



THE TIMES OF INDIA

Date: 28-11-20

Factory Of The World

How India can be a 'Plus One' destination, while reducing dependence on China

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Global companies have stepped up efforts to implement the 'China Plus One' strategy, of diversifying their supply chains in the wake of the Covid-19-induced disruptions and US-China trade tensions.

This provides a second chance for India to emerge as a global manufacturing hub. While India has managed to capture the services outsourcing wave to become quite the back office of the world, the ability to expand the manufacturing sector – with its trickle-down effect – will be critical to job creation and balanced growth.

The trillion-dollar question though is, can India become a 'Plus One' destination, while simultaneously reducing its own dependence on China? China accounted for 16% of manufactured goods exports globally – and a fifth of imports of both the US and EU – between 2015 and 2019, so that is a tall mountain to climb. A double-quick push on four fronts identified by CRISIL Research can help.

Hasten structural reforms that foster competitive ecosystems: India's manufacturing sector's share of GDP has stagnated at ~15% for the past three decades, reducing the contribution of merchandise exports to GDP to barely 12%. The comparable numbers for China are ~30% (of a nearly five times bigger economy!) and 20%. Even Vietnam stole a march over India and emerged as a manufacturing hub for goods such as electronics, leather and textiles because of lower labour costs and free trade agreements (FTAs) with China, which also exports goods for manufacturing and assembly in Vietnam.

The manufacturing opportunity opening up is huge. Large tech companies like HP have taken steps to diversify their supply chain to mitigate the impact of tariffs in the US as revealed in their 2019 annual call. The US has slapped tariffs on \$500 billion worth of Chinese imports in the past two years.

India has moved up 14 places to the 63rd position on the World Bank's ease of doing business ranking in 2019, following structural reforms like GST and fast-tracking of environmental clearances. But it still lags far behind countries like South Korea and China.

To seize the opportunity, CRISIL Research has analysed India's competitive strengths and weaknesses and identified gaps that must be plugged – and the sectors that must be targeted. India remains uncompetitive on labour, infrastructure and logistics. Logistics efficiency is poor with ~70% of freight

moving by road which, at Rs 2.58 per tonne-km, is expensive compared with Rs 1.41 per tonne-km for Railways and Rs 1.06 per tonne-km for waterways. Plus, critical inter-linkages between different modes of transport are weak.

Implement immediate reforms to boost competitiveness: While reforms such as the recent amalgamation of 44 labour laws into four codes are welcome, some immediate-term measures could help expand the manufacturing base and attract investments. Increasing the number of working hours – around five Indian states have adopted this so far – and ensuring the ability to fire workers could help enhance competitiveness on labour.

Land reforms are also crucial. The government could borrow a leaf from Vietnam’s playbook and redistribute large parcels on lease along with the right to rent, sub-contract and mortgage.

Improve contract enforcement and dispute resolution timelines: India takes almost 1,440 days to implement a contract versus 150 days in Singapore because of huge pendency of court cases. Crunching this timeline is essential to ease of doing business. CRISIL Research’s look at various public domain documents shows India at 63 on this parameter, well below China’s 31 and South Korea’s 3. The Economic Survey 2019 said delays in contract enforcement and disposal resolution are “the single biggest hurdle to the ease of doing business in India.”

The government has promoted a culture of resolution with the Insolvency and Bankruptcy Code and Arbitration and Conciliation (Amendment) Act, 2019. But a lot more can be done to quicken out-of-court dispute resolution, thereby reducing costs. To wit, interest and penalties account for 75% of the Rs 92,641 crore adjusted gross revenue dues of telecom companies. A swifter resolution could have resulted in huge savings besides enhancing the sector’s viability.

Adopt multi-pronged approach to boost sectoral level manufacturing: The government should take a long-term view and provide tax and other incentives to build manufacturing ecosystems in new-age sectors such as mobile phones, defence equipment and lithium ion batteries. Simultaneously, it should pick the low-hanging fruit by capitalising on established strengths in sectors like textiles, leather, auto components and pharmaceuticals to spawn scale-ups.

