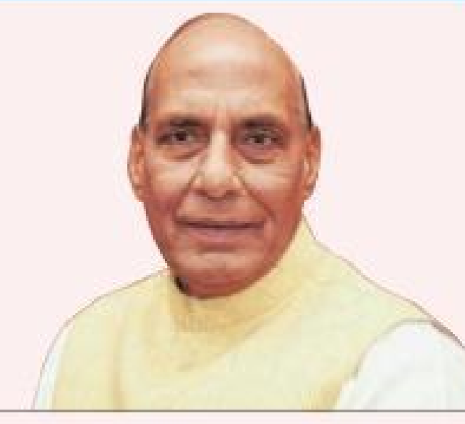
Opinion



INDIA'S GROWTH ARM

Union defence minister Rajnath Singh

Defence sector will play a major role in making India a $5 trillion economy. Our aim is to make the Indian defence industry self-reliant & less dependent on imports

Treading a fine line at Ayodhya to deliver justice

SC negotiates between faith and evidence, and gave the best possible judgment under the circumstances

GIVEN THE CONSTRUCTION of a Ram temple at Ayodhya should always have been settled politically, by involving both Hindu and Muslim religious leaders, the Supreme Court (SC) has done well to finally deliver a verdict on the issue, and a unanimous one at that; had there been dissenting views, both Hindu and Muslim leaders would have cited this to point to the flaws in the judgment. Matters were complicated by some prominent historians arguing that there was, in fact, no evidence that a temple had been destroyed to build the Babri Masjid; if archaeological evidence were to be used as a clincher, many other Muslim monuments could get threatened. In the event, SC negotiated faith and evidence—nor was the evidence of the type courts normally deal with—and came up with a solution that seems fairly balanced.

SC accepted the Archaeological Survey of India (ASI) finding that there was a Hindu temple—made in the 12th century AD—upon which the mosque was constructed. Possibly, since such a finding could fan movements to demolish other Muslim monuments that are built on Hindu temples—though the Places of Worship (Special Provisions) Act of 1991 prohibits this—the SC said there was no ASI evidence on whether that temple was, in fact, destroyed solely to build the Babri masjid; indeed, SC said that there was a gap of 400 years between the construction of the two. While this could be challenged on grounds that ASI had talked of when the temple was built and not when it was demolished, the SC wisely ended the discussion by saying "a finding of title cannot be based in law on the archaeological findings which have been arrived at by ASI".

Having taken note of a non-Islamic structure underneath the Babri Masjid, the SC then looked at whether the Hindus or the Muslims were in continuous possession of the site, and whether they prayed there. The Hindu side's argument that the Babri Masjid "did not accord with Islamic tenets" was rejected, as was the plea that no *namaaz* was ever offered in it; the *namaaz* ended, the court says, when Hindu idols were put into the Masjid in 1949, and desecrated the mosque—the court comes down heavily on this. SC then noted that the Hindus had "exclusive and unimpeded possession of the outer courtyard where they have continued worship" while the inner courtyard was used by both communities; the Muslims, the court said, "have offered no evidence to indicate that they were in exclusive possession of the inner structure prior to 1857 since the date of the construction in the sixteenth century". The setting up of the *Ram-chabutra*, in or around 1857, the court said "must be seen in the historical context as an expression or assertion of the Hindu right to worship at the birth-place of Lord Ram"

Given this, the court ruled that a Ram temple was to be constructed on the disputed side, and since the Muslims had been deprived of a functioning mosque, the Sunni Waqf Board was to be allotted five acres of land in Ayodhya to build a mosque. While it is possible for both communities to argue against some of the SC's individual findings, the judgment uses Article 142 of the Constitution, which allows it to deliver 'complete justice' in a creative manner to offer a solution to a burning issue that has polarised India for decades. While the government has done well to try and dampen passions after the verdict, and to reach out to Muslim groups, the Sunni Waqf Board's offer to give up its claims, made before the judgment was pronounced, indicates a desire to move on. Having won a big victory, Hindu groups need to accept that every historical wrong cannot be righted, and should give up their claims for other temples.

