



India has taken a 'quantum jump in the wrong direction' since 2014, says Amartya Sen

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The economist said the government has done nothing to address inequalities, and the problems faced by Dalits and the scheduled tribes.



Economist Amartya Sen

Economist Amartya Sen on Sunday said the country has taken a "quantum jump in the wrong direction" since 2014 even though it is the fastest-growing economy in the world, PTI reported. Sen was speaking at the launch of *Bharat Aur Uske Virodhabhas*, the Hindi edition of his book *An Uncertain Glory: India and its Contradiction* that he has co-authored with economist Jean Dreze.

Sen said that 20 years ago India was the second best country in South Asia after Sri Lanka, IANS reported. "Now, it is the second worst," he added. "Pakistan has managed to shield us from being the worst."

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Sen said the government has done nothing to address inequalities, and the problems faced by Dalits and the scheduled tribes. The demands of people who clean lavatories and sewage with their hands have been neglected.

The economist talked about a recent report of a Dalit youth in Madhya Pradesh who was whipped 100 times for asking for an increase in his salary. Dalits are going around without any kind of certainty about their next meal, healthcare or education, he added.

Sen said Opposition unity is important and that it is not a battle between Narendra Modi and Rahul Gandhi. "It is an issue of what India is," he added.

Jean Dreze called the soon-to-be launched Ayushman Bharat health scheme a hoax. "The budget [for the scheme] for this year is Rs 2,000 crore," he observed. "Even if it is spent, it is less than Rs 20 per person." Union Finance Minister Arun Jaitley announced the healthcare plan in his Budget speech on February 1, and the Union Cabinet approved it in March.

Privatise all political parties

[G. Sampath](#)

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THE  HINDU

After all, India is the fastest growing political market in the world

The NITI Aayog chief recently made a brilliant suggestion that, I am sorry to say, has been widely unappreciated. Instead of gratitude for expressing

a bold idea, his comments provoked outrage. Everyone apparently thought he wanted to sell India's family jewels to the cheapest crony capitalist.

A magic passport

Nothing could be closer to the truth. The outrage is as misplaced as a fish on a bicycle. Or a prime minister on a rock. People were worried that the family jewels in question could end up with someone like Nirav Modi, a famous jeweller with a magical passport that keeps working no matter how many times it's revoked. According to my sources in the MEA, the passport is immune to revocation because of its special powers derived from the Tesseract.

There is only one way to definitively kill Nirav Modi's passport: the MEA must get one of its agents in London to steal it, and on the next available Amavasya, at the stroke of midnight, soak it in a vat of organic urine sourced from a cow bred on a pure Panchatattva diet containing the correct proportions of Prithvi, Jal, Vayu, Agni and Aakash. Then it must persuade one of the Avengers, preferably either the Hulk or Thor, to perform a yajna where each page of the passport is torn one by one, coated thickly with clarified Gowardhan ghee, and dropped into the sacrificial fire while three MEA officials with the rank of Joint Secretary and above chant shlokas from the *Niravathiruttupaya Samhita*. Only then will the passport stay dead. I know this is a tough and complicated challenge. But then, so is getting people to voluntarily starve to death unless their fingerprints match the preferred rangoli pattern of an artificial intelligence. And we're managing that quite well, aren't we?

The one big bang reform we need

Coming back to the NITI Aayog chief, all he said was that India should hand over its schools, colleges and jails to the private sector — something long overdue. If at all he must be criticised, it should be for stopping short of advocating the one truly big bang reform that can transform India's fortunes forever: privatisation of all political parties.

Frankly, I am surprised that I am the first private intellectual to publicly propose this idea, given that it has been staring us in the face, neck and shoulders for quite some time. Thanks to electoral bonds and last year's amendments to the Finance Act, today any money bag anywhere in the world can anonymously invest any amount in the Indian political market through the BOOT model — Build up a politician, Own him, Operate him, and Transfer black money abroad.

What the whole world knows but few Indians recognise is that India is the fastest growing political market in the world. Political parties spent a total of Rs.10,000 crore in the 2009 Lok Sabha polls — more than double the Rs.4,500 crore that was spent in the 2004 elections. If you thought that was a lot, they spent in the 2014 parliamentary elections three times what they did in 2009, burning up an estimated Rs.30,000 crore.

