The difference between a moral man and a man of honor is that the latter regrets a discreditable act, even when it has worked and he has not been caught

H. L. Mencken

Contrasting picture

The opposition parties and the ruling NDA give two contrasting pictures. With every passing day, the opposition shows its intention to sink its differences, come together and throw a challenge to the NDA in next year's general elections. A significant straw in the wind is the cabinet formation in Karnataka. The lone BSP MLA has been made a minister. It is a message to Mayawati and shows the intent of the Congress to fight the NDA unitedly in Uttar Pradesh where the BSP is a strong player. Lately, Akhilesh and Mayawati have started coming closer. In Bihar, there are unconfirmed reports of Nitish Kumar having sent feelers to Lalu Prasad after losing several by-elections. In Punjab, BJP ally Shiromani Akali Dal is showing signs of restlessness while Chandra Babu Naidu of TDP is becoming more shrill in his criticism of the ruling party. On the eve of BJP general secretary Amit Shah's meeting with Shiv Sena chief Uddhav Thackeray to mend fences with the estranged ally, the Sena mouthpiece Saamna has carried an editorial which is anything but encouraging for the BJP. Some smaller constituents of the NDA are keeping a close watch on the situation and may change sides any moment.

The BJP is showing signs of nervousness. Hence the desperate attempt to hold the flock together. The BJP's performance in the last four years has been dismal. The farmers are on a ten-day long stir, demanding loan waiver and remunerative prices. Mandis in several States have already been affected. If the farmers' agitation spreads further and gathers momentum, it will pose a big challenge to the Government. Fuel prices had gone up by rupees every day and are now coming down by paises. Its impact is hardly being felt. The economy is in poor health. Resource constraints are mounting. So much so that the army has had to cut down its requirement of modern assault rifles to just 2.5 lakh from the original eight lakh, which would have cost USD 2.5 billion. The NDA is obviously at a disadvantage. But the opposition can turn the ruling party's disadvantage to its own advantage by assuring the people that they would cement their unity further and give the country an alternative and better government, that they will be able to manage their contradictions.. Ultimately, it is the people's confidence that they will have to win. The past experience of the people about disparate parties coming together and forming coalition governments has not been happy.

India's performance on Deal-street

REFLEX ACTION

Nantoo Banerjee

India's business houses and entrepreneurs are going all out to acquire companies across the world, thanks to the support from the government, RBI and banks. The global deal-street now seriously takes note of Indian bids and transactions. India's outward foreign direct investment (OFDI) in equity, loan and guarantees is largely funded by the Reserve Bank of India. Funds invested are large, running into billions of dollars, every year. Unfortunately, most of them generate little benefit for India, by way of corporate remittances. In contrast, foreign companies or MNCs operating in India remit profits — regularly and unfailingly — along with their other earnings such as technical fees, commissions, royalties, head office expenses, etc.

While the annual remittances to India by its diaspora in 2017 were around $69 billion, the highest among all nations, little is known about remittances by Indian corporates, their subsidiaries and associates, or Indian MNCs abroad. According to RBI, India's outward Foreign Direct Investment (OFDI) in equity, loan and guaranteed issue stood at US$ 784.28 million in February 2018 as against US$ 1.35 billion in February 2017. The total OFDI might have exceeded $10 billion, last year. Few know about their yield to India which supports such investments. Lately, the UK announced that India is the third largest source of FDI for them. No doubt, it sounds impressive. But, what does India get in return from its OFDI investments? Indian firms, including their associates and subsidiaries, are making sizeable investments and employing thousands of people in their establishments in the US, UK, Germany, Israel, Brazil, Australia, Ireland, Finland, Portugal and several Afro-Asian countries. A lot of credit for OFDI goes to RBI which has relaxed the norms for domestic companies investing abroad by doing away with the ceiling for raising funds through pledge of shares, domestic and overseas assets.

In addition to joint ventures and wholly owned subsidiaries, RBI offers similar concessions for pledging of shares in case of step down subsidiary. RBI also rationalised guidelines for foreign investments abroad by Indian companies. It raised the annual overseas investment ceiling to US$ 125,000 from US$ 75,000 to establish JV and wholly owned subsidiaries. The RBI actions may look very encouraging, but they are not without risks. After all, largely import-dependant India does not have such foreign exchange reserves to continue with the luxury of liberally releasing funds for OFDI without caring for returns. The world's fifth largest economy by GDP, India occupies the eighth position in the list of countries by foreign exchange reserves, even below tiny Taiwan.

