



**THE TIMES OF INDIA**

**Date: 15-11-16**

## **Break deadlock**

### ***Centre and judiciary must find common ground on appointment of judges***

The NDA government returning 43 out of 77 names of high court judge candidates for reconsideration to the collegium has again exposed the level of distrust between executive and judiciary over appointment of judges. This is the highest number of candidates sent back by the Centre in recent times, highlighting the ongoing conflict between two of the republic's primary pillars. It will only worsen the condition of the heavily strained judicial system plagued by acute pendency of cases.

The heart of the problem lies in the primacy of judiciary in appointing judges on the recommendations sent by a collegium of judges headed by the Chief Justice of India, TS Thakur. The Supreme Court had struck down the setting up of a National Judicial Appointments Commission (NJAC) last year but agreed to let the Centre prepare a Memorandum of Procedure (MoP) in consultation with the CJI for appointment of judges. The NJAC would comprise judges and non-judges to prevent power lying exclusively with any particular class. The government wants more say in appointments but the judiciary is pushing back. This has led to the MoP seeing contrary opinions from both sides. It is yet to get a final nod from the collegium despite the Centre submitting the draft MoP on August 7.

Earlier this year Justice Thakur lamented that a backlog of three crore cases cannot be handled by only 18,000 judges in the country. High courts are functioning with over 40% vacancies and pendency of cases is rising by the day. To fill the backlog judiciary needs to have faith in the executive and usher transparency in appointment of judges, as in other democracies across the world. An independent judiciary is as important as the need for transparency in judicial appointments.

---

**Date: 15-11-16**

## **Differences that unite**

### ***Why tiny Israel can be a natural partner to vast and populous India***

Twenty-five years is a very short period of time, especially in the histories of our two great peoples: two ancient civilisations, nations which achieved their modern liberation now nearly 70 years ago.

But in the quarter of a century of our diplomatic relations – to be marked next year – Israel and India have reached new heights and achieved new goals which we are right to celebrate. Today, we are working together in the fields of water conservation, irrigation, innovation and more. We are working to provide the next generations with food security. We are educating Israelis and Indians side by side in our academic institutions. In the fields and in the classroom, we are very literally sowing the seeds for the future. Moreover, we have both achieved all this in often turbulent regions, and against a backdrop of security threats and challenges.

Many around the world will look at Israel and India, and rather than seeing natural partners they look at the vast differences between our two countries in size; geographic and population. They see that Israel's population is less than 1% of India's. They see that India is nearly 500 times bigger than Israel on the map. They consider the gulf in variations between our climates and natural resources. They watch our significantly different market sizes and manufacturing capabilities. And they quite understandably ask themselves what our two economies could possibly have in common. They ask what possible motivation could there be for such high levels of cooperation between Israel and India. In reality however, these are not differences that divide, they are contrasts that provide synergies. Israel and India are in fact very natural partners in the areas of agriculture, water, and crucially – education. A closer look at two crucial elements within our societies, I believe, brings this into sharp focus.

The first is the centrality of the values of democracy and freedom which we share, and upon which our two countries are rooted. The second is the importance we place on education, and crucially academic collaboration as an engine for growth and development. Firstly, democracy is not just a system of governance. Democracy – supported by its crucial tenet of freedom of expression – ensures that everyone has a voice. In Israel this has provided fertile ground for innovative thinking and moreover the ability to turn these ideas into reality. Israeli society and democracy says: if you have an idea, try it out. And crucially, if your last idea failed, try another one.

For Israel it was in fact our lack of natural resources that spawned our innovation and technology sector – giving birth to solutions and ideas addressing everything from technologies and techniques to turn the swamps into cities and cause the deserts to bloom, to communications, cybersecurity, and treatments for diseases. These are just some of the technologies on which Israelis and Indians are cooperating today. Indeed, on my visit I will be accompanied by a delegation of business, industry and defence leaders looking to explore how we can expand cooperation in these fields and more.

Similarly, in relation to the second key element – our focus on academia and education – I will also be accompanied by a delegation of presidents and representatives of the top Israeli academic institutions. Our universities and colleges are the building blocks of the start-up ecosystem, and the meeting point between research and innovation and the business sectors. I am delighted to say that Israel is opening the doors of its academic institutions to promote joint research with our Indian counterparts. Already more than 10% of foreign exchange students in Israel are from India, and the cooperation does not begin and end in the classroom. Students are returning to India and continuing to build these relationships, and going on to share their skills and understanding to help advance the Indian economy.