In readymade garments (RMG), India has ceded ground to Bangladesh and Vietnam, largely because the latter enjoy FTAs. For instance, India’s RMG exports to the EU, its biggest market, carry a 9.6% import levy versus zero from Bangladesh, Vietnam and Pakistan. In both RMG and leather, India should focus on entering FTAs apart from resolving issues related to the Merchandise Export from India Scheme.

The pharma success of last-mile facilitations must be replicated. After the pandemic, global pharma majors are securing supply chains and reducing dependence on China. China’s huge economies of scale account for the 25-30% cost difference between Chinese and Indian APIs and intermediates. India imports 68% of its requirements from China.

To be sure, the government has launched a Rs 3,000 crore scheme for setting up bulk drug parks. It has also announced a production-linked incentive scheme of Rs 7,000 crore, targeting domestic manufacturing of 53 APIs with high dependence on imports. While this is great, drug-makers expect more anti-dumping duties and strategic manufacturing incentives – as do chemicals exporters.

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Reaching Out

Delhi does well to turn its attention to task of diplomacy in neighbourhood. There can be high cost of neglect

Editorials

It could be a coincidence that three top officials of the government are touring neighbouring countries or the near abroad at the same time. But their visits — Shringla in Nepal — underline that India's relationships with countries in the region need urgent attention. In the last few months, the foreign secretary has also made trips to Dhaka and Male. This concerted outreach at the highest levels comes at a time of aggravated tensions between India and China at the Line of Actual Control.

But long before this summer when the Chinese Army's disruption of the military equation in Ladakh became apparent, it was actually in the South Asian and wider Indian Ocean region — now also known as the Indo-Pacific — where the rivalry between Asia's two biggest powers was playing out. Delhi had for too long tended to take its influence in this region for granted, depending on its cultural links and old established ties with political elites, and overlooking the changing political and economic dynamic of these smaller neighbours. From these capitals, there is now a different view of Indian influence in the region from what it was even a decade ago, especially when some of decisions taken in Delhi seemed to go against their interests. Not surprisingly, deep-pocketed China offered an attractive way to leverage relations with India.

Dhaka's anger at India's new citizenship law and Nepal's map adventure were eyeopeners on how politicians and policy-makers in Delhi are sometimes unable to join the emerging dots in the region. And earlier this year, India seemed content to outsource its worries in the Indian Ocean to the Trump Administration, as Maldives signed a defence treaty with the US, and the US Secretary of State, Mike Pompeo, landed in Colombo from where he berated China and warned Sri Lanka against Beijing's debt trap. The Biden administration may have a more nuanced way of in the Assumption Island infrastructure project. Shringla's visit to Kathmandu will hopefully take forward the repair of bilateral ties, a work in progress. Doval's participation in a trilateral meeting on maritime security with Sri Lanka and the Maldives in Colombo, after the foreign secretary's visit earlier this month to the Maldivian capital, should help reiterate that Delhi is a friend apart from being their closest neighbour.

Date: 28-11-20

Adrift in the Indian Ocean

To be taken seriously, Quad needs military heft, not desultory naval exercises

Raja Menon, [The writer is a former rear admiral in the navy.]



It was the year 1964 — July, to be precise — when the annual commonwealth naval exercise was scheduled to be held in the Bay of Bengal, between the Nicobar Islands and the entrance to the straits of Malacca. The British still had a commander-in-chief, Far East Fleet, stationed in Singapore at the giant Sembawang Naval Base in the Johore Straits. The Royal Navy’s Far East Fleet contributed one aircraft carrier to the exercise, along with one cruiser, three destroyers, three frigates, two submarines and two oil replenishment tankers. The Indian Navy, which had only one fleet in those days, contributed one

aircraft carrier, one cruiser, two destroyers and four frigates, all of whom sailed out from Bombay (as it was, then) to join up with the Royal Naval ships, off Nancowry, in the Nicobar Islands. From Canada came three modern frigates, with the Australians contributing one destroyer and one frigate. Pakistan sent two destroyers, and the New Zealanders, one frigate. In all, 28 ships gathered for the JET (Joint Exercise off Trincomalee) series, as they were then called, as the Malabar series are now called for the Quad exercises. The operational planning was massive in the days of no internet, cellphones and printers. There were also four Maritime Patrol Aircraft (MPA) of the Australian Navy, operating from Butterworth in Malaysia.