Bad news for democracy

Andhra Pradesh moves to silence critical media

THE ANDHRA PRADESH government will brook no criticism—that is what its order empowering secretaries to initiate legal action, against traditional media as well as social media users, for "false, baseless and defamatory news" means. The information minister of the state, Perni Venkataramaiah, tried to justify the move saying that adverse news will affect the morale of the officials, and will ultimately pull down their performance and affect the progress of the state. It can be no one's case that the government shouldn't step in to correct the media where it is wrong, but corrections and defamation suits are two very different things. More so, when the definition of what is false, baseless, or defamatory is left entirely to the government's discretion. Bringing down all the might of the state on media organisations—whose very *raison d'etre* is to facilitate holding the government accountable—will crush criticism and scrutiny, and make the media a propaganda vehicle.

The threat of prosecution will always be a Damocles' sword for investigative journalism, critical voices, even lay citizens who have every right to directly hold their elected representatives accountable, and will significantly erode the freedom of the press. Indeed, such a provision would have ensured that the 2G scam, or more recently, the incident of children being given just salt and *rotis* under the government-sponsored mid-day meal scheme in Uttar Pradesh would have never been reported. This means public pressure for the government to correct its course would have been nearly impossible to build. To be sure, state governments have been vindictive even without a Andhra-like government order in place—for instance, the Uttar Pradesh administration has gone after the journalist who broke the salt-*roti* story—but, the order institutionalises clamping down on criticism, and sets a dangerous precedent.

It is argued that media organisations in many states, including Andhra Pradesh, have staunch political loyalties and, therefore, are not truly independent. But, as the Press Council of India chairperson Justice CK Prasad stated while taking suo motu notice of the Andhra order, "the problems which the order... seeks to redress can very well be remedied by the (Press) Council itself". The order, given it allows multiple departments and authorities to slap as many cases against a journalist or a media organisation or a social media user, is not just about coercing critics into silence but also wreaking vengeance. And, there are few things that can harm democracy as fundamentally.

Empowering INSTITUTIONS

Seshan's legacy is making the ECI a force to reckon with; true progress lies in empowering institutions

TN SESHAN, WHO died on Sunday, will be best remembered for his 1990-1996 stint as the chief election commissioner. Under Seshan, the Election Commission of India (ECI), a constitutional body, earned its repute of being the resolute arbiter of elections in India that it is seen as today. Even the most trenchant of its critics agree that Seshan set the standard for efficiency in preserving the fairness and independence of the election process, and was married to the laws and statutes governing the conduct of elections. Indeed, during the 1993 general elections, provisions that had been rarely invoked were yielded with an unsparing hand—nearly 1,500 candidates were disqualified for three years for failing to submit expenditure accounts while nearly 14,000 candidates had been disqualified for submitting false information. In Uttar Pradesh, incidence of booth capturing fell from 873 in 1991 to 255; the number of those killed in poll-related violence fell, too.

While it was as much the Seshan effect, the ECI's efficiency in conducting elections in a fair manner also stems from the fact that it is an institution that is empowered to resist interference by the state's executive and the legislative arms. Institutions with teeth—the Comptroller and Auditor General is another good example—have historically served to preserve the faith of the masses in democracy and governance in the most challenging of times. Given how efficient institutions genuinely empowered to hold the legislative accountable have proven, it is necessary that the political class doesn't undermine their functioning. Just as assaults on the ECI—allegations of EVM tampering sans proof, going after election commissioners for enforcing code of conduct, etc—threaten its credibility, laws that make information commissioners beholden to political masters will erode transparency. The political class must beware the consequences of public trust getting eroded.

ACCESS WANI

DELINKING ACCESS FROM NETWORKS THROUGH WIFI ACCESS NETWORK INTERFACE WILL ALLOW ACCESS PROVIDERS—FROM MVNOs TO STREET- AND VILLAGE-LEVEL ENTREPRENEURS—TO THRIVE

Can WANI be to telecom what UPI is to payments?