This is not the only way that Israel is proud to share its knowledge and experience with India. The Indo-Israeli Agricultural Project which is led by the Indian government in partnership with MASHAV (Israel's international development and cooperation agency) is active in nine states across India, and has 15 fully operational Centers of Excellence with more being planned. This kind of government backed cooperation is the final piece of the puzzle in strengthening our ties and all time high levels of cooperation. For Israelis too, Prime Minister Narendra Modi's 'Make in India' initiative provides welcome incentive and encouragement for Israeli businesses looking to scale up their operations into a market with perhaps unparalleled production and consumption capabilities.

Moreover, the Four-Colour Revolution focussing efforts on solar power, dairy production, water conservation and agriculture, has provided welcome direction for many Israelis who have developed significant expertise in these areas, and are committed to partnership with their Indian counterparts. As I noted, all this has been achieved in less than 25 years. Just imagine what we can achieve in the next 25, or even 50 years. I am deeply honoured by the opportunity to visit India, as we were honoured to host President Pranab Mukherjee last year. We have challenges and we have opportunities, and we must face them together in our words and deeds, as strong and thriving democracies and economies. This is not an opportunity either of us can afford to miss.

---

# THE ECONOMIC TIMES

Date: 15-11-16

## Welcome move to end benami property; time to implement amended 1988 Act



The government will crack down on benami properties, says Prime Minister Narendra Modi. That's the right thing to do to fight black money. But the government must ensure that the crackdown does not lead to undue harassment by officers empowered under the law to unearth and confiscate benami properties. Benami properties are registered in the name of third parties, fictitious or otherwise, by the owner who remains anonymous, making these properties obvious instruments to generate and hide wealth. Rightly, now that an amended law known as the Benami Transactions (Prohibition) Amendment Act is in force, the government wants to act to step up its campaign against black money.

However, glitches must be removed. The law says whenever a benami property is confiscated, all the rights and titles will vest with the Centre. Safeguards must make sure that this expropriatory power is used with extreme care. The law only exempts benamidaars such as a member of a Hindu Undivided Family or a trustee, and that too only if the property is funded from known sources of income. Adjudicating authorities and an appellate tribunal will deal with benami transactions. Every suit or proceeding with respect to a benami transaction pending in any court — other than a high court — or tribunal or before any forum will be transferred to the adjudicating authority or the appellate tribunal. An efficient functioning of the judicial system is a must to lower disputes and cut needless delays in confiscation of benami properties. Real estate is a sink for black money, facilitated by unclear titles. This must change. The government must also ensure guaranteed ownership to property holders. The way ahead is for India to adopt the Torrens system wherein land ownership is directly registered by the state. Clear government-guaranteed titles will curb fraudulent realty deals. We also need institutional reform to reduce the artificial scarcity of urban land and stop off-the-book funding of political parties. Benami property deals will cease when every penny is accounted for.

## बिज़नेस स्टैंडर्ड

Date: 15-11-16

### प्लास्टिक मनी को प्रोत्साहन से खत्म होगा काले धन का सृजन

मोदी सरकार द्वारा 8 नवंबर को 500 और 1,000 रुपये के मूल्य वाले नोट बंद करने के फैसले को काले धन पर एक बड़े प्रहार के तौर पर प्रचारित किया जा रहा है। इससे इन नोटों के रूप में भारी पैमाने पर जमा काले धन के बड़े हिस्से पर चोट होगी। सरकार का अनुमान है कि इन नोटों के रूप में तकरीबन 17 लाख करोड़ रुपये की मुद्रा वित्तीय तंत्र में है। अगर समांतर अर्थव्यवस्था का आकार भारत के सकल घरेलू उत्पाद (जीडीपी) के 20 फीसदी के बराबर है तो 3.4 लाख करोड़ रुपये का काला धन इन नोटों के रूप में है और अब इन पर भारी हर्जाने के बाद कुछ तंत्र में आ सकता है। इसमें से कुछ राशि (जीडीपी के 2 फीसदी से अधिक) नष्ट भी की जा सकती है क्योंकि लोग मुकदमेबाजी से बचने

के लिए इसका खुलासा करने से डरेंगे क्योंकि सरकार ने दो महीने पहले सितंबर, 2016 तक अपनी अघोषित आमदनी का ऐलान करने का एक अवसर दिया था लेकिन उसके बावजूद इन लोगों ने ऐसा नहीं किया। हालांकि यह लोगों के व्यवहार पर निर्भर करेगा लेकिन सरकार का कर राजस्व और भारतीय अर्थव्यवस्था के आकार पर इसका प्रभाव जरूर पड़ेगा, मगर यह असर बहुत ज्यादा नहीं होगा।

