Lok Sabha, Rajya Sabha and All India Radio Discussions – Summaries
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The Big Picture – Future of Indian Education

As per Population Census of India 2011, the Literacy rate of India has shown an improvement of almost 9%. It has gone up to 74.04% in 2011 from 65.38% in 2001. It consists of male literacy rate 82.14% and female literacy rate is 65.46%. Kerala with 93.9% literacy rate is the top state in India. Lakshadweep and Mizoram are at second and third position with 92.3% and 91.06% literacy rate respectively. Bihar with 63.08% literacy rate is the last in terms of literacy rate in India. Majority of states in India have shown majors signs of improvement in their overall literacy rate thus contributing towards a literate nation. But, India is said to be passing through a great dichotomy.

The country has got some excellent education institutions. But, the quality across the country is uneven.

According to a report, 57% of students in the country are educated but are not adequately prepared for employment. The country’s education assessment framework lacks specific action points for teachers and parents to enable holistic education.

India holds an important place in the global education industry. The country has more than 1.4 million schools with over 227 million students enrolled and more than 36,000 higher education
institutes. India has one of the largest higher education systems in the world. However, there is still a lot of potential for further development in the education system. The total amount of foreign direct investments (FDI) inflow into the education sector in India stood at US$ 1,171.10 million from April 2000 to June 2015, according to data released by Department of Industrial Policy and Promotion (DIPP).

The education sector in India is poised to witness major growth in the years to come as India will have world’s largest tertiary-age population and second largest graduate talent pipeline globally by the end of 2020. Higher education system in India has undergone rapid expansion. Currently, India’s higher education system is the largest in the world enrolling over 70 million students while in less than two decades. India’s IT firms are also working with academic institutions and setting up in-house institutes to groom the right talent.

The Government of India has taken several steps including opening of IIT’s and IIM’s in new locations as well as allocating educational grants for research scholars in most government institutions. Furthermore, with online modes of education being used by several educational organisations, the higher education sector in India is set for some major changes and developments in the years to come. Government has also taken several measures to improve the literacy rate in villages and towns of India. State Governments has been directed to ensure and improve literacy rate in districts and villages where people are very poor. There has been a good improvement in literacy rate of India in last 10 years but there is still a long way to go.

Various initiatives by Ministry of HRD:
Unlike 2014, this year turned out to be productive for the Human Resource Development Ministry. Some of the promises made last year were followed by tangible results in 2015.

- The launch of the Global Initiative of Academic Network or GIAN, under which eminent scholars from abroad were recruited to teach students of higher courses, and the indigenous ranking framework for universities and institutes were among them.
- The ministry also cleared several pending appointments, including posts of eight vice-chancellors at central universities and the heads of AICTE, NCERT and Indian Council of Philosophical Research.
- The most notable achievement of the ministry was completion of the Swachh Vidyalaya target, with four lakh toilets built in government schools.
Challenges:

- The problems that confront education today are low rates of enrolment, unequal access, poor quality of infrastructure and lack of relevance.
- Another challenge that confronts India is in the disparities in access to education, especially in terms of economic class, gender, caste and ethnic and religious belonging.
- The expansion of the private, self-financing education sector, with its aim of commercial intent, has been another reason for the propagation of disparities.

Looking forward:

- In 2016, the new education policy will be the top agenda for the HRD ministry as consultations with state governments and stakeholders enter the last lap. A revamp of the National Curriculum Framework is also on the cards.
- The ministry is also expected to roll back some big decisions, including making Class X board examinations optional and the no-detention policy of the Right to Education Act.
- With human resource increasingly gaining significance in the overall development of the country, development of education infrastructure is expected to remain the key focus in the current decade. In this scenario, infrastructure investment in the education sector is likely to see a considerable increase in the current decade.
- To ensure that the skills of Indian students are aligned with what the market demands will require that courses and teachers are in tune with the same.
- Public and private aided institutions must be strengthened and expanded and the expansion of self-financing private institutions restricted to a reasonable level.
- Foreign educational institutions should be allowed to enter into collaborations with Indian institutions on a large scale. This will help in enhancing capabilities as far as curricular and pedagogical practices.
India has a land frontier, a coastline and an exclusive economic zone, as well as island territories, vital offshore installations and airspace to defend. The Indian forces, therefore, have to be kept well prepared and well equipped to repel any external threat. India’s defence spending has grown manifold since the country announced its first defence budget in 1950. Approximately 40% of the budget release to the capital expenditure is currently driven by equipment modernization programmes in each of the three services - the army, the airforce and the navy. The country procures approximately 70% of its equipment needs from abroad. But, with ‘Make In India’ the government aims to reverse this trend and manufacture 70% or more of its defence equipments in India. This provides an immense opportunity for both domestic and foreign players in the defence sector.

Basically, defence expenditure is divided into two categories:
1. Revenue: Includes expenditure on pay and allowances, maintenance, transportation and all stores expenditure on utilities.
2. Capital: includes creation of assets and expenditure on procurement of new equipment.

India’s defence expenditure has always been in the range of 2% – 3% of the GDP. This is in line with other major developed nations. It signifies a fairly steady focus on defence within the economy. The new government’s manifesto explicitly envisages India as an exporter of defence equipment over the next decade. The government has done away with the requirement of licences for defence manufacturing for 16 items. FDI in defence sector has also been increased.

Currently, defence manufacturing is dominated by defence PSUs and ordnance factory boards (OFB), which together have 90% share in total defence manufacturing. The opening of the strategic defence sector for private sector participation will help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business. Besides helping build domestic capabilities, this will bolster exports in the long term - the country’s extensive modernization plans, an increased focus on homeland security and India’s growing attractiveness as a defence sourcing hub.
The defence procurement is governed by the Defence Procurement Procedure (DPP). The Government has now decided to revise the DPP every year. The key objectives of the defence offset policy are to leverage capital acquisitions to develop the Indian defence industry. The initial validity period of industrial licenses has been increased to three years from the present two years.