TV RAMACHANDRAN

President, Broadband India Forum & honorary fellow of the IET (London). *Views are personal*

AN EDITORIAL IN one of the pink papers estimates the valuation of Flipkart-subsidiary PhonePe at ~$10 billion, and says a major reason for its success is Aadhaar-associated India Stack and United Payments Interface (UPI). It highlights the potential of such a development in encouraging Indian start-ups beyond copycat efforts, and creating genuine value. It is encouraging that the government's role in creating and promoting technology, while common in the US, is slowly being recognised in India.

India's telecom sector is fighting for survival. As telcos lobby for minor and major reliefs, the need of the hour is to ensure that the current struggles do not affect India's pace of innovation. UPI's success was largely due to delinking payment from banking. A UPI-like techno-strategic innovation would not only help the sector but also secure India's future in the post-5G and ubiquitous-IoT disruptive world.

The Indian telecom regulator, Trai, recently proposed setting up a Wifi Access Network Interface (WANI) architecture with the ability to delink telecom infrastructure from access services. This bold vision, coupled with a few modifications, can easily be extended to provide access across technologies.

WANI (as recommended by Trai) provides for seamless authentication within the WiFi world. It will allow users from one Wi-Fi network to "roam" on another without need for any repeated authentication. Apart from the convenience of one-time and one-stop authentication, the additional benefit of seamlessness is greater security. Today, many hotspots operate on the principle of "OTP" (one-time passwords) which provide access for a limited time. Such hazards will be done away with the WANI architecture.

With some minor modifications, WANI could provide access across technologies in a truly seamless manner. As an example, connecting operators via an exchange will provide for seamless connectivity, in addition to the above-mentioned authentication. WANI 2.0 could then support device-to-device communication, which could be extremely useful in the IoT space. India could, thus, steal a march over several other countries in designing and implementing truly ubiquitous multi-vendor IoT. Establishing WANI across networks is a much simpler exercise than the one undertaken by UPI, which involved connecting across legacy systems of many banks, as the number of network providers are limited and also because they are already used to inter-connecting for seamless roaming.

WANI 2.0 will provide an alternate connection to private IoT networks, so they can enjoy ubiquitous connection with the same levels of security as within private networks. While countries like China are defining standards for IoT, India can continue to rely on its core strengths of using open standards for a multitude of proprietary IoT networks so long as they use WANI standards for inter-operations. Taking the digital payments analogy further, just as any payment technology or standard is allowed in India so long as it can interface with UPI for inter-operability, WANI can ensure India maintains its technological sovereignty while ensuring that our business/consumer requirements are met in an open and transparent manner.

From a business model perspective, delinking access from networks will allow for a proliferation of access providers—from big branded MVNOs to street- and village-level entrepreneurs. This will also benefit operators by allowing them to focus on providing quality services in limited areas rather than spreading themselves thin. From a consumer perspective, quality will be enhanced while competition will help lower the price thresholds. Studies estimate a positive impact of >$10 billion annually to the Indian economy.

Most industries face disruption every decade or two, but the telecom sector reinvents itself every 3-4 years, given its technological evolution. Unlike the rapid obsolescence of hardware-based technologies, WANI can be further scaled to play a lead role in adapting to emerging technologies like 5G in defining "network slicing" standards (essentially, a mechanism which determines in which component of the network a certain information will be stored). Given the growing concerns about data security and individual privacy, current network slicing discussions are a long way from being implemented. Ensuring adherence to WANI architecture will enable India to adopt network slicing and other advanced features of 5G while maintaining the security and privacy of its citizenry.

> It will benefit operators by allowing them to focus on quality services in limited areas rather than spreading themselves thin. For consumers, quality will be enhanced while competition will help lower prices

Few issues that WANI architecture and its later iterations can solve are:

Separation of access from core network can be provided through virtual network operators (VNOs): WANI is a good example of unbundling/disaggregation—separation of the access from the underlying network through its platform, which could be termed as a perfect 'liberalisation of access'. Again, drawing a parallel with UPI, where digital wallets co-exist with banks, light touch regulation with simpler methods of online registration (as recommended by Trai) can enable many small entrepreneurs become aggregators. As was seen in payments, many larger wallet companies later became payment banks. Such a policy regime will not only enable proliferation of aggregators, but will also allow the larger ones to eventually become VNOs.