ऐसे में सरकार के इस फैसले के अहम पहलुओं का आकलन किया जाना चाहिए। इसके तीन खास पहलू हैं। पहला तो यही कि इन नोटों को अवैध घोषित करने से जरूरी नहीं कि नए काले धन के सृजन पर विराम लग जाए। इसमें केवल उसी से निपटा जाएगा, जो अघोषित आमदनी के रूप में होगा। काले धन के सृजन पर तब तक विराम नहीं लगेगा जब तक कि सरकार रियल एस्टेट और चुनावों के रूप में उनकी प्रमुख जननी को लेकर कोई बड़ा कदम नहीं उठाती। साथ ही प्लास्टिक मनी या इलेक्ट्रॉनिक मनी का रख करने वाले लोगों के लिए किसी तरह का पर्याप्त प्रोत्साहन नहीं है। इससे कई बार क्रेडिट कार्ड से खरीदारी करने वाले ग्राहकों को उस उत्पाद या सेवा की असल कीमत से कुछ अधिक राशि चुकानी पड़ सकती है।

अगर सरकार प्लास्टिक मनी या इलेक्ट्रॉनिक वॉलेट इस्तेमाल करने वालों के लिए कुछ प्रोत्साहन देती है तो यह बेहतर होगा। दूसरा पहलू यही है कि इस लक्ष्य को हासिल करने के लिए जिस तरह से इन नोटों को बंद किया गया है, उस पर बहस हो सकती है। मिसाल के तौर पर इसमें सरकार का क्या नुकसान होता अगर सार्वजनिक उपयोग और आकस्मिक सेवाओं के लिए तीन से लेकर छह दिन के बजाय महीने भर पुराने बड़े नोटों में भुगतान की इजाजत दी जाती? इससे बैंकों और डाकघरों के बाहर लंबी कतारों के साथ हुए भारी गतिरोध और कई बाजारों में ठप हुए खुदरा व्यापार की स्थिति से बचा जा सकता था। छोटे कारोबारी, घरों में काम करने वाली मेड, सब्जी विक्रेता और साफ सफाई करने वालों को उतनी परेशानियां नहीं झेलनी पड़तीं, जिनसे फिलहाल वे दो-चार हो रहे हैं।

समाज के आर्थिक रूप से संपन्न तबके के पास फिर भी तमाम विकल्प हैं। मसलन क्रेडिट कार्ड और इलेक्ट्रॉनिक वॉलेट के जरिये वे अपनी तात्कालिक जरूरतों की पूर्ति कर सकते हैं। निश्चित रूप से इस फैसले को अमल में लाने से पहले बैंकों और डाकघरों की अपर्याप्त शाखाओं पर विचार नहीं किया गया कि इसे मूर्त रूप देने में उन्हें कितनी मुश्किलें आएंगी।

यह भी सही है कि लंबी समयसीमा से काला धन रखने वाले ऐसे लोगों को मौका मिल जाता, जो इनका उपयोग आतंकी गतिविधियों के लिए करते हैं। मगर तब आतंक से निपटने के लिए कुछ और तरीके अपनाए जा सकते थे, जिन पर बहस हो सकती है। लेकिन यह तय है कि लंबी समयसीमा से छोटे व्यापारियों और गरीब तबके के लोगों के एक बड़े वर्ग को ऐसी परेशानी नहीं होती। ऐसे में इस कवायद के बुनियादी लक्ष्य यानी काले धन पर अंकुश लगाने की मुहिम तब भी पूरी हो जाती।

तीसरा इसे लागू करने के तरीके से जुड़ा है। सरकार ने आरबीआई अधिनियम की धारा 26(2) के तहत अधिसूचना के जरिये इन नोटों को अमान्य कर दिया। वर्ष 1978 में मोरारजी देसाई सरकार ने 1,000 के अलावा 5,000 और 10,000 रुपये के नोट बंद करने के लिए अध्यादेश का सहारा लिया था। यह अध्यादेश मार्च 1978 में कानून बन गया। इसके दो दशक बाद दिसंबर, 1998 में 1,000 रुपये का नया नोट शुरू करने के मामले में भी यशवंत सिन्हा को यही करना पड़ा, जिसके लिए उच्च मूल्य बैंक नोट (मुद्रीकरण) अधिनियम, 1978 में संशोधन करना पड़ा। देसाई सरकार ने उन बड़े नोटों को बंद करने के लिए आरबीआई अधिनियम के प्रावधान का उपयोग क्यों नहीं किया, इसकी वजह ज्ञात नहीं है। संभवतः उनकी सरकार ने सोचा होगा कि इतना बड़ा फैसला करने से पहले कानून में बदलाव की जरूरत है, जिससे यह सुनिश्चित हो जाए कि अवैध नोटों को फिर से चलन में लाने के लिए संसद की मंजूरी जरूर हो जाए क्योंकि कानून में संशोधन की जरूरत होगी। वर्ष 1998 में भी एकदम यही हुआ। इसके उलट मोदी सरकार ने आरबीआई अधिनियम का विकल्प चुना, जिसके तहत केंद्रीय बैंक के केंद्रीय बोर्ड के सुझाव के बाद सरकार किसी मुद्रा को अमान्य घोषित करने का फैसला कर सकती है। 8 नवंबर को जो हुआ, उसका मर्म यही है कि