Clearly, electoral politics, along with the allied industries of tax evasion, black money generation, and money laundering, is one of the best performing sectors in the Indian economy. Since elections these days take place round the year, our much maligned political parties are actually the country's biggest job creators, with millions of people finding year-round employment as social media trolls, fake video producers, WhatsApp admins, lynch mob coordinators, offence-takers, rally audiences, cash dispensers, alcohol distributors, etc.

If we want to preserve these jobs and create millions more, in addition to encouraging FDI in Indian political parties, we must also allow foreign political parties, such as Trump's Republicans, for instance, to contest in Indian elections. Just as a company's biggest shareholder becomes its chairman and managing director, similarly the biggest investor in a winning party, regardless of his nationality, should be allowed to become the Prime Minister of India. Imagine an election where the prime ministerial candidates are Modiji, Trumpji, Zuckerbergji and Sequoiaji! It would be worth its weight in Nirav Modi (I mean the branded diamonds, not Nirav bhai) just for the TRPs it would generate.

All said and done, privatising political parties, though a major reform, is still only the first step. The ultimate goal must be to privatise the state itself. Our passports should start saying 'India Inc.' instead of Republic of India. But in order to make it happen, the Indian government should first hire a top consulting firm, say, a McKinsey or a PwC, and ask them to review the Constitution from the perspective of ease of doing business. Their recommendations can then be converted into amendments that will suitably update the Constitution into a more market-compatible version. In the unlikely event of there being too much opposition to these constitutional amendments, they can always be passed as money bills — after all, politics is all about the money.

Narendra Modi government's farm policies off target: study

[SPECIAL CORRESPONDENT](#)

NEW DELHI, JULY 07, 2018

THE  HINDU

Report says it's consumers who benefit from them more than farmers

Despite the general perception that Indian farmers are beneficiaries of major subsidies, a new report says the overall effect of policy interventions between 2014 and 2016 is, in fact, a 6% annual reduction of gross farm revenues. Consumers, on the other hand, pay an average 25% less for commodities as a result of policy interventions.

According to researchers at the Organisation for Economic Cooperation and Development (OECD) — an intergovernmental body of 36 developed countries — and the Indian think tank ICRIER, who analysed policies that affected the agricultural sector over the two-year period, government interventions were more consumer-centric than producer-centric.

Many curbs

The report "Agriculture Policies in India", which was released this week, points out that Indian farmers face regulations and restrictions — both in the domestic market and also when they attempt to export their produce — which often lead to producer prices that are lower than comparable international levels. The researchers argue that "despite large subsidies for fertilizers, power and irrigation, which offset somewhat the price-depressing effect of market interventions, the overall effect of policy intervention over the 2014-16 period is a 6% annual reduction of gross farm revenues."

While consumers have benefited from the government's efforts to keep prices low, a poorly targeted, inefficient and wasteful public distribution system means that malnutrition and food insecurity continue to persist, says the report.

The report has several suggestions for policymakers, including reform of market regulations, strengthening initiatives such as eNAM and allowing private players to play a larger role in the sector.

Regulatory ecosystem

It also recommends a strengthening of the regulatory environment governing land issues, strengthening access to credit, especially long-term loans, and developing collective-action groundwater and watershed management and correcting measures — including electricity pricing — which incentivise the overuse of water. With regard to the PDS, the report suggests gradual reduction and a move towards cash transfers and allowing the private sector to manage remaining stock operations.

To make trade work for Indian agriculture, import tariffs must be reduced and export restrictions relaxed to create a more stable and predictable market environment.

Bank credit grows at 12.84%, deposits at 7.59%

The requirement of all lenders agreeing to the resolution plan could prove challenging

[PTI](#) | MUMBAI, JUL 5

THE HINDU
BusinessLine

Bank credit grew by 12.84 per cent to Rs. 86,16,408 crore in the fortnight ended June 22, according to RBI data.

In the year-ago fortnight, bank loans stood at Rs. 76,35,689 crore.

The growth in advances was slightly higher than the growth registered in the previous fortnight ended June 8. It had risen by 12.67 per cent to Rs.85,98,703 crore.

During the fortnight ended June 22, bank deposits had risen by 7.59 per cent to Rs. 113,53,525 crore, compared with Rs. 105,51,910 crore in the period ended June 23, 2017, the RBI data showed.