India setting its own IoT standards for multi-vendor IoT like the rest of the world: Like other countries, India too will be working on setting standards for multi-vendor IoT (mvIoT) platforms and seamless communication across networks. While that helps, interfacing any mvIoT platform with WANI 2.0 will benefit IoT systems in functioning seamlessly by accessing nation-wide network across multiple technologies. This will not only enable Indian IoT systems to be mobile but also allow users of IoT systems to economically access alternate networks—very essential in a country like ours, where networks lack ubiquity either in terms of coverage or quality. Access to a nation-wide ubiquitous network will also encourage global IoT providers to comply with Indian standards, much like global payment wallets did with UPI.

WANI will disrupt an already fragile ecosystem: Incumbent players across the telecom ecosystem would certainly raise issues regarding the timing and the disruption this will cause. UPI has proven similar fears from banks were unfounded. Additionally, the cost-benefits of seamlessly connecting to alternate networks like WiFi or IoT will allow operators to save on enormous duplication costs with immediate impact on bottom-lines.

No reasons to intervene in a lowest-cost market: India, unlike what is popularly held, doesn't offer one of the cheapest rates for data access globally. The total cost of data includes cost of device, cost to deliver, quality coefficient cost, and cost of access to consumer. Taken holistically, cost to deliver at sustainable levels of quality is over two times higher in India than in the US. It is no small wonder that gaping holes have already appeared in India's telecom story.

The good news is that WANI can perhaps mean a change for telecom similar to how UPI revived the payments industry, which was in the doldrums. Trai's WANI recommendation should be seized without further delay, and architecture should be implemented for unleashing Telecom Revolution 2.0.

*Co-authored with **Kartik Raja** & **Debu Bhattacharya**, Broadband India Forum*

India's RCEP decision: A tactical retreat

Since trade negotiations ultimately boil down to bread-and-butter issues, having no deal is far more prudent than signing up for a bad one

ASHISH KUNDRA

IAS officer, Govt of Mizoram *Views are personal*

INDIA FINALLY OPTED out of the much anticipated Regional Comprehensive Economic Partnership (RCEP). Even in its truncated shape, it remains a formidable economic grouping. Free trade economists have questioned this move, on grounds of its protectionist inspiration. Strategic analysts lament the lost opportunity of being an integral part of the new geo-political alignment. Some have gone so far as to describe it as a failure of the Act East Policy. Indian industry, on the other hand, has hailed the withdrawal for pre-empting the flooding of Indian markets with cheap Chinese imports. Behind this decision to abstain lies the cold logic of economic pragmatism.

At the outset, it needs to be understood that any free trade agreement is merely an instrumentality by which a set of countries choose to accord favourable access to their market, vis-à-vis others, by lowering the ceiling of applicable custom duties. Trade negotiators have a herculean task in arriving at the right balance of concessions, which would enhance market access for goods produced in their country while allowing greater choice to domestic consumers through cheaper imports. In doing so, they have to be equally judicious in assessing the impact of such imports on domestic manufacturing and agriculture. The underlying spirit of such agreements is that nations would draw upon their respective comparative advantage to shape a robust economic partnership. In a nutshell, a fair and balanced agreement, like a good marriage, would be mutually beneficial, without hurting the growth prospects of either partner.

With the virtual collapse of World Trade Organization, regional and bilateral trade agreements have gained salience. RCEP was positioned as a game changer. It embraced the ten nations of ASEAN, and four Asian economic giants—China, Japan, India, and South Korea—apart from Australia, and New Zealand. ASEAN has signed FTAs with the six dialogue partners while India does not have an FTA with either China, Australia, or New Zealand. Economically disparate countries of ASEAN, from Singapore to Laos, have effectively embedded themselves into regional production value chains anchored in China and Japan. On the other hand, Indian experience of FTAs has seen a modest export growth, but a burgeoning trade deficit. This impelled the finance ministry to initiate a review of FTAs, citing concerns about their impact on manufacturing. Contrary to expectations, barring the case of Japan, there has been no significant increase in foreign investment or technology transfer as a result of these FTAs. The proverbial elephant in the room is China. A huge trade imbalance, touching $60 billion, is a sure deterrent, especially at a time when our domestic economy is witnessing a slowdown. The nature of imbalance is more worrisome—we end up exporting commodities, and importing finished goods. A maze of non-tariff barriers and hidden subsidies have ensured that this dynamic remained unaltered over time. It has been argued that Indian negotiators should have sought greater market access for pharmaceuticals and IT, areas of strength. Bilaterally, China has stymied such efforts in the past, and would hardly be expected to cede ground plurilaterally. Concerns of small dairy farmers of India were not unfounded, given that they were pitted against multinational companies of New Zealand, the worlds largest dairy exporter, holding sway over a third of global dairy trade. It is no surprise that we have been unable to conclude our bilateral negotiations with New Zealand even after nine years.