विमूढीकरण किसी सरकारी अधिसूचना के जरिये भी हो सकता है और उसके लिए कानून में बदलाव की आवश्यकता नहीं है जैसा कि 1978 में देसाई सरकार और 1998 में सिन्हा ने किया।

---



**Date: 14-11-16**

## A Big Deal

### ***Nuclear pact signed with Japan signals a wider acceptance of India as a responsible nuclear power.***

With the signing of the civil nuclear deal with his Japanese counterpart, Shinzo Abe, Prime Minister Narendra Modi completed one of his most successful foreign visits. The deal had been proposed six years ago and till very recently, it seemed that the process would not be concluded. The two prime ministers had signed a memorandum of understanding last December but the thorny issues of Japanese companies' liability for nuclear accidents, the reprocessing of spent nuclear fuel, and the consequences of any future testing of nuclear weapons by India, remained on the table. The last stage of negotiations on the deal was keenly watched due to a "nullification clause", which sought automatic cancellation of the agreement if India resorts to nuclear testing in the future. It was resolved by annexing a separate memorandum to the treaty which specifies that Japan can suspend cooperation if India breaches its no-testing pledge to the NSG. New Delhi conceded to Tokyo on another clause which says that Japan can notify India of the termination of the pact with one year's notice.

Japan has civil nuclear treaties with 13 countries, including the US, France and Russia, but this is the first with a nation that is not part of the Nuclear Nonproliferation Treaty (NPT). There were huge concerns in Japan over signing such a deal with a non-NPT member. But Tokyo said India's pledge to the Nuclear Suppliers Group (NSG) in 2008 to maintain a voluntary moratorium on nuclear weapons testing provides legitimacy for the pact. After signing the civil nuclear deal with the US in 2008, the NSG had accepted India's pledge and lifted the embargo stretching back three decades on civil nuclear trade with New Delhi. Reiterating that status, this deal will help guarantee Japan's continued support to India's civil nuclear programme for generation of clean and cheap power. Apart from the Russian reactors, India's planned nuclear reactors with France and US also depend on Japanese parts. Moreover, GE, Westinghouse, and Areva, the companies planning reactors in India, have important ownership stakes of Japanese companies such as Hitachi, Toshiba and Mitsubishi, which were stopped by the Japanese government from doing business with India without a final nuclear deal.

Japan now follows eight other nations, including the US, France and Russia, in entering into a pact with India. It signals a wider acceptance of India's status as a responsible actor. It thus becomes critical that senior cabinet ministers do not make statements, such as the one made last week by Defence Minister Manohar Parrikar on "no first use". India's global standing as a sober nuclear power is a hard fought one and this deal with Japan, as Prime Minister Modi rightly noted, is a 'historic step'.

---

Date: 14-11-16

## SC vs Katju

***For the highest court in the country to show itself less forgiving is a let-down.***

On Friday, when a three-judge Supreme Court bench initiated contempt proceedings against former judge Markandey Katju in court room number 6, even calling for Katju's eviction from the room where he once passed orders, it marked a deeply troubling moment. In blog posts, Katju had criticised the apex court's September 15 judgement in Kerala's Soumya rape-murder case. The bench had exonerated the convict, Govindachamy, of the murder charge but sentenced him to life imprisonment for rape — in his blogs, Katju had questioned the wisdom of the judgement, its reliance on "hearsay evidence" in particular, and asserted that the convict was to be held culpable of the murder charge as well as rape. Katju went further. He also made personal comments on the "intellectual level of Supreme Court judges". While dismissing the review petitions seeking reconsideration of its September 15 judgement, the court described Katju's comments as an "assault on the judges and not the judgement", and issued the contempt notice. This is the first time contempt of court proceedings have been initiated against a former SC judge. But the notice is troubling mainly because of what it says not about Katju, but about what is one of India's most trusted and respected institutions. On Friday, the Supreme Court seemed far too easily "scandalised". It appeared less capacious than we the people have come to count on it to be. In fact, in a series of judgements and observations, the court has expanded the boundaries of free speech and underlined that its shoulders are broad — and getting broader when it comes to criticism.