India's total foreign exchange (Forex) reserves stood at only US$426.0824 billion, including gold at US$21.4842 billion, SDRs (Special Drawing Rights with the IMF) of US$1.5406 billion and US$2.0794 billion reserve position in IMF as of April 13, 2018, says RBI's weekly statistical supplement published on April 20, 2018. Given the size of India's 'real' economy, massive import pressure, especially of oil, gold, consumer electronics and defence hardware, the country would have been in a little more comfortable situation if its foreign exchange reserves stood at around $1 trillion. For long, India has been living with large trade deficits and constant foreign borrowings to pay for its imports. India's external borrowing to GDP ratio is still very high compared to China. India had $474 billion in external debt as of 2015, representing 16 per cent of the Asia-Pacific region's total debt. This has since grown by almost $50 billion.

The Department of Economic Affairs (DEA) showed India's external debt stock at US$ 513.4 billion at end-December 2017, recording an increase of US$ 41.6 billion (8.8 per cent) over the level at end-March 2017. At end-December 2017, long-term external debt accounted for 81.0 per cent of India's total external debt. India's liberal OFDI policy in favour of its companies is not sustainable unless it generates good or reasonable return on investment for the country. This explains why RBI has lately looking at the subject from a more realistic angle. RBI has now decided that only companies with proven track record will be allowed to invest in overseas subsidiaries and joint ventures. Such investments, under which a company in India could automatically remit up to four times its net worth abroad, have been misused by many to move capital and divert borrowed funds out of the country. Indian companies are clearly abusing the rule that was originally intended to enable Indian conglomerates set up businesses abroad through subsidiaries and joint ventures and borrow from banks to transfer funds overseas.

Forensic audits of companies following large bank defaults showed how the OFDI route was misused to siphon out money. A pharmaceutical company whose audit was recently completed was found to have invested large amounts in multiple subsidiaries in Africa. The investments generated little or no returns and no dividends were paid to the parents in India with almost all the subsidiaries and JVs reporting losses. The same may be said about an Indian telecom company, which transferred large assets to Africa on acquisition, bringing little benefit to either its shareholders or the country. The Indian regulators must scrutinise the annual performance reports of companies under OFDIs. The banking regulator has served notices to many Indians amid concerns over round-tripping of funds and violation of rules on foreign borrowing. This was because overseas JVs and wholly owned subsidiaries of these Indian companies had invested in other Indian entities. The central bank suspects that some Indian groups have used overseas arms to raise cheap dollar loans and bring back the money as foreign direct investment into local outfits owned by the same group. No country can put up with such malpractices by companies. It is time that both the government and the RBI take a more realistic view of India's corporate expansion abroad and how it benefits the country. (IPA)

Students visiting the 'Sasya Shanhtee', organised by Horticulture Department on the occasion of World Environmental Day, at Hume Park in Belagavi

Insensitivity to plight of farmers

FOCUS

Arun Srivastava

Like his illustrious leader, Union agriculture minister Radha Mohan Singh is also a brainy politician and can dare to come out with any statement. Taking a leaf out of his past experience, he described the two-day-old farmer agitation a publicity stunt. According to him, the farmers resort to such gimmicks only for cheap publicity. Singh said, "Any organisation will have 500, 1,000, 2,000 or 40,000 farmers, and they have to do something unique to appear in the media. The country has 12 to 14 crore farmers and an agitation by a few would have no impact."

During last four years of Modi government rule, in spite of long sustainable movement, the government continues to be unmoved. Thousands of subsistence level farmers and peasants committed suicide, but these deaths did not have any impact on the government. Not only Singh, the BJP and NDA leaders have been trying taking a similar stand. MP agriculture minister Balkrishna Patidar has also accused the farmers of playing gimmick. According to him, the farmers are happy with the chief minister's schemes. How could these leaders forget the brutal killing of farmers in Mandsaur of MP in June last year? The most outrageous statement came from Haryana Chief Minister Manohar Lal Khattar, who said the farmers were protesting unnecessarily and that not selling vegetables and milk would only result in their own loss.