It has been argued that Indian industry has hidden behind a wall of protectionism for far too long, and must open itself to global competition. After all, Indian consumers deserve wider choice at better prices. This may be partly true, but, at the same time, let us not lose sight of the fact that India is still a laggard in the ease of doing business, despite impressive gains in the recent past. Competitiveness of Indian industry must be augmented through deeper economic reforms in critical areas such as labour laws and taxation.

Prime minister Modi invoked Gandhi's Talisman while announcing India's decision to a domestic audience from a global stage. The politics behind all global trade negotiations is always rooted in the local. A couple of years ago, president Trump jettisoned the Trans Pacific Partnership as he believed it was detrimental to the interests of American industry and jobs. If the biggest proponents of free trade adopt a cautious stance towards trade liberalisation, India can hardly be blamed for economic realism. India is no longer the closed economy it used to be decades ago. The focus, at this juncture, should remain on attracting greater foreign investment, which would boost manufacturing, and generate jobs. Having no deal is far more prudent than signing up for a bad one. Strategic arguments apart, in the ultimate analysis, trade negotiations boil down to basic bread-and-butter issues. It is easy to succumb to the rapturous sound of global applause, but far tougher to make a tactical retreat in the larger national interest.

LETTERS TO THE EDITOR

On the slowdown

On the eve of the third anniversary of demonetisation, credit rating agency Moody's Investors Service changed the outlook on the Indian government's ratings from stable to negative even as it reaffirmed the existing foreign and local currency ratings. Two years ago, Moody's had upgraded India's rating. According to Moody's, there has been an increase in the risk that economic growth will remain materially lower than in the past. This is a dismal conclusion about India's future trajectory. Moody's, for all practical purposes, has questioned the efficacy of the government's policies addressing the slowdown. Consequently, the agency expects a rise in India's debt burden. The government has certainly taken some positive steps to mitigate the slowdown, but it still hasn't come up with a coherent vision. Moody's downgrade should serve as a wake-up call to address the economy's structural problems.

— TAM Merc, on email

Maharashtra polls

With the BJP falling short of the required number and Devendra Fadnavis expressing his inability to form the government in Maharashtra, it is not surprising that the Shiv Sena has got the governor's invitation to take over the baton of leadership. Though the Sena has the backing of the NCP, it will also need the support of the Congress to enable it to form the government. Should the 'grand old party' decide to turn its back on the saffron party, the crisis could deepen, and force the state to go under President's rule. The situation is anything but hunky-dory at the moment.

— N J Ravi Chander, Bengaluru

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ARUNA SHARMA

Development economist and retired secretary, GoI. Views are personal

REVIVING GROWTH

Focus on rural India

If panchayat allocations are merged with MGNREGA to aid asset creation, it can trigger infrastructure growth, resulting in extra income and improved conditions

THERE IS A lot of debate around 5% GDP growth and its impact on the organised sector. Although the government has been taking multiple steps to trigger the economy, there is a need to focus on rural India, in terms of optimising of fund allocations and revision of MGNREGA wages. This may improve earnings in rural India, supported by good kharif crop. And, could be the beginning of recovery in consumer goods demand and, eventually, the economy. A further push towards systematic value addition locally in the form of strategic investments in industries and group of Panchayats may provide extra income and employment.

More than two-thirds of the country resides in 6 lakh villages. The 73rd and 74th amendment to the constitution and the finance commission directly providing funds to the local self bodies have transformed rural infrastructure. A panchayat with a population of 2,500 gets around ₹60-70 lakh per annum, one with a larger population of around 20,000 gets ₹2.5 crore. If allocations are merged with MGNREGA to aid asset creation, it can trigger infrastructure growth, resulting in extra income and improved conditions.