Certainly, Katju could have been more sober, less intemperate, in his criticism of the court. Restraint, it could be said, has not been his strong suit in many of the public interventions he has made even earlier — he memorably called "90 per cent" of Indians "fools" and last year, his comments describing Mahatma Gandhi as a "British agent" and Subhas Chandra Bose as "an agent of Japanese fascism" provoked disapproving resolutions by Parliament. Yet, for the court to invoke the Contempt of Court Act 1971 — which, despite amendments, remains a colonial relic relying on antiquated notions of pomp and majesty — against an individual's criticism, does its own reputation harm. The contempt law sets out unclear boundaries. But a wise and mature reading of the law would be mindful of the chilling effect its arbitrary use can have on free speech and criticism of the judiciary in an open democracy.

That the court should show itself to be less forgiving is particularly disheartening in this moment. A growing culture of intolerance of dissent against the majoritarian common sense is stoking anxieties and fears. Notions of nationalism are being used to cramp and constrict the space for criticism. It is a time when the role of the judiciary as the fair and independent guardian of fundamental freedoms and liberties is especially crucial. And when the court and the executive are engaged in a consequential and bruising battle. For the highest court in the land to lock horns with an individual is a let-down in a time like this.

---

# जनसत्ता

Date: 14-11-16

## नई साझेदारी

**दूसरे देशों के साथ हुए एटमी ऊर्जा करारों के मुकाबले जापान के साथ भारत का ऐसा करार हो पाना काफी मुश्किल था।**



यों तो जापान के साथ भारत के रिश्ते हमेशा सौहार्दपूर्ण ही रहे हैं, पर प्रधानमंत्री नरेंद्र मोदी की जापान यात्रा से दोनों देशों के बीच साझेदारी का नया दरवाजा खुला है। हालांकि जापान के प्रधानमंत्री शिंजो आबे के साथ मोदी की बातचीत में व्यापार व निवेश, सुरक्षा, आतंकवाद, कौशल विकास में सहयोग, अंतरिक्ष और नागरिकों के स्तर पर संपर्क जैसे विषय भी शामिल रहे, पर जापान और भारत के बीच हुआ असैन्य परमाणु करार ही मोदी की इस यात्रा की सबसे खास उपलब्धि है। हालांकि भारत ने और कई देशों के साथ पहले से एटमी ऊर्जा करार कर रखे हैं, पर जापान के साथ इस तरह का समझौता कहीं

ज्यादा मायने रखता है। एक तरह से जापान ने भारत के साथ वैसी दरियादिली दिखाई है जिसे अपवाद ही कहा जाएगा।

जापान की परंपरागत नीति यह रही है कि वह किसी ऐसे देश के साथ परमाणु करार नहीं कर सकता, जिसने एनपीटी यानी परमाणु अप्रसार संधि पर हस्ताक्षर न किए हों। जाहिर है, दूसरे देशों के साथ हुए एटमी ऊर्जा करारों के मुकाबले जापान के साथ भारत का ऐसा करार हो पाना काफी मुश्किल था। और यह एक प्रमुख कारण है कि इसमें काफी वक्त लगा। इस सिलसिले में जून 2010 में बातचीत शुरू हुई थी। इसे अंजाम तक पहुंचाने में छह साल से ज्यादा वक्त लगा तो एनपीटी और अन्य पेचीदगियों के अलावा एक कारण फुकुशिमा हादसा भी था।