The saffron insensitivity to farmers' cause and problems has been appalling. During the four year rule of the Modi government, the country witnessed thousands of farmers committing suicide and farmer organisations taking to streets demanding a fair deal. The latest farmers' movement has spread to a number of states. Around 185 peasants' and farmers' bodies across northern and western India have decided not to sell their produce from June 1 to 10. Even while the farmers' were agitating, two debt-ridden farmers in MP committed suicide. To press their demands the farmers' resorted to 'gaon bandh' agitation in northern and central states. Farmers from Punjab, Haryana, Madhya Pradesh, Maharashtra, Rajasthan and western Uttar Pradesh dumped their vegetables and milk on the roads. They have been demanding the implementation of the Swaminathan Committee report, which proposed cost price plus 50 per cent of the amount for the produce. The last four years have witnessed the lowest-ever agriculture growth, 1.9 per cent, compared to the previous 4.2 per cent. According to an RBI report, the rural wage growth has dipped from 38 per cent in 2014 to 0 per cent in 2018.

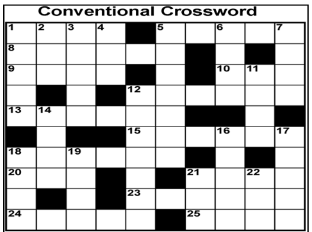
On March 6, about 40,000 subsistence farmers and landless peasants had marched to Mumbai from Nashik. This rally for the first time during NDA rule captured national attention. Most of the farmers walked barefoot in protest. The people of Mumbai offered packets of food and water to them. Agrarian distress has been eroding the base of rural population. The distress was clearly brought out by the 2011 national Census. It recorded nearly 15 million fewer farmers compared to 1991; that's a drop rate of about 2,040 every 24 hours. Many of those fell from being farmers to being landless agricultural labourers, into the ranks of the agrarian underclass. The cultivation costs have risen manifold since the mid-1990s, but the farmers' incomes have declined. The corporations and agro-businessmen have been thriving on the miseries of the farmers and peasants.

The Census showed that for the first time since Independence, urban India added more people to its population than rural India. Millions have left their villages for small towns and cities in search of jobs. As male farmers moved out of their villages, the burden on female farmers rose in ways numbers cannot capture. Between 1995 and 2015, the National Crime Records Bureau logged over 300,000 farmer suicides. It is not that the Modi government and RSS leaders were unaware of these. While the number of Indian billionaires on the Forbes annual list rose from 55 in 2011 to 121 in 2018, the number of landless labourers consistently increased. The National Commission on Farmers, headed by M S Swaminathan, submitted detailed reports more than a decade ago. But the lawmakers are yet to have a day's serious debate on the reports and recommendations. There is need for a special session of Parliament on the agrarian crisis and the related issues.

More than half of India's population of 1.3 billion is engaged in agriculture and allied sectors, but their contribution to national income has been dwindling rapidly. Over the past two decades, thousands of indebted farmers have committed suicide.

As Swaminathan pointed out, loan waivers and such measures do not provide the conditions for a secure credit system in the long term. The waiver of loans implies that banks will have to be compensated by the government for the amount involved. This means that large sums of money, which could otherwise have gone to strengthen agricultural infrastructure will not be available. (IPA)

Conventional Crossword



ACROSS
1 Australian river
5 Court attendants
8 Eastern temple
9 Dry
10 Monkey
12 Climbing palm
13 Made level
15 Tentacle
18 Weapons
20 Lyric poem
21 Daybreak
23 Rubbed out
24 Undressed kid
25 Insects

DOWN
1 Gap
2 Armed conflict
3 Nimble
4 Indicate agreement
5 Processions
6 Farm animal
7 Observed
11 Wan
12 Arbitrator
14 Empty
16 Letting agreement
17 Tears
18 Decays
19 Festivity
21 Expert
22 Tiny

SUDOKU : 2216

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5	6	1	3					
7					1	5		
	2	6						
1	4						9	7
						3	2	
		7	1					2
					8	1	4	6
					6		3	

Yesterday's Solution 2215

4	6	1	2	5	8	7	9	3
2	5	3	9	1	7	8	4	6
7	8	9	4	6	3	1	5	2
3	4	6	7	8	9	5	2	1
5	7	2	1	4	6	3	8	9
9	1	8	3	2	5	6	7	4
8	9	4	6	7	1	2	3	5
6	3	5	8	9	2	4	1	7
1	2	7	5	3	4	9	6	8

Yesterday's Cross Word Solution 224

B	E	R	Y	L			N		
I	R	E		E	X	T	O	L	
T	R	A	C	T		A	W	A	Y
T		S	A	T	I	N		M	
E		O	N	U	S		S	P	A
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