The first requirement will be to ensure the development of non-negotiable structures like development of drainage following systematic planning of topography, cement concrete lanes for every habitat in village, source for drinking water, piped drinking water, *pucca* housing, Panchayat bhavan with computer and internet connectivity, appropriate school buildings, play grounds etc. This will require drawing from pool of funds from ministry of rural development, Panchayat, drinking water and sanitation. Funds from human resource department, women and child welfare for *anganwadi* buildings can also be used.

> Of the total developmental funds available to each district annually from both the Centre and the states (₹800-1,200 crore), fund utilisation is only around 60% and the qualitative outcome only 40-50%

Thus, the government will create smart villages and smart panchayats without generating a demand for additional funds. This would also contribute to better health outcomes.

MGNREGA wage revision, which sets the trend of minimum wages in rural India, is long overdue. If wages are revised during kharif pre-harvest, they can increase incomes and thereby spending. In lieu of good monsoon, there is a need to provide farmers the best price for their produce. Demand to match the MGNREGA wages with minimum wages of individual states is long pending. The last time the MGNREGA wages were aligned was in 2009. Two committees in last four years have suggested revisions. One headed by agriculture economist Mahendra Dev suggested indexation of wages as per the consumer price index (CPI) to protect against inflation, as against the previous approach indexing wages with consumption patterns. In 2016, the government set up a second committee to study the financial implications of the Dev panels report. In its 2017 report the Nagesh Singh panel suggested a shift from CPI Agriculture to CPI Rural. The panel highlighted that this could be done by incurring an additional burden of ₹2,500 crore. But the government has not deterred. Even the present allocation of ₹55,000 crore, this is just a 2.9% increase from last year, needs a relook.

Financial inclusion—having an account in 5km radius and ensuring social protection debit—can also trigger the economy.

Social protection can be ensured if the government provides death and accident insurance for everyone, ensures accuracy of BPL data and easy access to financial institutions.

Livelihood opportunities in the vicinity can be created by encouraging value addition to agriculture produce. For instance, vegetable mint be made into menthol. Such solutions will add to the income of households.

This will trigger a consumption economy. The road, internet and financial access itself is good stimulant.

Plethora of issues have to be addressed. The first challenge is the lack of financial resources to match competitive demands. My experience of being an administrator for 37 years shows that lack of financial resources is actually the least of the problems; the main challenge is to set quality standards and establish a system to appraise the status of households and infrastructure to ensure appropriate interventions.

Sustainable development cannot be achieved with the gap between the rich and the poor getting wider; there can be no lasting peace or security in such a society. From the competing demands of a development agenda, the government's first responsibility is to enhance the quality of lives of the poorest citizens. The Millennium Development Goals (MDG) and the new Sustainable Development Goals (SDG), which replaced them in 2015, are not just rhetoric, but a commitment to ensure that no one goes to bed hungry, and that no one misses an opportunity for a better life because of poverty. This can be attained only when disaggregated efforts are made by all elected representatives.

It is estimated that the total developmental funds available to each district annually—combining all the central and state government schemes—are between ₹800 crore and ₹1,200 crore (this does not include the salary component). However, fund utilisation is only around 60% and the qualitative outcome only 40 to 50%. (Budget 2017)

An intergovernmental transfer from the centre to the states takes place through three channels: statutory and other transfers mandated by the Finance Commission, formula-based transfers for State Plan Schemes, and other discretionary transfers by various central ministries. As much as 40% of the total grants are released directly to implementing agencies. As such, the utilisation of available funds under various scheme becomes a function of the institutional setup and efficiency at three levels—panchayats, districts and the state. As the extent of such utilisation has caused some concern in recent years, various aspects of this issue merit a detailed examination. A system and systematic approach is the key to trigger the demand in rural India and, thus, accelerate GDP growth.

RCEP

Rationality or protectionism?

KUSHANKUR DEY

Faculty, CFAM, IIM Lucknow. Views are personal.