The exercise was held for pretty much the same geo political reasons as they are today, apart from the obvious naval benefits. The bogeyman was not China, but the USSR, although no one mentioned it aloud. But objectives like those discussed today, such as freedom of the seas, safety of shipping lanes, a rule-bound order etc were freely bandied about. The scope of the exercises was massively spectacular. It included two weeks or 10 working days of an operational work-up, in small groups including a submarine, ending with a five-day tactical exercise, with the whole fleet divided into a red (enemy) force and a blue force. On completion of the exercise, the whole fleet entered Singapore ceremonially, for a full debrief and social gatherings hosted, in turn, by each nation. The Pakistan navy served liquor in those days.

Things have clearly changed a lot. There is an incipient and obvious threat and no one has any hesitation in pointing at China. The Far East Fleet is gone, Britain having evacuated from East of Suez in 1965, but the Americans are here, and safety of shipping lanes and an expansionist Beijing are not mythical anymore. However, in November, the Quad actually converged to continue the Malabar series, with a total of just eight ships. The Chinese foreign office spokesman had earlier dismissed the Quad as so much “foam” on the sea. Are they right or are they being overconfident? If the idea is to form a grouping of democratic nations in the Indian Ocean, and use naval power to convey a message to Beijing, what message would a grouping of eight ships convey to a nation thinking in terms of five aircraft carriers? Surely, this is more like a feather duster shown to Xi Jinping. His naval chief would have advised him that it was frivolous. But, more importantly, who is responsible in Delhi for being so ungenerous with the Indian Navy? Was it timidity or diplomatic reticence to leave the glass half full? Are our four nations incapable of mustering 30 ships?

Anyway, this opportunity has been lost and let us look to the future. If there is reticence to a bigger seasonal naval presence, an answer has to be found. But first, there is no substitute for naval power to ensure oceanic stability, but one alternative lies in the area of Maritime Domain Awareness (MDA). Perhaps, some thought may already have been given to MDA in the twin agreement to BECA (Basic Exchange and Cooperation Agreement), and that is the Maritime Information Sharing Technical Agreement (MISTA) signed between India and the US. There is little information available in the public domain about MISTA. But what it should cover is an omnibus agreement for Maritime Patrol Aircraft (MPA) operating and information sharing for the entire Indo-Pacific. This is easier said than done because the Pacific has a high density of MPA assets, while they are sparse in the Indian Ocean, particularly the western Indian Ocean. The Australians can, of course, cover the Malacca Straits, but for the west Indian Ocean, the US will probably have to base a squadron of P-8 aircraft at Masirah or Diego Garcia. How will this shake the Chinese Navy? Today, the primary weapon system of most warships is the surface-to-surface missile, with ranges of up to 200 km. The ships' sensor range is only up to 100 km, and accurate target information has to be supplied beyond 100 km by aircraft or helicopters in what is called Over the Horizon Targeting (OTHT). A ship with OTHT will definitely sink a ship without it.

With the Indo-Pacific fully covered by the MPAs of the Quad, a PLAN ship in the Indian Ocean is in imminent danger of being sunk at will. A public announcement of a division of the Indo-Pacific into areas of responsibility for MDA, between members of the Quad will send an unmistakable signal to Beijing of the constant danger to Chinese warships in the Indian Ocean, should hostilities arise. With a desultory Quad naval exercise, once a year of a few ships, Beijing will only be amused that a "threat" exists to its ambition to become a global power.