There is now need to acknowledge at every level of government that the private sector in India can be trusted to play as important a role in the modernisation of India’s defence capabilities as the public sector. A common framework for defence procurement across research establishments, ordnance factories, defence Public Sector Units (PSU) and the private sector is the need of the hour. Decision making needs to be simpler, faster and transparent. There’s also an urgent need to address and improve the ease-of-doing-business. The Ministry of Defence is the sole customer for the defence industry in the country. Without long-term contracts, certainty of volumes, a quick selection process, transparency and fair payment terms, there will be little incentive for private players to invest the huge resources required for defence production.

There is a compelling case for creating a single window for defence licensing and FDI approvals. Any large-scale involvement of the private sector in defence would require a clear road map for engagement, with clearly identified thrust areas. New modalities of public-private partnership (PPP) should also be thought of. The need has now arisen to accord infrastructure industry status to the defence sector, thereby paving the way for easier credit and a greater role and opportunity for the private sector. India’s confidence in FDI draws a facile equation between foreign investment, local manufacturing and technology inflow. The key, however, is not money but technology. Technology transfer is elusive. It requires not just a clause in a contract, but in the recipient taking determined measures to ensure acquisition and absorption of technology.

The most significant development of 2015 was the scrapping of the $20-billion Medium Multi-Role Combat Aircraft (MMRCA) deal for the purchase of 126 French Dassault Rafale fighter jets. To boost squadron strength, the government cleared the off-the-shelf purchase of 36 Rafale aircraft in fly-away condition from Dassault’s factories in France at an estimated cost of $8-9 billion. 2015 has been a good year for India’s helicopter fleet with three major deals: The purchase of 15 Chinook heavy lift helicopters and 22 Apache attack helicopters from the US’ Boeing company at a cost of $3 billion and $1-billion deal for 200 Kamov 226 T utility helicopters, a replacement for the air force’s vintage Chetak and Cheetah helicopters.
Another notable development in 2015 was the announcement of the One Rank One Pension (OROP) scheme for defence personnel. The scheme will require an additional expenditure of Rs. 8,000 crore ($1.2 billion) every year and is expected to provide equal pension payments for personnel having served in the same rank for the same length of service. However, a significant section of veterans continued to protest against the government, saying they have been cheated.

**The Big Picture – State of Agriculture and Rural Economy**

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While the government is hopeful of the country being on the road to witness 4% agricultural growth, the challenges are manifold. While the agriculture remains the main occupational sector, rural demand has witnessed a slowdown leading many to point over the simmering agrarian crisis. Agriculture growth rate in India has not crossed 3% in the last two years. However, West Asia has been a star performer in this region with 6% growth rate. It should be noted here that Half of India’s labour is in agriculture. But, there is no suitable agriculture policy yet. Hence, according to experts, the present state of Indian agriculture is largely due to policy paralysis. Unlike most of the western and European countries, more than two crops a year can be grown in India.

Agriculture plays a vital role in India’s economy. Over 58% of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP). Agriculture is a state subject. As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 16.1% of the Gross Value Added (GVA) during 2014–15 at 2011–12 prices. During quarter one of 2016, agriculture and allied sectors grew 1.9% year-on-year and contributed 14.2% of GVA. India is the largest producer, consumer and exporter of spices and spice products. It ranks third in farm and agriculture outputs. Agricultural export constitutes 10% of the country’s exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains.

Farm crisis in India is deepening, mainly due to back-to-back monsoon failures and falling crop prices. One indicator of the growing agrarian distress is farmer suicides. The current year has seen farmers even in states like Karnataka, Odisha and Madhya Pradesh take their lives. The primary
factor behind this distress is the weather. Last year’s kharif production was affected by a deficient monsoon, while the standing rabi crop suffered damage from unseasonal rain and hailstorms. The monsoon has been poor this year as well. Many states have declared themselves as drought hit and this would qualify them for Central assistance. However, there is delay in visits by central teams to assess the extent of crop damage and release compensation money.

Over the recent past, multiple factors have worked together to maintain growth in the agriculture sector in India. These include growth in household income and consumption, expansion in the food processing sector and increase in agricultural exports. Rising private participation in Indian agriculture, growing organic farming and use of information technology are some of the key trends in the agriculture industry. Several players have invested in the agricultural sector in India, mainly driven by the government’s initiatives and schemes. According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted foreign direct investment (FDI) equity inflow of about US$ 2,182 million from April 2000 to June 2015.

Given the importance of the agriculture sector, the Government of India, in its Budget 2015–16, planned several steps for the sustainable development of agriculture. The government has already taken steps to address two major factors (soil and water) critical to improve agriculture production. Steps have been taken to improve soil fertility on a sustainable basis through the soil health card scheme and to support the organic farming scheme ‘Paramparagat Krishi Vikas Yojana’. Other steps include improved access to irrigation through ‘Pradhanmantri Gram Sinchai Yojana’; enhanced water efficiency through ‘Per Drop More Crop’; continued support to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the creation of a unified national agriculture market to boost the incomes of farmers.

The Government of India recognises the importance of microirrigation, watershed development and ‘Pradhan Mantri Krishi Sinchai Yojana’; thus, it allocated a sum of Rs 5,300 crore (US$ 815 million) for it. It urged the states to focus on this key sector. The state governments are compelled to allocate adequate funds to develop the agriculture sector, take measures to achieve the targeted agricultural growth rate and address the problems of farmers.

The Department of Agriculture and Cooperation under the Ministry of Agriculture has inked MOUs/agreements with 52 countries including the US. In addition, the Department of Agriculture
Research & Education (DARE) and the Department of Animal Husbandry, Dairying & Fisheries (DAHD&F) under the Ministry of Agriculture have signed MOUs/agreements with other countries, taking the number of partnerships with other countries to 63. These agreements would provide better agricultural facilities in areas such as research and development, capacity building, germplasm exchange, post-harvest management, value addition/food processing, plant protection, animal husbandry, dairy and fisheries. The agreements could help enhance bilateral trade as well. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector’s growth. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers.