Opting out of RCEP had little to do with 'protectionism' on the agri front

INDIA'S DECISION TO opt-out of RCEP trade pact could be a well thought-out plan in the context of agricultural (excluding dairy products) trade. However, whether this decision turns out be prudent or not should be contested in the light of comparative advantage argument.

Directorate General of Commercial Intelligence and Statistics (DGCIS) reported that overall exports of agricultural products had grown by 2.64% in 2016–17, from the previous financial year. The exports of tea, spices, and manufactured tobacco increased by 1.56%, 12.22%, and 2.41%, respectively, while the raw tobacco registered a decline of 4.65%. Some of the major commodities for which India has enjoyed a revealed comparative advantage, registered a negative growth, for example, buffalo meat (-4.07%), basmati rice (-7.75%) and cotton (-16.38%). It is palpable that the share of agricultural sector in total exports has observed a gradual decay from 12.07% in 2016–17 to 11.76% in 2018–19.

Using export and import intensity indices, we assess India's performance. India has relative export competitiveness in agricultural exports over Malaysia, Indonesia, Philippines, and has improved its export trade relations with Thailand and Vietnam. In 2001–2013, India had a very high import intensity with Indonesia, Malaysia, and Vietnam. Its import intensity, however, had been reduced with Philippines, Singapore and Thailand. Though India enjoyed comparative advantage with a gradual decreasing trend in 2001-2008, the situation further worsened in 2009-2011.

Post AIFTA inception in 2010, India regained its comparative advantage in some agricultural products except milk and milk products. In recent times, it has lost comparative advantage in Asean markets for marine products. Thailand, China, Indonesia, Vietnam, and Philippines have emerged as the major rivals because they produce and supply large quantities of farmed shrimp and hybrid fingerlings to the international market.

> India has consciously chosen to opt out of RCEP from balance of trade and balance of payment point of view in the agricultural trade

For meat products, India enjoyed comparative advantage until 2004, the inertia has been observed afterward due to the imposition of stringent non-tariff barriers (NTB) related to process standards, slaughterhouse certification, and other sanitary issues, etc. For edible vegetables and fruit products, India appears to enjoy comparative advantage after China. But due to lack of cold chain or preservation facilities, India lost its edge post-2012. Signing of AIFTA, in 2010, seems to have no impact on fruit exports. Rather, India is facing a setback in rice (non-basmati) exports due to product standard and grade/quality/specification issues. For example, Indonesia and Singapore often import broken non-basmati rice to the extent of 20-25%. Other than non-basmati rice, India enjoys comparative advantage in coarse cereals. In the case of coffee and tea, India lost comparative advantage in coffee over Indonesia, Vietnam, and Thailand and for tea, its competitiveness has been stagnated due to gradual increase in domestic demand and decrease in exports to Russia/USSR countries. For group of spices, India demonstrated the comparative advantage until 2009, but the trend has been bleak after 2013.

It is apparent that India opting out of RCEP pact does not make much sense on account of 'protectionism'. The volume of agricultural trade between India and Asean members has not been very significant due to non-competitive tariff structures. However, in the due course, Vietnam, Thailand, Brunei, Cambodia, and Lao PDR, can give us competition. It is worth noting that in 2018, India reported $14.6 billion trade surplus of agricultural products, especially basmati rice, bovine meat, frozen shrimp and prawns, cotton, and refined sugar. In other words, there should be thrust in exporting of high-value products to Asean and FTA member countries.

India, thus, has consciously chosen to opt out of RCEP from balance of trade and balance of payment point of view in the agricultural trade.

Turning the tables

Effective and efficient utilisation of water for agriculture will act as an insurance against water scarcity, and will provide assurance of food security

DHRUVA KUMAR SINGH

Controller of Accounts, Ministry of Finance, Government of India. Views are personal

INDIA IS FACING an imminent water crisis. Mismatch between demand and supply, in many parts of the country, is growing rapidly. As per a study, the way water resources are depleting ,by year 2030 India can meet only 50% of its current water demand .

Of the total demand for water, around 80-85% is required by agriculture. Households and industries need more to meet the objectives of piped water supply to every household by 2024, under *Har Ghar Nal* scheme, and to increase industrial activities. The government also has the herculean task of providing food security to a growing population. Therefore, any possibility of diverting water from agriculture does not hold good, without putting food security objectives at risk.

