

*The difference between a moral man and a man of honor is that the latter regrets a discreditable act even when it has to be done and he has not been caught.*

H. L. Mencken

## Death of the Innocent

Right in the heart of India's capital Delhi, three children aged eight, four and two died of hunger. The Bengali family had migrated from Medinipur. The Bengali in search of livelihood. The father was a rickshaw puller. His rickshaw was stolen, taking away the family's sole source of earning. The father left in search of a new job. The mother with three children was left alone. Then began the days of starvation and slow, excruciatingly painful death—death by inches. All the three children died. Their shrivelled up bodies were brought to a hospital. Post mortem examination revealed they did not have a grain of food for seven days. To them death came as deliverance, putting an end to their insufferable agony. It made a news item in the inside pages of newspapers, to be read and forgotten the next morning in the din and bustle of the busy metropolis. Nobody, not even their immediate neighbours, felt like giving the children a morsel of food.

If this could happen in the national capital, many more such deaths are likely to happen in remote and distant villages without even being reported. All the animated discussion and debate about India progressing, GDP growth, rise in per capita income, employment generated, the number of Indian billionaires making it to the pages of Forbes magazine, Make in India, sound like cruel jokes and expose our hypocrisy and moral degeneration. Infants and children dying slowly for want of food does not disturb our conscience—if there is a conscience still left in us.

No Member of Parliament will raise this issue in the House, no inquiry will be either demanded or held. More than a century ago, when India was groaning under subjugation, Tagore had in a poem talked about those who do not know whom to turn to when their morsel of food is snatched away from their hungry mouths or they are treated heartlessly. They do not know which god to turn to for justice. They desisted. More than seventy years after India attained her freedom, things have not changed much. The poor still die silently without complaining to anyone. They just blame their fate and die. In Delhi—or for that matter in any big city—huge quantities of uneaten food are thrown away on the streets after festivities like marriage or birthday celebration held in families who have never known hunger or thirst. Tagore had warned them that those they have left behind are constantly dragging them back.

# Claims, counter-claims on job creation

## REFLEX ACTION

K R Sudhaman

There is a saying that common sense is nonsense in statistics. To prove this point often a well known example is given. That is: a group of men wanted to cross a river. Before crossing, a statistician in the group calculated the average height of the group and average depth of the river and said it was safe to cross the river. At one point the river was 8 ft deep and in the end the group got drowned.

Statistics does not convey anything at times and this is very much true of job creations as data can be interpreted to show jobs are being created or lost. It has never been a case of jobless growth or full job growth. It has always been a case of the glass, half full or half empty. Precisely for this reason the Modi government's performance on job creation is not that discouraging as made out. There might be some job losses in the informal sector after demonetization but many new jobs have also been created especially in self employment and services sector and hence overall growth is positive. It is a fact that job creation in the formal and organized sector has been less as corporate investment is yet to pick up after years of global recession. But 90-95 per cent of jobs in India are in the informal sector, of which adequate statistics is not available to make a clear assessment. Jobs are more than adequately created during the last four years in those informal sectors, which included self employment. Micro, small and medium enterprises are the main drivers of employment in the country and they too have started looking up with the effect of demonetization waning. There is a pick-up in organized sector job creation as well in recent months with industrial sector growth kick starting. The latest monthly survey shows that services sector activity returned to its growth track in March, driven by greater inflows of new work. Services sector accounted for nearly 60 per cent of India's GDP. The services sector activity follows greater inflows of new work. Firms have increased their staffing levels and there is expansion. The headline seasonally adjusted Nikkei India Services Business Activity Index improved from 47.8 in February to 50.3, indicating business activity stabilised during the month. The index below the 50-point mark means that there is contraction and above 50 means there is expansion. The headline seasonally adjusted Nikkei India Composite PMI Output Index too rose from 49.7 to 50.8 in March, driven by growth in both the manufacturing and services sectors. Output growth in the manufacturing sector

again outperformed the service sector, as has been the case since October-November last. Service providers too expanded capacity by raising their staffing levels, the quickest since 2011, reflecting improved demand conditions. In response to efforts undertaken by the government to formalise the economy after demonetization and the rollout of GST, more people are gravitating towards employment as signalled by the latest PMI data. Indeed, job creation has accelerated. The monthly survey is prepared on the basis of replies to questionnaires sent to purchasing executives in around 400 private service sector companies, the index signalled a faster expansion in output. This is good news for the Modi government as it is facing a lot of flak on job creation. Government programmes like 'Make in India' that helped attract record foreign direct investment of over \$60 billion annually during the last couple of years indicates that India is in a sweet spot and global investors are queuing up to set up projects in the country. Demonetization in November 2016 and rollout of the game changing indirect tax reform Goods and Services tax did temporarily impact the informal sector but that has led to clean up of the economy and the tax system. This led to more revenue collection, thereby leading to more public expenditure especially in infrastructure, generating more jobs and consumption demand. In fact, unemployment remained high even during the boom years and that led to Modi's opponents concluding that the \$2.5 trillion economy was seeing a growth that is not employment intensive. The emphasis on promoting small scale industries, particularly cottage and micro industries, is critical to address livelihood concerns of the vast majority. Today, there are nearly 5-crore micro, small and medium industries, including unregistered micro industries, employing a few persons. Small industries are needed for job creation as capital intensive heavy industries using automation and hi-tech cannot be the