**The Big Picture – Terror attacks: Can India have a standard doctrine?**

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Four days after the attack on Pathankot airbase by terrorists suspected to have come from across the border the picture is still unclear. The attack and the way it got prolonged have led to many speculations and criticisms on the way the whole incident has been handled. While such incidents have been common place every time there is significant improvement in the ties ever since the comprehensive dialogue began since 1997, the problem is that India has not been able to establish any standard operating procedure or a doctrine to deal with such crisis or how to go about it following such incidents. The attempt to create a powerful National Counter Terrorism Center was also initially opposed. Predictably, the long-drawn out militant attack on the Pathankot airbase has generated waves of criticism across the country with some finding fault with the government’s handling of the issue, and others questioning the entire rationale of Modi’s Pakistan strategy and focusing on the conduct of operations in Pathankot.

Despite years of experience India has not been able to fabricate a sturdy shield, which is so vital for our policy of engagement. The shield plays a key role in our Pakistan strategy. Contrary to popular perceptions, India does have a doctrine in place in dealing with Pakistan. This has, like all doctrines, been shaped by experience, circumstances and geography. The convention has been to involve Pakistan in a process through which a normal Pakistan will emerge, even while withstanding the
blows that Pakistan rains on us. This policy is born out of prudence and practical experience. Surprisingly, this has also strengthened India’s global stature.

The challenge thrown up by the terrorist attack on the Pathankot air force base is to evolve India’s national security doctrine to include its response to non-state actors. While carrying on diplomatic engagement with Pakistan, India needs a firm strategy to deal with terrorist threats that are now the prime challenge to the state. Political consensus must be evolved, in a publicly transparent manner, to reflect the complex challenge facing the country, detail its thresholds, interests that would be protected at any cost and response calibration vis-à-vis armed aggression. The doctrine must be accompanied by a national security strategy that spells out the command and control structures for meeting eventualities such as terror strikes, so that last-minute goof-ups such as those that have been evident at the Pathankot airbase are not repeated.

After every terrorist attack, there are shallow attempts by the establishment to fit episodic responses into academic frameworks and proposals for security establishment reforms, but in no time things go back to default mode, until the next terrorist attack. Hence, the very foundations of India’s security establishment need to be reformed if a robust national security doctrine is to be implemented. Given the opacity of these agencies, intelligence alerts often emerge that have no credibility. In the process, credible intelligence inputs, such as the one about Pathankot, are not treated with enough seriousness. The agencies that are to provide security cover and neutralise terrorist threats do not have a cohesive command and control structure. It is time to finally show that India can be more than a functional anarchy.

A sustained dialogue is the only fitting answer to terrorist groups and to their handlers inside the Pakistan establishment who wish to destabilise the peace process. India must develop a consistent, coherent policy on how to deal with Pakistan, a fragmented polity with multiple power centres, some of which are implacably hostile towards India and can be counted on to express their hostility by means of terror strikes in India or on Indian targets elsewhere, such as in Afghanistan. India cannot afford to let its Pakistan policy be dictated by hostile elements, whether Kashmiri separatists or those members of the Pakistani establishment who see terror groups as instruments of additional strategic reach. India must also be prepared for attacks emanating from Pakistan, all the time, whatever the state of relations with the government of Pakistan.
These terror strikes are believed to have been an attempt to undo the recent improvement in India-Pakistan ties but both countries so far have given no indication they would affect proposed talks later this month. The attack in Pathankot came barely a week after Prime Minister Narendra Modi made a historic Christmas Day stopover in Lahore to meet his counterpart Nawaz Sharif. It may be aimed at sabotaging the peace initiative by Modi and Sharif. On its part, Pakistan has condemned the attack and expressed its commitment to partner with India as well as other countries in the region to completely eradicate the menace of terrorism.

Unfortunately, every time something good is about to happen, it is erased by such attacks. India and Pakistan need to beat these terrorist elements by a better strategy and planning. They have to defeat those elements that carry out terrorist activities to roll back any peace process. The governments of India and Pakistan need to engage in talks consistently to foil the nefarious agenda of the terrorists. The solution lies in persistent dialogue, even in the face of terrorist attacks.

**India’s World – New directions in Indian foreign policy**

In just over 18 months after becoming prime minister, Modi has already visited 30 countries, three of them – the United States, France and Nepal seeing two visits each. Though Modi has not yet touched base on the African continent, the historic India-Africa Summit was held in New Delhi in October at which all the 54 African nations were represented – perhaps the first time this has happened outside the continent. Modi also held bilateral meetings with several African leaders during the event. Modi has addressed the UN general assembly and actively participated in other multilateral meetings such as BRICS, East Asia Summit, Shanghai Cooperation Organization and G20. For many in India, PM Modi is country’s best brand ambassador. His foreign visits have certainly generated plenty of interests.

The Prime Minister’s foreign policy interventions reflect efforts to institutionalise the norms his government articulated in its first year. These interventions also indicate areas of foreign policy where the Prime Minister’s Office is likely to invest political capital. Non-alignment served India well during the difficult years from the mid to the late 20th century, but had apparently outlived its utility. Several reasons can be adduced for India’s shift from non-alignment to multi-alignment. Undeniably, policies adopted by India since the beginning of this century had helped generate a
climate of trust across the spectrum of warring nations and long-time antagonists. A spirit of accommodation and constructive solutions to major regional and international challenges had also made India more acceptable to most nations. India came to be seen as a positive, stabilising influence as far as the global and the regional environment was concerned. Non-alignment clearly had no place in this milieu.