यों अमेरिका के साथ हुए भारत के एटमी करार को अंतिम रूप देने में भी कई बरस लगे थे। वर्ष 2007 में 1-2-3 समझौते पर हस्ताक्षर किए गए। वर्ष 2008 में एनएसजी यानी परमाणु आपूर्तिकर्ता समूह की मंजूरी मिली। वर्ष 2010 में पुनः संवर्धन समझौते को अंतिम रूप दिया गया। आखिरकार 2015 में इस करार पर हस्ताक्षर हुए। जापान के साथ कई साल वार्ता जरूर चली, पर एक ही चरण में करार हो गया। दरअसल, एनएसजी की मंजूरी और आइएइए यानी अंतरराष्ट्रीय परमाणु ऊर्जा एजेंसी की हरी झंडी मिलने जैसी शर्तें व औपचारिकताएं भारत को अमेरिका से करार की प्रक्रिया के दौर में पूरी करनी पड़ी थीं। जापान सरकार ने एटमी मामले में अपने देश की संवेदनशीलता को हुए सुरक्षा संबंधी कुछ विशेष प्रावधान रखने पर जोर दिया और उसे भारत ने स्वीकार कर लिया। जापान से एटमी समझौते की अहमियत जाहिर है। जापान की गिनती उन देशों में होती है जो परमाणु ऊर्जा के क्षेत्र में अग्रणी हैं। समझौते के फलस्वरूप जापान परमाणु ऊर्जा के क्षेत्र में भारत को ईंधन, तकनीक और प्रबंधकीय सहयोग दे सकेगा। यही नहीं, यह समझौता अमेरिकी और फ्रेंच कंपनियों के लिए भी भारत के साथ परमाणु ऊर्जा के क्षेत्र में व्यापार की राह प्रशस्त करेगा, जिनके साथ जापानी कंपनियों ने व्यापारिक करार कर रखे हैं। अलबत्ता भारत और जापान के बीच हुए एटमी समझौते को अभी जापान में एक आंतरिक बाधा पार करनी है, उसे संसद की मंजूरी मिलना बाकी है। पर शिंजो आबे ने परंपरागत रुख से अलग हट कर इतना बड़ा कदम उठाया है तो जाहिर है कि उन्होंने अपनी प्रतिष्ठा दांव पर लगाई है और उम्मीद की जानी

चाहिए कि करार को जापानी संसद की मंजूरी दिलाने में वे कोई कसर नहीं छोड़ेंगे। जापान के साथ हुए एटमी ऊर्जा करार से एनएसजी की सदस्यता के लिए भारत की दावेदारी को बल मिला है। पर चीन का अड़ंगा क्या वैसा होने देगा, जबकि दक्षिण चीन सागर के मसले पर शिंजो आबे और मोदी की बातचीत और समुद्र से संबंधित अंतरराष्ट्रीय कानून को लेकर दोनों नेताओं का समान नजरिए का इजहार उसे नागवार ही गुजरा होगा?



## THE HINDU

Date: 14-11-16

### Watering the green shoots

***More than ever, non-economic factors will play a key role in determining whether the investment sentiment is sustained or not. Policymakers need to be conscious of this, and keep away from divisive and disruptive issues***



We are now in the middle of the fiscal 2016-17. The main monsoon is also over. This is an appropriate time to take a look at the economy and assess where we are headed. Two important questions that spring up are: are there green shoots which show a decisive revival of the economy, and have we laid the foundation for a faster rate of growth of the economy in the medium term?

In analysing the trends in the economy, we continue to be plagued by conflicting sets of data. National income data are available only for the first quarter (April-June). These data show that GDP grew by 7.1 per cent and that value added in manufacturing grew by 9.1 per cent. However, according to the Index of Industrial Production (IIP) during this quarter, manufacturing fell by 0.6 per cent. The Central Statistics Office (CSO) now uses IIP data for measuring only a small segment of manufacturing. It uses the corporate data for estimating 75 per cent of the manufacturing sector. While one cannot fault the CSO for the new methodology, it has to carefully cross check the data it relies upon. Analysts need some amount of reassurance from the CSO. All the same, an attempt can be made to find out whether the current year will be better than the last year by looking at the performance of different segments.

### Agricultural production

Looking at the problem from the supply side, the one segment that will do better is agriculture. This is based purely on the better performance of the monsoon. In the short run, rainfall is an important factor influencing agricultural production. The rainfall during the monsoon over the country as a whole was 97 per cent of the long period average (LPA). This is somewhat lower than what was originally predicted. But this is distinctly better than last year when the rainfall was only 86 per cent of LPA. The Southwest Monsoon rainfall in the current year is 100 mm higher than last year, which is approximately 13 per cent higher than last year. Based on a study of the impact of rainfall on agricultural production, this should lead to an increase in value added in agricultural and allied activities by 2.7 per cent.



## Demand side perspective

From the demand side, there are four elements that we need to examine: private consumption expenditure, government expenditure particularly on investment, private investment particularly corporate investment, and external demand. As far as private consumption expenditure is concerned, a major factor contributing to a push is the implementation of the recommendations of the Seventh Pay Commission. Government's salary and pension expenditures are expected to rise by 20 per cent. As those recommendations were made effective only from August 2016, the impact on the production of consumption goods will be seen only in the second half. There is evidence of some sectors like two-wheelers growing fast. The impact of the good monsoon on rural demand may also show up in the second half.

