialization and military hardware of West Pakistan. Foreign aid was entirely diverted to West Pakistan projects. The economic disparity was clearly visible in the GDP growth rate of both regions. The decision making elite of Pakistan was totally eclipsed by West Pakistanis controlled by military and Bengalis were ignored. The situation worsened after Field Marshal Ayub Khan imposed Martial Law in 1958.

In November 1969, General Yahya Khan took over from Ayub Khan and announced elections under a " legal framework for general elections". In the election conducted on 06 December 1970, Sheikh Mujibur Rahman's Awami League, won 160 out of 162 seats in East Pakistan and none in West. Zulfikar Ali Bhutto's Pakistan People's Party won only 81 of the 138 seats in West Pakistan. Though Mujib had a clear overall majority to become Prime Minister, the wily Bhutto, in connivance with Army claimed parity with Mujib saying he was the sole representative of the people of West Pakistan.

After political negotiations failed, General Yahya Khan, on 01 March, announced the indefinite postponement of the National Assembly and Mujib responded by calling a strike on 03 March. Blood bath started in East Pakistan and on March 25, Army launched 'Op Search Light' was launched to crush down the Bengali agitators. At least 26000 Bengalis were killed as per official figures. However Pakistan's Hamoodur Rahman Commission, claims that as many as 3 lac Bengalis were massacred by Pak Army in those days. Some ten million refugees fled to India.

### **India as the Rescuer**

India declared support for the Awami League, opened the East Pakistan Border and initially offered limited aid to the Bengali resistance. The Indian leadership decided not to directly intervene but chose to get involved. The Army's Eastern Command took over responsibility for East Pakistan operations on April 29, and on May 15, launched 'Op Jackpot', a full- fledged operation to recruit, train, arm, equip, supply and advice Mukti Bahini fighters engaged in guerrilla warfare against Pakistan Army.

By late November, India was ready for a full fledged military offensive. When the Pakistan Air Force launched pre- emptive strikes on air fields in Western India, India formally declared war in the wee hours of 04 December 1971. The exemplary valour, courage and professionalism of India Army were thus displayed to the world. The 'Instrument of Surrender' was signed by Lt Gen AA K Niazi with our Lt Gen JS Arora watching, at

Dhaka at 4.55 pm on December 16, 1971. This famous monumental photo remains as the abiding image of the 1971 War. *Bangla Desh* was born.

### **Conclusion**

Thus Pakistan lost half of its country. The events of 1971 have defined Pakistan's attitude towards India ever since. The historical surrender of Pak troops in such large numbers (about 94,000) has found a place in the Guinness Books of World Records.

This defeat had left deep scars in the Pak psyche. When our PM Modi mentioned Baluchistan, in his Independence Day speech, this insecurity had pushed Pak leadership to react violently - a reminder of what India was able to do 45 years ago. Pakistan's covert state policy of cross border terrorism is a direct fall-out of this hatred and frustrations. Pakistan feels that it is a sweet revenge against India for its pivotal role in the liberalization of Bangladesh.