Ties with Russia have also become stronger. Statements made between the two nations reveal the determination on both sides to reinforce the strategic ties that date back to the Cold War years. The list of agreements drawn up between the two countries covers nuclear, space, energy and defence. Russia has also committed to building additional nuclear reactors at Kudankulam and in Andhra Pradesh. Japanese Prime Minister Shinzo Abe’s recent visit to India proved to be more than a strategic interlude, with defence, foreign policy, and economic aspects all receiving attention. Japan’s willingness to cooperate on peaceful nuclear energy will have the same kind of positive impact as that which followed the iconic India-U.S. civil nuclear agreement of 2008. Japan’s willingness to acknowledge India as a reliable and trustworthy nuclear power, despite not being a signatory to the Nuclear Non-Proliferation Treaty, is again certain to have a positive impact on nuclear establishments across the world. Japan’s willingness to share defence equipment and technology, facilitate the exchange of classified military information, and arrive at an understanding of emerging threats in the Indo-Pacific — implicit in the India-Japan Agreement with regard to freedom of navigation in the South China Sea — has opened a new chapter in relations.

Another huge success experienced this year was the sharp upsurge in ties with the U.S., elevating the strategic partnership to unprecedented levels. India’s expanding relations with ASEAN and East Asia under Act East Policy are yielding rich dividends. However, China continues to be a challenge that India will have to contend with in the coming years. China’s growing political, military and economic prowess make it increasingly assertive in areas where India’s interests are involved. Beijing’s support for Pakistan, notably with the $46 billion China-Pakistan Economic Corridor that crosses territory claimed by India, has led to a further straining of ties. India has always emphasized that the bilateral relationship will not reach its full potential if India’s core sensitivities are not respected.

However, in dealing with India’s neighbours, the Modi government has demonstrated a mix of imagination, strength and resilience. Ties with Bangladesh are in a sweet spot today, but more work is required for resolution of the Teesta River and other issues. Bilateral relations with Sri Lanka are
stable, but little progress on the fishermen’s problems has occurred. Maldives has continued to be a big challenge, more so now with the rise of Islamic fundamentalism and evidence of new Chinese designs. This neighbour requires priority attention. So does Myanmar, now undergoing transition to a dyarchy composed of Aung San Suu Kyi and the Army that may co-rule the county.

Nepal, Afghanistan and Pakistan will demand special handling. Mr Modi’s drop-in at Lahore suggests that he may have a plan, devised after internalising lessons from previous mistakes. It could succeed, provided national consensus is re-built within India and the plan to normalise relations is sold to the Pakistan Army. As regards China, both a neighbour and a companion at “the high table”, the policy of cooperation and competition will continue, along with the resolve to maintain peace and tranquility on the border.

India’s foreign policy has been continuous and dynamic. With the focus on commerce and economy the government is looking forward to harvest the economic benefits of diplomacy. It is being predicted that this government would be less emotional and more prudent and practical in dealing with global powers and issues. Experts say that Indian foreign policy has remained the same, only perspectives and priorities have changed from time to time. The present government has put forth the National Interest in India’s Foreign Policy on a priority mode without undermining India’s historical, cultural and social ties with its neighbours and the rest of the world.

India’s Foreign policy is now an attractive package both for India and the investor countries. The dynamics of foreign policy are more challenging and interesting. However, there is a lot to be done. Going by the trends, Foreign policy is one of the strengths of this government. Much will also depend on India’s economic performance. The government’s test will be in ensuring that multilateral regimes can accommodate India’s concerns on various issues, while balancing requests to move to selective and plurilateral arrangements.
The Big Picture – Devaluation of Chinese Yuan: What’s the global impact

The Chinese stock market is once again in turmoil. Added to it is the government’s decision to devalue its currency for the second time in less than six months. This has raised concerns all over the world. The impact of stock market tumbling in Shanghai has been felt all over the world. The devaluation of Yuan is bound to affect the exports of several major countries across the world. Some analysts fear the yuan’s quickening slide suggests the world’s second-largest economy is in deepening trouble. China is one of biggest markets for many global companies. And a further economic slowdown in China, which is growing at slowest rate in decades, could impact the earnings of global corporates. However, China’s foreign exchange regulator has urged the country’s investors not to be alarmed by foreign institutions talking down the yuan, saying the currency remained relatively stable. By devaluing its currency, China gains an advantage in global trade. Its exports become cheaper, and more attractive, to foreign buyers. To stay competitive against China, its trade partners – mostly in Asia – devalue as well to maintain a cheaper currency.

The lowered Yuan forecast indicates that 2016 will be a year of continued bumpy deceleration and significant policy easing in the Chinese economy will take place. Chinese policy makers have pushed the currency lower to try and help boost the competitiveness of the country’s exporters. There is the uncertainty about when and by how much China will engineer its next round of depreciation. The new system of a managed float enables it to let the currency slip whenever it finds it imperative strategically. Besides, there is an increased ‘risk’ that the US Federal Reserve might take into account the impact of the emerging market mayhem and push back its rate lift-off from December.

There are other worries as well. Some analysts fear that, with oil prices falling, the Gulf economies will revalue their currency peg against the dollar so that each dollar of oil revenues translates into higher local currency revenue. Additionally, a weaker yuan is feared to drive the global economy closer to a recession as the purchasing power of the world’s second largest economy deteriorates every time the currency is devalued. The devaluation also affects demand for commodities and imported goods, undercutting oil and other industrial commodities. That would in turn hurt emerging-market economies like Chile and Brazil that depend on China to buy the copper and oil that they export. It would also hurt developed nations like Germany, which see China as a key growth
market. Weaker commodity prices would further weigh on inflation, already stubbornly low. To top it off, if the yuan continues to decline, it could instigate a currency war as countries race to protect their exporters by devaluing in turn.

The fact that this is all happening at a time of slowing economic growth—when China’s leaders are trying to guide the economy through a difficult transition from one dependent on exports to one driven by consumption—further complicates matters. China’s currency moves also come at a critical time for the yuan: it was recently placed into the IMF’s group of elite global currencies. Few experts argue that China may not be starting a currency war. But the snowball effect of a sinking currency is picking up momentum. The concern is that it will force other countries to devalue their currencies in a tit-for-tat fashion.

Following Yuan devaluation, a number of emerging market (EM) currencies, including the rupee, fell and their stock markets came under severe strain. This devaluation has exposed the vulnerability of a number of the Asian economies that had built up massive stocks of foreign currency debt or had seen their domestic bonds being lapped up by investors in the Western world stuck with extremely low interest rates. The sharp fall in yuan has also raised fears of cheaper Chinese goods hurting the sales of domestically manufactured products in many countries.