Total Central government expenditures in the first half were 52.0 per cent of the budgeted expenditures for the year. This is only a shade higher than previous year. Capital expenditures have shown a rise of 4.6 per cent over the previous year. Increase in capital expenditures is welcome as they lead to greater investment. In September 2016, capital expenditures grew by 20 per cent on year-on-year basis. However, this was mainly due to the increase in loans disbursed. It is to be noted that the bulk of the public investment comes from public sector enterprises. As of now, there is no information how much additional investment has been made by PSUs. Roads and railways seem to be doing well.

The third important segment is corporate investment. In the last several years corporate investment has been roughly one-third of the total Gross Fixed Capital Formation. Therefore it is critical to watch its behaviour. The Reserve Bank of India has been making a forecast of corporate investment based on a methodology outlined by me. In the September 2016 issue of RBI Bulletin, it has provided the outlook that emerges for 2016-17. Bulk of the investment expenditures in any year are the result of the projects initiated in the previous two to three years. With the slowdown in new projects undertaken in recent years, it is unlikely that investment expenditures by the corporate sector in 2016-17 can be higher than in 2015-16. The study by RBI staff indicates that substantial investment in the projects initiated in 2016-17 will be required to equal previous year's total investment expenditures. The total cost of projects initiated with institutional assistance in 2015-16 was Rs.954 billion, and Rs.878 billion in 2014-15. All this is a far cry from the figure of Rs.2,754 billion in 2006-07.

## External environment

The external demand is largely a reflection of the world economy which shows a sluggish recovery. All forecasts indicate a slowing down in the world growth rate in 2016. The expectation is a slight improvement in 2017. World trade is also slowing. Exports of India started declining in 2015-16. For the year as a whole, the decline was 15.5 per cent. Much of this was due to the fall in the value of oil exports. However, some improvement in the current year is seen. The decline in exports during April-September was 1.26 per cent. This is on a base which had already declined. In the month of September 2016, exports grew by 4.03 per cent. In an environment of declining world trade, it is not surprising that India's exports fell. However, data for 2015 showed that the India's share in world exports has had a small decline, which indicates our exports are slowing down more than world exports. But as indicated earlier, India's exports are doing a little better this year. We need to maintain this momentum. India's current account, however, has been comfortable because of the sharper decline in imports. The external environment may not provide much stimulus by way of demand.

## Green shoots

Thus, the positive signs in the economy are an improved agricultural performance and a pick-up in rural demand, some increase in private consumption expenditure primarily due to the implementation of the Seventh Pay Commission recommendations and an enhanced capital expenditure by government. The negative indicators are a continued stagnation in corporate investment and a poor external environment. The growth rate of GVA (gross value added) at basic prices in 2015-16 was 7.2 per cent. This year it may be slightly better at 7.6 per cent mainly because of improved agricultural performance. This estimate of the growth rate will

undergo a downward revision if the disruptions caused by demonetisation persist for a long time. The Indian economy has acquired a certain amount of stability. Prices are under control. Both CPI (consumer price index) and WPI (wholesale price index) inflation are below 5 per cent. Improved agricultural performance may further moderate food prices. The fiscal picture has been under control, even though as of now the fiscal deficit is running high. The current account deficit remains subdued. For the current year, it may be lower than last year's level of 1.1 per cent of GDP. All these are favourable factors for sustained economic growth. The banking system is however under stress.

On the reforms front, there has been some improvement. Initially, there was the amendment to the Insurance Act to facilitate larger foreign investment. The Bankruptcy Act has been enacted. The real estate sector now has a regulator. Finally, the goods and services tax is becoming a reality. All of these are enabling legislations. The impact of these legislations on the economy will take some time to come. But they are moves in the right direction. To maintain a high growth rate in the medium term, a kick start in investment is imperative. This is yet to happen, even though the investment sentiment is slightly better today. But more than ever, non-economic factors will play a key role determining if this sentiment will be sustained or not. Policy-makers need to be conscious of this and keep the focus on growth, and away from divisive and disruptive issues.

***C. Rangarajan is former Chairman of the Economic Advisory Council to the Prime Minister and former Governor, Reserve Bank of India***

---

**Date: 14-11-16**

## **The big deal with Japan**

When India conducted its nuclear tests in 1998, Japan was the country that took it the hardest: it put all political exchanges with India on hold, froze aid and announced economic sanctions within hours. A thaw in ties didn't come until 2001, when sanctions were lifted. And then, in 2009, the two countries began an annual strategic dialogue. This has now come to fruition with the signing of the nuclear cooperation agreement in Tokyo during Prime Minister Narendra Modi's visit. The deal is critical to India's renewable energy plans. Japanese companies that produce cutting-edge reactor technology were previously not allowed to supply parts to India. In addition, Japanese companies have significant holdings in their U.S. and French partners negotiating for nuclear reactors now, and that would have held up the deals. This is Japan's first nuclear deal with a non-signatory to the Non Proliferation Treaty, and it recognises India's exemplary record in nuclear prudence. It is indeed a much-needed moral boost as New Delhi strives for membership in the Nuclear Suppliers Group (NSG). The move will boost the meagre, and dipping, bilateral trade of \$15 billion, and lift the strategic military and defence relationship.