Date:28-11-20

Stepping out of the shadow of India's malnutrition

An immediate universalisation of the PDS, distribution of quality food items and community kitchens are a few solutions

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"School-er prarthana sabhar somoy hotat matha ghure pore jaoar ghotona hamesai ghotte dekhi amra. Beshirbhag khetrei ora mid-day-meal khete chaay naa, jiggesh korle bole pete byatha hochhe, Sir (There have been numerous instances during the prayer session in schools where we often observe students feeling sick and falling down out of dizziness. Most of the times they do not want to take mid-day meals and when asked, they complain of stomach ache)."

These words were echoed during a telephonic survey which we conducted in the Burdwan district of West Bengal in September 2020, with schoolteachers on the health conditions of students. Apart from our academic interest, the survey had been largely motivated by a report in the Bengali daily, Anandabazar Patrika, on February 10, 2020 (<https://bit.ly/3meN6wX>).

In this report, a schoolteacher had highlighted how girl students, who took admission in Standard five were relatively shorter in height than the previous year's batch of students. This, the teacher inferred, was largely integrated with malnutrition that is burgeoning not only in the State but also in rest of the country. In line with what repeatedly restated in our survey, she had reported children from impoverished households not being able to have the mid-day meal many a time because of stomach-related problems, which, according to her, was a result of the children skipping breakfast. If this is found to be the general trend across India, such anecdotal evidence can have larger consequences that can very well lead to different manifestations of malnutrition.

Global reports, measures

Two recent reports — the annual report on “The State of Food Security and Nutrition in the World 2020” by the Food and Agricultural Organization of the United Nations (<https://bit.ly/33mgGtf>) and the 2020 Hunger report, “Better Nutrition, Better Tomorrow” by the Bread for the World Institute (<https://bit.ly/39gRxDX>) – document staggering facts about Indian food insecurity and malnutrition.

Using two globally recognised indicators, namely, the Prevalence of Undernourishment (PoU) and the Prevalence of Moderate or Severe Food Insecurity (PMSFI), these two reports indicate India to be one of the most food-insecure countries, with the highest rates of stunting and wasting among other South Asian countries. The PoU measures the percentage of people who are consuming insufficient calories than their required minimum dietary energy requirement, while the PMSFI identifies the percentage of people who live in households that are severely or moderately food insecure.

The reduction in poverty has been substantial going by official estimates available till 2011-12. However, malnutrition has not declined as much as the decline has occurred in terms of poverty. On the contrary, the reduction is found to be much lower than in neighbouring China, Pakistan, Nepal and Bangladesh. Except China, these are countries which had somewhat similar levels of PoU in and around the year 2000. In terms of percentages, the PoU has declined 24.7% between 2001 and 2018 for India; other data are China (76.4%), Nepal (74%), Pakistan (42%), Afghanistan (37.4%) and Bangladesh (18.9%). It must be noted that the decline in China is way higher than that of India, even though it had started with lower levels of PoU in 2000.

In contrast, Afghanistan (47.8%) that started with a higher base than India (18.6%) had experienced higher rates of decline. Of note is the fact that, economically, while Afghanistan is relatively much poorer and has gone through several prolonged conflicts in last two decades, it has been more successful in reducing malnutrition than India. Further, Pakistan and Nepal which had almost similar (slightly higher to be precise) levels of PoU in the initial years, have also successfully reduced malnourishment at a rate that is much faster than India. Therefore, irrespective of the base level of PoU, most of these countries have done better than India on this dimension.

These findings also get substantiated through Food Insecurity Experience Scale survey (<https://bit.ly/2Jh0m5X>), which covers almost 90% of the world's population. Because it is not allowed to be conducted in India, direct estimates are not available. Instead, three-year moving average figures

are given separately for the whole of South Asia and South Asia, excluding India. A difference between these two would roughly give us a sense about the extent and broad direction of the prevalence of food insecurity here. Our estimates indicate that between 2014-16, about 29.1% of the total population was food insecure, which rose up to 32.9% in 2017-19. In terms of absolute number, about 375 million of the total population was moderately or severely food insecure in 2014, which went to about 450 million in 2019.