India’s export sectors that could be affected include textiles and garments, where China has been losing competitiveness over the years. Then there is an impact on Indian firms with a China exposure. Shares of Indian metal companies have fallen sharply on concerns over cheaper Chinese imports. This devaluation is expected to make Indian exports expensive and widen the trade deficit with the neighbouring nation. There could be concerns for banking sector stocks, who are already under pressure on account of a lingering bad loans problem. Also, firms that have seen funding from Chinese entities, especially in core sectors such as power, could experience some volatility from a stock perspective. Sectors where the burden of debt is high including iron and steel, construction and telecommunications —could also see continued selling pressure in the coming months.

However, India’s big push for infrastructure development perhaps could get a boost from cheaper Chinese funds and resources. Chinese cooperation in the development of India’s high-speed rail network, renewable energy sector, smart cities and more importantly, the manufacturing sector, could become more feasible in the wake of reduced possibilities and opportunities for Chinese
companies in their home country. India should cushion itself to reduce the negative impact of a Chinese slowdown. At the same time, it should also explore the positive side of a Chinese slowdown.

**Special Report – India-Indonesia: A Timeless Bond**

Vice-president Hamid Ansari recently visited Indonesia. He termed this visit as *An old and deep friendship to be renewed*. The visit was about taking the relationship forward – the political aspects, business links and the inherent human warmth. The closest distance between India and Indonesia is about 17 nautical miles. Strategically, and security and trade-wise, the Indonesian archipelago of more than 18,000 islands is of vital importance to India. Four vital straits running through Indonesia control so much of India’s links to South East Asia. In trade and business terms, Indonesia is India’s second largest trading partner in ASEAN and bilateral trade stands at 20 billion dollars. The glorious past and shared cultural ties of both nations create a strong platform for cooperation in the future.

In 2005 both the countries agreed to become Strategic Partners and in 2013 India and Indonesia have jointly assessed its potential through the Five Initiatives for Strengthening the India–Indonesia Strategic Partnership based on shared commitment to values of democracy, pluralism and diversity and having economies with strong complementarities and challenges. Since the new government took over in 2014 the engagement between the two countries have been enhanced. The current economic relationship between India and ASEAN countries presents a multitude of industrial, commercial, and investment opportunities. Both the countries have welcomed ASEAN’s plans to establish economic and political relationships with neighboring nations, and have worked on increasing bilateral trade, promoted foreign investment, and strengthened diplomatic relations with all ASEAN members. The India – ASEAN relations now are poised to scale new heights.

As the largest ASEAN state accounting for over 37% of population and over 33% of combined GDP, and as a fellow member of G-20, Indonesia is of particular interest to India. Bilateral relationship between the two countries is a key element for entire ASEAN region. India and Indonesia have similar aspirations to have an open trading system through global organizations like the WTO. Both the countries have shown a strong commitment, based on the principle of common but differentiated responsibility. Indonesia has joined hands with India to reform the United Nations, particularly its
Security Council. The role of the United Nations particularly its Security Council needs to reflect the requirement of developing countries to have a greater say in decision making.

Despite the large size and rapid growth, the trade and investment between India and Indonesia remains modest. There is a need to synergize our efforts in the areas of economy and business to correct the sectoral and directional imbalance of our trade and to further diversify it. The vast consumer market, youthful and skilled human resources and expertise in the field of information technology of India coupled with Indonesia’s natural resources, youthful population and strategic location would provide a platform for enhanced economic engagement. The innovative spirit of Indian industry, backed by a strong government research and development push and a network of quality education institutions, make India and the Indian companies the most promising business partners today.

India is the largest buyer of crude palm oil from Indonesia and also imports coal, minerals, rubber, pulp and hydrocarbon in significant quantities. India exports refined petroleum products, maize, commercial vehicles, telecommunication equipment, oil seeds to Indonesia. There is a need to balance our bilateral trade as India’s import from Indonesia was US$ 15 billion against an export of US$ 4 billion in 2014-15.

India has active cultural centres in Jakarta and Bali. From time to time, the Indian Government has also offered training under ITEC and TCS of Colombo Plan and Indonesia is a major recipient of the scholarships. In 2015-16, 100 ITEC and Colombo Plan slots have been allocated Indonesia. Over 1300 Indonesian officials have attended training programmes in India under these schemes over the past decade. The Indian Council of Cultural Relations (ICCR) also offers 20 to 22 scholarships every year to Indonesian students for pursuing higher studies at undergraduate, postgraduate, doctoral and post doctoral levels, under its general cultural scholarship scheme; and this has been happening since 1994-95. So far, over 200 Indonesian students have availed the ICCR scholarship.

The spreading tide of extremism and terrorism is a threat both nations face and successfully dealing with such threats requires strong cooperation among like-minded partners. Both nations also face similar economic development issues and governance challenges. The Asia Pacific region and the world as whole would benefit from having greater cooperation between India and Indonesia. There is a considerable potential for expanding trade in the areas of automotive components, automobiles, engineering products, IT, pharmaceuticals, bio-technology and healthcare sectors. Given their
strategic significance, Infrastructure development and energy, both traditional and renewable, are key areas for enhancing the bilateral cooperation.

Both the countries should put in place suitable policies to encourage private sectors to make investments in infrastructure and manufacturing sectors and for this the two governments must be willing to provide a predictable and comprehensive legal and taxation frame-work.