driver of employment. Rs 1-1.5 lakh investment is needed to create one job in small and cottage industries whereas Rs 5-6 lakh capital is required to create one job in hi-tech heavy industries. Also one car produced creates three jobs in the services sector like mechanics, spicers, cleaners etc. Likewise one truck or one tractor produced creates 7 jobs. So services sector is key to job creation.

The Modi government has taken several job creating initiatives. The trebling of highways construction, speeding up of rural roads, spending of Rs 8.5 lakh crore on expansion of railways and metro rail projects will push employment. FDI in food processing will also help job creation. This will also ensure better income to farmers. Under Mudra scheme Rs 6 lakh crore worth of loans up to Rs 10 lakh per person have been dispersed to 12 crore beneficiaries since 2015. Mudra scheme is basically to help self employed persons like fruit or vegetable vendors, small repair shops and self employed eateries. Improved road connectivity has ensured more industrial corridors and clusters leading to more jobs. Work is going on full swing in Mumbai-Delhi, Ludhiana-Kolkata, Vizag-Chennai, Chennai-Bangalore and Bangalore-Mumbai Industrial corridors. The government proposes to take up a few more industrial corridors in the coming years including extension of Vizag-Chennai corridor to Kolkata on one side and up to Tuticorin on the other side. Self-employment accounted for 47% of India's 470 million work force. As per government data, 215 million people are self-employed. Most of the self-employed are below the economic radar as they are homeless, office-less and unbanked. They rarely figure in government policies.

Now Modi wants India's self-employed to be visible, counted and strengthened. The backdrop is a growing realisation that the government or, for that matter, any future government will not be able to create formal jobs for over 6-million joining the country's workforce annually. With 80% of the workforce engaged in the cash-heavy informal sector, the attempt has been to integrate them into the economy. These earnings are not captured by job statistics resulting in deception of the economy and distortion of job opportunities. Whether adequate jobs have been created or not will always be debatable until poverty is eradicated. India has come a long way but there is still some distance to be covered. (IPA Service)



Women taking part in Kalash Yatra on the eve of holy month of Shravan, in Lucknow on Friday

# China's options in trade policy

## FOCUS

G. Srinivasan

The seventh review of China's trade policies and practices held under the umbrella of the World Trade Organization (WTO) in Geneva on July 11 to 13 highlighted the Middle Kingdom's growing clout and heft in the global economy ever since it became a member of the WTO way back in 2001. Being the world's biggest merchandise trader and one of the larger recipients of foreign direct investment (FDI), its commercial engagement with the rest of the world counts a lot for the health and wealth of the world economy, particularly at a time when implacable insular elements and parochial protectionist policies hold sway in most of the advanced countries, led by the United States under the mercurial Donald Trump presidency.

More than the voluminous report made by the WTO Secretariat summing up the trade policies and practices of China, what draws attention to is the 22-page report China presented to WTO laying out its plan of actions, policies and its future work programmes in ample details. Without mincing words, Beijing claimed that since its accession to WTO and through continuous reform and opening up, it has established an economic and trade system in consonance with both "its national conditions and international prevailing rules and practices".

It boasted rather barefacedly that it is now the largest trading partner of over 120 countries and regions. Reeling out statistics of how mighty its economic power is shaping up in the foreseeable future, China said that in the next five years, it would "import eight trillion US dollars

of goods, attract 600 billion dollars of foreign investment, invest 750 billion dollars overseas and have travel abroad of 700 million person-times". In a country notoriously state-centric and official statistics need to be taken with a shovelful of salt, even these figures, as claimed by China, would "provide countries and regions around the world with a bigger market, more capital, more products and more business opportunities".

With erstwhile foes and current friends joining Beijing in its ambitious Belt and Road Initiative and its infrastructure development bank, not to miss the happening things in the world when the quondam colossus West is on a pale shadow with its ageing population and anemic growth for years together, the audacious assertion of China of what it can do to help keep the wheels of the world economy not only moving but also bringing benefits to all stakeholders and partners is not to be sneered at.