There are several riders to this rosy prognosis, however. First, the nuclear deal has to be approved by Japan's Parliament. This will not be aided by unhelpful references such as those made recently by Defence Minister Manohar Parrikar, about revisiting India's no-first-use nuclear weapons policy. In Japan, Prime Minister Shinzo Abe may face criticism that he extracted too few assurances from India on a nuclear test ban. In India, Mr. Modi may be criticised for giving in too much, as a note slipped into the agreement now accepts an emergency suspension of the deal if India tests a weapon. The clock is ticking, and Mr. Abe must bring the deal to Parliament in early 2017 to ensure that the commercial agreement for Westinghouse's six reactors in Andhra Pradesh that is due in June 2017 comes through. This will also coincide with the next plenary of the NSG. Both New Delhi and Tokyo must also be wary of the impact on Beijing of this new stage in their ties. China has been hedging against deeper Japan-India ties in Asia by investing in its relationship with Russia and Pakistan. As the two Asian rivals to China, India and Japan might need the partnership even more in the days to come, as the U.S. President-elect has indicated a lower level of interest in "playing policeman" in the region.

---

# राष्ट्रीय सहारा

Date: 14-11-16

## जापान से रिश्ता

प्रधानमंत्री नरेन्द्र मोदी की जापान यात्रा से यह साफ हो गया है कि दोनों देशों के संबंध अब सामान्य से काफी आगे चले गए हैं। यानी दोनों देश सामारिक साझेदारी के दायरे में आ चुके हैं। यही स्थिति चीन जैसे वर्चस्ववादी मानसिकता वाले देश को खल रही है। उसने प्रधानमंत्री की जापान यात्रा के संदर्भ में दो टिप्पणियां की हैं। पहले उसने कहा कि दोनों देश पड़ोसी की चिंताओं को ध्यान में रखें। चीन का इशारा दक्षिण चीन सागर पर उसके रुख को लेकर था। उसका संदेश था कि भारत इस मामले से दूर रहे और जापान के साथ किसी प्रकार की घोषणा न करे। बाद में उसने कह दिया कि भारत जापान का मोहरा न बने। दूसरी प्रतिक्रिया का अर्थ है कि भारत ने उसकी पहली परोक्ष चेतावनी को नजरअंदाज कर दिया। भारत जापान की जो संयुक्त विज्ञप्ति जारी हुई उसमें दक्षिण चीन सागर का बाकायदा जिक्र था। चीन को यह समझना होगा कि भारत की स्वतंत्र विदेश नीति है। भारत कोई कमजोर देश नहीं कि उसे कोई मोहरा बना ले। भारत की विदेश नीति चीन की इच्छानुसार निर्धारित नहीं हो सकती। चीन ने दक्षिण चीन सागर पर जिस तरह का अडियल रवैया अपनाया है, अंतरराष्ट्रीय पंचाट तक के फैसले को वह पैरों से कुचल रहा है उसका कौन समर्थन कर सकता है? भारत के अपने आर्थिक एवं सामरिक हित हैं। चीन न भूले कि आज उसकी समृद्धि के पीछे एक बड़ा कारण जापान है, जिसने 1990 के दशक के पूर्व से ही उसके यहां निवेश किया था। जापान ने चीन से संबंध खराब नहीं किए, चीन ने किए हैं। क्यूराइल द्वीप पर पूरा हक जताकर चीन ने जापान को अपना दुश्मन बनने पर मजबूर किया। जापान अभी तक धैर्य का परिचय दे रहा है। लेकिन कोई अपनी भौगोलिक सीमा से तो समझौता नहीं कर सकता। जापान अब भारत की अनेक परियोजनाओं में भारी मात्रा में निवेश करने जा रहा है, वह हमें अपनी पुरानी नीति बदलकर नाभिकीय रिएक्टर एवं तकनीक बेचने पर राजी है..तो इससे चीन को क्यों परेशानी हो रही है? क्या वह भारत की बढ़ती शक्ति और संबंध विस्तार को अपनी महाशक्ति बनने के मार्ग की बाधा मानता है? दो एशियाई शक्तियां जापान और भारत अगर एकजुट रहे तो फिर महाद्वीप में चीन का वर्चस्व कायम होना कठिन हो जाएगा।

---