There is tremendous potential for enhancing our defence ties. Indonesia has played host to ships of the Indian Navy and the Indian Coast Guard on several occasions in recent years. This cooperation should be continued through technical, human resource development, capacity building and contributing to the development of Indonesian capacities both physical and human. The economic and geo-political centre of gravity of the world has shifted towards the Asia-Pacific in the 21st century, with the region showing unparalleled dynamism in economic, political, security and demographic terms. The Indian Ocean littoral states have also witnessed sustained growth over the past few years. Given the growing volume of bilateral maritime trade and a common maritime boundary along the Andaman Sea, India and Indonesia are natural partners in ensuring the development and security of the Indian Ocean and the pacific littoral region. All trade routes and the sea lanes must be protected from traditional and non-traditional threats and all countries using these international waters must act with responsibility and restraint. Indonesia’s idea of a Maritime Axis and India’s commitment to the Mausam Project which links the countries of the Indian Ocean can bring benefit to all the Indian Ocean Countries.

India and Indonesia are one of the founder members of the Indian Ocean Rim Association, the apex pan-Indian Ocean multilateral forum and Indonesia is its current chair. Indonesia, given its strategic location, can be a bridge between the Indian and the Pacific Oceans. As one of the most important countries of the Asia-Pacific rim- Indonesia is in an advantageous position to connect a vibrant South Asia to the Pacific region. Non-traditional threats such as piracy, smuggling, transnational crimes and drug-trafficking are on the rise and pose a challenge for both the countries and require strong and determined, coordinated action to control.

The Asia Pacific region and the world as whole would benefit from having greater cooperation between India and Indonesia to positively shape a fluid regional security environment, including through partnerships with other like-minded countries and by strengthening regional institutions like ASEAN. Infrastructure development and energy security are also key areas for cooperation for
emerging economies like India and Indonesia. These sectors allow for both our countries to collaborate and benefit from each other’s expertise. Infrastructure stimulation programmes launched by the Government of India, like the mission to develop 100 Smart Cities, upgrade infrastructure development in urban and rural areas and enhance nationwide connectivity through the ‘Digital India’ programme, have created massive opportunities for foreign partners in the Indian economy.

**The Big Picture – Conflict in Middle East: Shia Vs Sunni?**

The entire Middle East starting from the Gulf state of Saudi Arabia to Iran is in a crisis. The relations between the two countries which was already tense has exacerbated further in the last week or so. The execution of 46 people belonging to Shia sect on charges of terrorism by Saudi Arabia has created a major divide. The divide which is taking place between Shias and Sunnis is being seen as a concern for the entire region. This conflict has seen other countries in the region getting involved too. Meanwhile, the fight against ISIS is getting affected due to this. Within days, the stand-off has snowballed into a full-blown diplomatic crisis with sectarian overtones. Saudi missions in Tehran and Mashhad were ransacked by protesters. In return, Saudi Arabia, Bahrain and Sudan have cut diplomatic relations with Iran, while the United Arab Emirates has downgraded ties.

West Asia is already witnessing sectarian conflicts. Iraq, which is torn apart on sectarian lines, is taking baby steps under the new Prime Minister, Haider al-Abadi, to rebuild national unity. The country witnessed a bloody phase of sectarian strife in the aftermath of the U.S. invasion. Parts of the country, including the second largest city, Mosul, are still under the control of Islamic State, which is carrying out a systematic campaign against non-Sunni religious groups. In Yemen, the Shia Houthi rebels are fighting forces loyal to a Saudi-protected government led by Sunnis.

Saudi Arabia and Iran have a long history of enmity. The former considers itself the leader of the Islamic majority Sunnis, while the latter is the leading nation representing the minority Shias. For decades, one of the main sources of instability in West Asia has been the cold war between Saudi Arabia and Iran. Though the ultimate goal of both nations has been regional supremacy, they use sectarianism as a vehicle to maximise their interests. Now, with the recent incident the stage is set for a dangerous Shia-Sunni conflict across the region.
The Sunni-Shiite schism may also provoke violence between Muslims in such places as Pakistan, Nigeria and Indonesia. About 85% of the world’s 1.6 billion Muslims are Sunnis. Shiites form a majority only in Iran, Iraq, Azerbaijan and Bahrain, which is ruled by Sunni royalties. Where Sunnis are a majority or dominate government, Shiites frequently complain of discrimination, and vice versa.

The latest fallout will have a bearing on the fight against the Islamic State (IS) and will increase the lack of cohesion among nations fighting this menace. The interests of different countries in the region have often been at cross-purposes with no unified plan to date. Saudi Arabia and Iran should be exploring means of compromise now. The international community must hasten to mediate and urge the two countries to meet halfway, with the United States in the lead. If hostility deepens between Saudi Arabia and Iran, both of which are major oil producing countries, it is feared that their deteriorating relationship could influence the crude oil market and global economy. Unless tensions are dialled down between these two heavyweights, there will not be peace in West Asia. Both the U.S. and Russia, Allies of Saudi Arabia and Iran respectively, have called for calm. The U.S. and Russia should use their influence to rein in further escalation of tensions. Unchecked, the Saudi-Iran rivalry could plunge the region, already torn apart by invasions, civil wars and terrorism, into further chaos.

This conflict could have repercussions for India too, which has adopted a position of neutrality since it enjoys good relations with both countries. However, the situation is worrying for India since the Gulf region has vital economic and strategic significance for the country. Additionally, the rift could see many Gulf nations with a sizable number of Indian expatriates picking sides. The region has seven million Indian nationals who account for about $40 billion of the $70 billion that India receives in remittances annually. Saudi Arabia has the maximum number of Indian passport-holders outside the country. But with oil prices falling and Saudi Arabia grappling with mounting unemployment for people under 30 who constitute 70% of its population, there are concerns that the kingdom will not remain a key employment destination for Indians for long.

India also enjoys robust security cooperation with Saudi Arabia, which has deported several most wanted terrorists such as Abu Jundal, linked to the Mumbai attacks case. Although such steps do not in any way diminish the strategic partnership between Saudi Arabia and Pakistan, the growing
security cooperation is of vital significance for India. Iran also holds the key for India’s ambitious connectivity plans for the oil and gas-rich Central Asian republics and to provide land-locked Afghanistan access to the sea via Iran’s Chabahar port, bringing down Kabul’s dependence on Islamabad.