Using the review exercise of the WTO to express its stark apprehensions and disapprobation of unilateralism and protectionism, China lauded WTO as "the multilateral trading system represented by WTO is one of the most important global governance mechanisms ever created by mankind and a strong and powerful constraint against unilateralism and protectionism".

It strongly reiterated that trade frictions and disputes should be addressed through dialogues, consultations and communications with mutual respect in accordance with the multilateral trading rules within the WTO framework. Without directly naming US for its trade

defence measures on aluminium and steel and other goods, China voiced its "grave concern over the unilateral and protectionist policies of an individual WTO member, which are openly in breach of the fundamental rules and spirit of the WTO and calls for the entire WTO membership to stand in solidarity and maintain vigilance and resistance".

How far New Delhi and other like-minded trading majors, including those let snarling by the American agents in Europe, band together in the WTO to press for action against the U.S. would be keenly watched even as the U.S. President has questioned the very rationale for the existence of the WTO in one of his tweets recently, provoking concerns everywhere? With the trade major US dragging its feet over the selection process for the Appellate Body of the WTO tasked with dispute settlement, China reminded that to ensure proper functioning of the Appellate Body of the WTO Dispute Settlement Mechanism is not only a common obligation of all WTO members, but also in the common interests of the entire WTO membership.

It rightly cautioned that in view of the difficulties facing the multilateral trading system and the heavy dispute settlement workload, any further delay in starting the selection process of the Appellate Body members would undoubtedly "damage seriously the interests of the WTO and its membership". On the allegations against China that it does out humongous subsidies to promote its exports in the global market, Beijing responded that the notification obligations under various WTO pacts applicable to China have been fulfilled. In the notification of subsidies, where information gleaned has long been a tremendous odd for China as the largest developing country, the officials claimed "positive progress".

While the notification used to cover only subsidies at the central government level, it now has local subsidies included. Next it is planned to cover all administrative regions at the provincial level, China told WTO. Mapping out the way forward for itself, China said it would further ease market access for others. In manufacturing, China said it has basically opened up only with a small number of exceptions like automobiles, ships and aircraft. These exceptions are also now in a position to open wider. China would further ease foreign equity restrictions in these industries, automobiles in particular. In services, financial services in particular, China will accelerate the opening up of the insurance industry, relax restrictions on the establishment of foreign financial institutions in China, expand their business scope and broaden areas of cooperation between Chinese and foreign financial markets.

Secondly, China would continuously perfect investment milieu, strengthen alignment with international practices and increase further transparency. In 2018, China would complete revision of the negative list for foreign investment and implement across the board the management system of pre-establishment national treatment plus a negative list. Thirdly, China will continue to encourage normal technology exchanges and cooperation between Chinese and foreign enterprises and protect the lawful intellectual property rights of foreign firms. Finally, China would take the initiative to reduce imports. In November 2018, the first China International Import Expo would open in Shanghai. China will also further markedly lower the import tariffs for vehicle and other products and import more to meet the needs of the Chinese people.

In fine, the WTO review of China has given a chance for the rest of the WTO members, including India ever bemoaning the burgeoning and big trade imbalance with the Middle Kingdom, to study Chinese short-term trade strategies to benefit by them. In the post-war prosperity powered by trade, thanks to the General Agreement on Trade and Tariffs (GATT) and its next avatar the WTO, the importance of emerging economies in the current century in shaping global commerce and its concomitant benefits can hardly be gainsaid. Hence the importance of China as it sets out to make a paradigm shift in its economic and commercial policies in what China claims is "a closely linked with other countries and shares well and wide in development". (IPA Service)

**Conventional Crossword**

1	2	3	4	5	6	7	8
9					10		
11						12	
13			13		14		
15	16		17			18	19
20							20
21							
22		22		23			
24						25	26
27							27
28							29
30							30
							31

**ACROSS**

- Turn
- Situated between
- extremes
- Silly
- Large volume
- Wick-stemmed
- Match
- Teacher
- Emmit Furness
- Male sheep
- Article
- Sabon car
- Homo Sapiens
- Wait on

**DOWN**

- Waterway
- Mundane
- Sample
- Spouting side
- Wine-filled french
- around castle
- Monkey
- Swift animal
- General spang
- Noted printing
- Opener
- Shortest way
- Use money
- Prayer ending
- Meshed fabric
- Make brown

**SUDOKU 2267**

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

**Yesterday's Solution 2266**

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

**Yesterday's Cross Word Solution 275**

M	A	I	D	S	T	E	P
I	R	E	A	R	E		
S	U	E	D	E	B	R	A
S	N	E	V	E	R	S	
L	A	M	I	C	E	S	
L	A	C	E	M	I	T	R
T	N	O	I	S	E	T	
R	U	S	T	D	E	A	L
I	R	E					
M	E	E	K		L	Y	R

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