The growth in deposits was slower than the period ended June 8, when it had increased by 8.35 per cent to Rs. 114,04,303 crore.

In May, non-food bank credit increased by 11.1 per cent year-on-year, compared with an increase of 4.1 per cent in May last year.

Loans to industry rose by 1.4 per cent in May 2018, against a contraction of 2.1 per cent in May 2017.

Advances to agriculture and allied activities increased by 6.4 per cent in May 2018, compared with an increase of 7.4 per cent in May 2017.

Union minister Arun Jaitley is right; a witch-hunt can put even good bankers under fear psychosis

Dinesh Unnikrishnan Jul 06, 2018 13, FIRST POST

Investigators going after erring bank officials in connection with fraudulent transactions or rule violations is nothing new; that's necessary to bring the guilty to book and cleanse the system.

But, when those investigations transform to a witch-hunt, it becomes counterproductive for an already struggling economy. Some of the recent actions by investigators against bank officials in connection with bank frauds and wilful defaults have caused widespread panic among bankers.

There have been a series of incidents in the recent past that has triggered panic among bankers.

For instance, in June, Maharashtra police arrested Bank of Maharashtra (BoM's) managing director Ravindra Marathe, executive director Rajendra Gupta, zonal manager Nityanand Deshpande, former chairman Sushil Mhnot and three other officials in a cheating case lodged against real estate developer DS Kulkarni and his wife.

In another instance, former Canara Bank Chairman S Raman had to quit an RBI panel after the CBI initiated a probe against him in connection with a loan to Winsome Diamonds.

In this context, Union minister Arun Jaitley made a pertinent point by speaking against the witch-hunt against bankers and calling for a change in the Prevention of Corruption Act to prevent investigators from wrongly targeting bank officials. Jaitley also spoke about state police overlooking the federal structure citing overlapping jurisdictions.

The present situation is something similar to what happened towards the end of 2012, when senior executives in many public sector banks (PSBs) increasingly spoke of a fear psychosis gripping the banking system,

paralysing the sector. A series of investigations by central investigative agencies into the telecom, mining and real estate sectors had left every banker with a fear of getting prosecuted — even on business decisions they had taken in the past.

The context of investigations, back then, was primarily the alleged irregularities by the then government in awarding second-generation airwaves (2g) and coal resources. Logically, post that, most PSBs slowed down decision making whenever a large corporate loan proposal reached their table. This led to further slowing down of credit growth even to good borrowers.

Perhaps, a similar situation is playing out now after a series of a bank scams hit the country, beginning with the Rs 14,000 crore Punjab National Bank (PNB) scam.

The ongoing NPA-crisis in the banking sector and a series of frauds that have hit these banks are a result of an absence of governance reforms and a lack of professionalism and accountability compared with their private sector counterparts.

For several years, state-run banks operated like feudal-era institutions engaging in careless lending practices. In a bid to show business growth and appease the promoter (the government, which is the majority owner), creditworthiness of the borrower was often overlooked. A good example is the Kingfisher-Vijay Mallya case where banks competed with each other to give money to a failing airline, merely looking at the personal guarantee of its flamboyant promoter.

Similarly, many bank frauds happened on account of a failure, on the part of the management, to ensure that checks and balances are in place.

But, while the guilty need to be brought to book, a witch-hunt is no cure. If that happens, bankers will once again go slow on even genuine loan proposals to industry, fearing investigations, which can delay the economic growth recovery even further.

It is important to maintain a flow of credit to the productive sectors of the economy. The unavailability of funds will not only delay the economic recovery but will also trigger the next round of bad loan waivers.



50TH YEAR OF BANK NATIONALISATION 19TH JULY, 1969 – 2018

- **WE HAIL : NATIONALISATION OF BANKS**
- **WE DEMAND : STRENGTHENING OF PUBLIC SECTOR BANKS**
 - **WE OPPOSE : PRIVATISATION OF BANKS**
- **WE DEMAND : STRINGENT MEASURES TO RECOVER BAD LOANS**
- **WE DEMAND : NATIONALISATION OF ICICI BANK AND ALL PRIVATE BANKS**
- **WE PLEDGE : BETTER CUSTOMER SERVICES TO THE COMMON PEOPLE**

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