**The Big Picture – Minority status to Universities: Is it necessary?**

Last week an issue, which has always been controversial was reopened. It is about whether Aligarh Muslim University and Jamia Mila Islamia were minority universities. The government has said that Aligarh Muslim University and Jamia Millia Islamia are not minority educational institutions. In the case of AMU, the Attorney General has argued that this is because it was set up by an act of Parliament, not by Muslims. However, critics say this is a narrow reading of the history and background of AMU and JMI. There are hundreds of minority institutions in the country but still the controversy continues.

What is the ‘minority character’ of an educational institution?

**Article 30(1)** of the Constitution gives all religious and linguistic minorities the right to set up and run educational institutions, including schools, colleges and universities. The law guarantees that governments will not discriminate in giving aid on the basis of their being ‘minority’ institutions, thus sealing in a commitment by the Government of India to allow minorities to flourish.

Why this provision was included in the constitution?

This was done to assure minorities of being able to maintain and propagate their unique and special educational aspects.

Background:

AMU was founded as the Madrasatul Uloom in 1875 in Aligarh, and evolved into the Mohammedan Anglo Oriental College. The seeds of Jamia Millia Islamia were sown in Aligarh by a group of nationalist students and members who formed a camp there as Jamia Millia Islamia, which later moved to Delhi. Leaders like M A Ansari, Zakir Husain and Mahatma Gandhi encouraged the university to push nationalist values and ideas.
However, there was friction between JMI and AMU along political lines, as a significant section at AMU was said to be tilting towards the Muslim League, while the ‘nationalist’ JMI was wholeheartedly supported by the Congress.

The universities have had their own journeys in independent India. AMU has no reservation for Muslims, but has preferences and reservations for local candidates, irrespective of faith. JMI gives reservation/preference to Muslims after the National Commission for Minority Educational Institutions (NCMEI) granted it minority status in 2011.

Arguments in favour of granting minority status for JMI and AMU:
Jamia became a deemed university in 1962 and a central university in 1988, both by Acts of Parliament. However, supporters argue that Jamia was founded by the Muslims for the benefit of Muslims and it never lost its identity as a Muslim minority educational institution and is covered under Article 30(1) and under the National Commission for Minority Educational Institutions Act’s provision.

And In 1920, the Indian Legislative Council set up the AMU, and all assets of Mohammedan Anglo Oriental College were transferred to it. Those arguing for minority character say that this was done by an Act as that was the only way a university could be set up at the time.

Arguments against:

Those opposed to the move say the Act of 1988 states that “it shall not be lawful for the university to adopt or impose on any person any test whatsoever of religious belief or profession in order to entitle him to be admitted therein as a teacher or student or to hold any office therein or to graduate thereat”.

They also argue that the application to be declared a minority institution was made in 2006, when reservation for OBCs was introduced in higher educational institutions. Making these institutions minority acted against poor and disadvantaged Muslims.

What has Supreme Court said?
In 1981, Parliament passed an AMU Amendment Act, which accepted that AMU was set up by Muslims. But, in the famous Azeez Basha versus Union of India case, to which AMU was not a party, the Supreme Court ruled that AMU was not a minority institution as it was set up by the British legislature, and not by Muslims.

Even, the Allahabad High Court ruled in 2005 that the 1981 Act was ultra vires of the Constitution, and that AMU was not a minority institution.
But the Supreme Court stayed the Allahabad HC decision, so effectively, AMU remained a minority institution.

What has happened now?
Recently, the Centre reversed its earlier position and stated that AMU was not a minority institution as it was set up by Parliament.

Way ahead:
The Supreme Court has held that the term “educational institution” includes a “university”. Similarly, it said expression “of their choice” means “of their choice”, and it is within the power of minorities to expand their choice as much as they want. It is thus possible for a minority community to choose a central university with some governmental supervision, and whose degrees are recognized at par with degrees of other universities.

- The Supreme Court in the 1967 case has also not ruled out possibility of a central university being a minority institution. It merely said that from the provisions of the AMU Act, 1920, it is not clear that it is a minority institution. This is the heart of this case.
- The conclusion of the court was primarily based on the provisions of the Aligarh Muslim University Act, 1920. However, critics argue that to determine minority character, one cannot merely look at the law enacted by the legislature. In the Stephen’s case in 1993, the Supreme Court held that St. Stephen’s College is a minority institution and has apparently maintained its Christian character which is evident from its very name, emblem, motto, the establishment of a chapel and its religious instruction in Christian Gospel. Thus, the 1967 decision in the Azeez Basha case has been overruled by the court itself, critics argue.

Conclusion:
Protection of minorities is the hallmark of a civilization. These guarantees are essential in a democratic and pluralistic country like India. The framers of the constitution showed utmost sensitivity to the needs and aspirations of the minorities. Accordingly, special safeguards were guaranteed to the minorities and were incorporated in the chapter on fundamental rights with a view to inculcate in them a sense of confidence and security. Both, AMU and JMI universities have witnessed hectic activity on minority status, especially after reservation for OBCs was made mandatory in 2006. Although the discussion is still centered on the Art.30 (1) of the Constitution (that ensures that ‘all minorities, whether based on religion or language, shall have the right to establish and administer educational institutions of their choice’), there is a possibility that this legal
debate might take a political form. It is now up to the Apex Court to decide about the minority character of these institutions.

**The Big Picture – Religion and Women’s Rights**

Debate over *Religion Vs Women’s Rights* is back in focus after the detention of over 350 women by the Police in Maharashtra. Hundreds of women activists were stopped by the police when they attempted to enter the Shani Shingnapur Temple situated in Maharashtra to challenge its 400-year-old tradition of allowing only men to enter its main shrine. After a public outcry of the incident, the Chief Minister of Maharashtra has urged the temple authorities to hold a dialogue with the activists. Women activists argue that in the 21st century different and progressive thinking is required. However, temple authorities maintain that the men-only tradition has stood for centuries and it would be wrong to change it. On the other hand, opposing this argument, women activists say practices like sati have ended or changed for the better; hence tradition is no excuse for continuing with regressive practices.