Crucial elements excluded

Despite the National Food Security Act – 2013 ensuring every citizen “access to adequate quantity of quality food at affordable prices”, two crucial elements that still got left out are the non-inclusion of nutritious food items such as pulses and exclusion of potential beneficiaries. Because of this, there is little to disagree that the current COVID-19 pandemic would make the situation worse in general, more so for vulnerable groups.

In fact the recently initiated “Hunger Watch” by the Right to Food Campaign (<https://bit.ly/2VeBoGF>) presents a very grim situation, with close to one out of every three respondents reporting low food consumption and massive compromise on food quality. Though States have temporarily expanded their coverage in the wake of the crisis, the problem of malnutrition is likely to deepen in the coming years with rising unemployment and the deep economic slump.

Hence, a major shift in policy has to encompass the immediate universalisation of the Public Distribution System which should definitely not be temporary in nature, along with the distribution of quality food items and innovative interventions such as the setting up of community kitchens among other things.

This year’s Nobel Peace Prize was awarded to the United Nations World Food Programme, which should bring some of the focus back on these pressing issues of undernourishment and hunger in India. The need of the hour remains the right utilisation and expansion of existing programmes to ensure that we arrest at least some part of this burgeoning malnutrition in the country.



दैनिक भास्कर

Date: 28-11-20

संवैधानिक उपचार का अधिकार विवाद में

संपादकीय

सुप्रीम कोर्ट चीफ जस्टिस ने एक मामले की सुनवाई में कहा कि वे अनुच्छेद 32 में नागरिकों को उपलब्ध संवैधानिक उपचार के मौलिक अधिकार के प्रयोग को हतोत्साहित करना चाहते हैं। तत्काल इसके पक्ष-विपक्ष में तलवारें खिंच गईं। सीजेआई एक पत्रकार की गिरफ्तारी की याचिका सुन रहे थे, जिसे देशद्रोह व अन्य धाराओं में यूपी पुलिस ने दिल्ली से

हाथरस जाते समय गिरफ्तार किया। वहां एक दलित लड़की के दुष्कर्म व हत्या को लेकर विरोध हो रहा था। केस में सीजेआई बेंच में याचिकाकर्ता को हाईकोर्ट जाने की सलाह दी हालाँकि मामला खारिज नहीं किया। क्या सुप्रीम कोर्ट नागरिकों को मिले इस अधिकार को हतोत्साहित कर सकता है? इस पर एक राय है कि चूँकि सुप्रीम कोर्ट के पास वाद ज्यादा है, लिहाजा इसे हतोत्साहित किया जाना चाहिए, लेकिन वहीं विरोधी कहते हैं कि अगर यह कारण था तो एक अन्य मामले में इसी कोर्ट की एक अन्य बेंच ने क्यों एक अन्य पत्रकार को जमानत दी और यह भी कहा कि यह कोर्ट नागरिकों के अधिकार की रक्षा के लिए ही बानी है? फिर ऐसे दर्जनों मामले हैं, जिनमें सुप्रीम कोर्ट ने अपने अधिकार का प्रयोग करते हुए हाईकोर्ट में पहले से सुने जा रहे मामले को सीधे अपने पास लेकर फैसला दिया। सेंट्रल विस्टा प्रोजेक्ट में जमीन के एक मामले पर, जिसे दिल्ली हाई कोर्ट सुन रहा था, सुप्रीम कोर्ट ने अपने पास मंगवाया जबकि याचिकाकर्ता तक ने ऐसी प्राथना कोर्ट से नहीं की थी। सुप्रीम कोर्ट के फैसलों, टिप्पणियों व निर्देशों में तारतम्य न होने से अक्सर लगता है कि सत्य कही विलुप्त हो रहा है। एक पत्रकार तत्काल जमानत दे देती है लेकिन दूसरे को दलित हत्या स्थल पर जाने मात्र से पुलिस द्वारा देशद्रोह में बंद किए जाने पर भी केवल नोटिस जारी करती है, तो सवाल तो उठेंगे ही। सुप्रीम कोर्ट का समाज में सम्मान है, लिहाजा फैसलों में एक सादृश्यता जरूरी है।