More interestingly, the incident comes at a time when women cutting across religious lines are challenging centuries-old taboos the world over. It is not just about women’s right to enter a temple. Muslim women are questioning discriminatory religious laws. Elsewhere, Christians are challenging the Church’s rules on abortion and contraception. There is also a petition demanding that women be allowed into the Haji Ali dargah. In many places of worship, there are areas that women cannot access for different reasons, prime among them being ‘purity’. These are age-old practices and only now are women coming together to challenge it, through on-ground activism, social media campaigns and petitions.

Going a step further in the raging debate over gender discrimination at Shingnapur, and at Sabarimala where women of a certain age group are not allowed, activists say religious trusts must amend such patriarchal practices, built up by gender prejudice rather than any principle of worship being vitiated. This is an argument that goes beyond even the constitutional rights as enshrined in Articles 14 and 15 and involves a higher natural principle of gender equality, which must be upheld. A huge change in attitude is called for if a genuine change of heart is to take place soon.
The constitution of India allows to everyone to follow religion of their choice and also allows anyone not to follow any religion. While the Constitution protects religious freedom, clause 2(b) of Article 25 allows the state to intervene in religious practice. The Untouchability Offences Act threw open temple doors to all castes, and many states passed laws extending those rights to all classes and sections of Hindus. Women activists question; if temples have no right to bar dalits or untouchables, why should they be allowed to bar women? Hence, it is the responsibility of the government to mediate and try to solve the issue.

But, institutions like Shani Shingnapur and Sabarimala argue that they are defending particular customs of their own. But traditional taboos against women cannot pass constitutional muster, unless the guardians of the tradition demonstrate that discrimination is an “essential practice” for the religion. The chief minister has taken the right call, speaking up for the women and saying that traditions should evolve with time. The fight is now clear: who controls religion? Women across faiths are asking this question. The answer might not be palatable to all. The world has changed and religious institutions need to move with the times and ensure there is no discrimination.

**India’s World – Impact of Chinese slowdown**

**LINK**

China’s economy grew at 6.9% in 2015, but that was a slowest growth rate for the world’s second largest economy in 25 years. The IMF has projected China’s growth rate to be 6.3% in 2016. There are expectations of further devaluation of renminbi or yuan by China to boost its exports. This could erode the export competitiveness of other countries and fuel currency market volatility. China’s slowdown is also one of the big drivers of massive fall in oil process and that is causing its own problems. Many believe that China’s slowdown could lead to a cycle of decline around the world.

However, few experts say that estimates of IMF and other estimates about China are still high when compared to the overall global growth rate which is at 2% or less. When compared to the biggest economies like US and UK, China is still on the brighter side. Some experts also indicate that China is passing through a phase through which all the developed countries have once passed, which is called as middle income trap. China is also restructuring its economy for domestic consumption. Hence, the overall slowdown might be slightly fuelled by this and should not be a cause for concern.
On the other hand, few developments like swelling of trade volume in 2015 by 7%, slowing down in bank lending, shrinking manufacturing sector and depleting foreign exchanges indicate a different story. Looking at these developments, some argue that what is happening in China is not a cause but an effect. Hence, according to them the world economy is heading towards a recession. Added to it are the falling export rates of various developing countries including India. However, China is not willing to increase its buying rate in the world market by cutting down its reserves. Another significant reason for the slowdown may be the now stable population in China which has reportedly brought down the growth rate by 25%.

So far, China was one of the biggest buyers of commodities. Now the commodity exporting countries of Africa and Latin America will definitely be hit by Chinese slowdown. This added with falling energy rates will affect these countries.

In Europe, the Middle East, and Africa in particular, there are three ways in which a China slowdown will substantially impact regional economic growth:

- **A fading export market:** China’s boom has provided a growing, reliable export destination for many European companies, but a slowdown will suppress top-line growth for industrial, technology, and consumer firms alike. The commodity-led economies of the Middle East and Africa could be harder hit. Chinese demand has filled the void left by Europe’s stagnant consumption. Reduced commodity exports would cut governments’ ability to spend, weakening an important growth driver for many of the world’s most dynamic frontier markets.

- **A pullback in foreign direct investment:** One-quarter of all FDI into Sub-Saharan Africa since 2006 has come from China. However, recipients of Chinese FDI are less likely to be severely affected, because Chinese companies are more likely to focus on growth internationally if their domestic market weakens.

- **A trigger of financial-market instability:** Depending on whether a Chinese slowdown surprises global financial markets, financial volatility would result in a flow of capital back to developed markets, causing significant currency volatility in EMEA and impacting the prices of goods imported from developed markets, hurting consumers across the region.

But, rejecting this argument, some experts say at the best times, China constituted 10% of the world imports and 12% of the world exports. At the peak they constituted 12% of the world demand. The bigger amount of demand still lies in Europe, USA and Japan. China has lived on export growth.
Hence, if it doesn’t change its policy now, it will be the worst affected. Thus, the slowdown may not affect the world as a whole.

India is set to become the world’s fastest-growing major economy by 2016 ahead of populous neighbour China that is battling an industrial deceleration. India is expected to grow at 6.3% this year and 6.5% in 2016 by when it is likely to cross China’s projected growth rate. However, in the short run, China’s slowdown may slightly erode India’s export competitiveness and fuel currency-market volatility. Our economy is strongly integrated with the Chinese one, and there is no escaping the impact of a slowdown in what was until recently the engine of global growth. The Indian companies in which they invest are battling several fallouts: Poor demand for their products in China due to slow growth and a weaker yuan, the prospect of dumping of Chinese goods in India, and higher costs of servicing dollar debt due to downward pressure on the rupee.

For India, the impact of China’s slowdown has been on the rupee, which recently breached the 68-to-the-dollar mark, likely driven by heavy selling of Indian shares by foreign investors. A weak rupee will make imports costlier and is not having the usual tonic impact on exports because our key markets are slowing down. It will also make the Reserve Bank of India think long and hard about further interest rate cuts and could eat into our dollar reserves. All in all, the world economy is a complicated broth, with China the most toxic ingredient.