Agriculture, undoubtedly, is a water guzzler. Globally, agriculture uses only 70% of water leaving 30% for industries and households. In a report to Niti Aayog, a former ISRO chairman had suggested that water requirements in agriculture can be brought down to 50% of the present demand. This may be difficult to achieve, nevertheless, there is a large scope of increasing farm water efficiencies.

Water crisis in agriculture has emerged primarily due to overuse of ground water, and adoption of flood method of irrigation. Reckless exploitation of ground water, a phenomenon that emerged alongside green revolution, has deteriorated acquifiers.

There appears to be perception deficit regarding the seriousness of the issue. Central Ground Water Board has made block-wise assessment of ground water availabilities and has categorised them as safe, critical, over exploited etc. In 2005, it also prepared a Model bill, to be enacted by states/UTs, to regulate and control the development and management of ground water. The bill seeks to make unregulated extraction of ground water a punishable offence. But in the past fifteen years ,it has been enacted by only 11 states and 4 UTs.

Artificial recharge of ground water and rejuvenation of rivers, lakes and springs etc, in a mission mode is a typical solution to overcome the impending crisis. In 2013, Central Ground Water Board prepared a Master Plan for Artificial Recharge of Ground Water in India to create 11.1 million artificial recharge structures over a decade at a cost of ₹79,178 crore (at 2011 prices). Along with this, water conservation and water harvesting related works comprise a significant part of Development Plan prepared annually at gram panchayat level under MGNREGA. In later half of year 2019, the government launched Jal Shakti Abhiyan to propagate water conservation.

Some of these measures have become successful models of execution. Dhara Vikas or Springshed development works of Rural Management and Development Department(RMDD) of Sikkim led to revival of dried springs and lakes in south and west district of Sikkim. The project was initiated in 2008, in convergence

with other departments and NGOs like World Wildlife Fund etc. In four years, the project resulted in successful recharge of 5 lakes, 50 springs and over 900 million liters of ground water per annum. This was feasible due to scientific planning, use of geo hydrology in selection of sites for digging up contour trenches, forming a cadre of scientifically trained manpower and involvement of the community in planning. The successful rejuvenation of Sasur Khaderi river in Fatehpuri district of Uttar Pradesh took place in a similar manner.

The issue, thus, is not dearth of plan or execution models in governance frameworks with regard to water conservation. To address issues like water security, government needs a multidisciplinary approach, interdepartmental convergence and popular participation.

There has been insignificant investment over the years to increase on farm water productivity. Bad cropping pattern and flood method of irrigation are significant cause of lower water productivities. For example, farmers in water scarce area like Marathwada area use water intensive crops like sugarcane. The government has made it mandatory for sugarcane farmers to use drip irrigation, but a shift of farming practices is required.

The most ubiquitous flood method of irrigation causes 50 % wastage of water. There are a number of scientific tools for drip irrigation, sub-soil drip irrigation which remarkably improve farm water efficiency. But they are still costly, their market size is small, and, often , equipment makers have to act as financier for purchase of their equipment. Any broad based application of water efficient equipment will depend on their availability and affordability. Moreover, these equipment are not equally productive for all crops and in all terrain . A comprehensive area-wise and crop-wise water efficiency audit is imperative to manage on farm water.

Participatory Irrigation Management through Water Users Association(WUA) has yielded mixed results. There is gross disparity across states in terms of formation and functioning of Water Users Associations. For example , the number of WUAs in Bihar is less than 1% than in Andhra Pradesh. Water Users Association can function efficiently only when there is adequate availability of water, accountability and transparency.

There are a number of water efficient farm practices. But the benefits of the switch need to be demonstrated to the farmers. Knowledge gap between farmers, farmers bodies and national and state level agriculture research institutes, Krishi Vigyan Kendras etc. is a big liability.

Effective and efficient utilisation of water for agriculture will act as an insurance against water scarcity, and will provide assurance of food security for the country. Additionally, it will also spare enough water for households, improving quality of lives, and for industries, propelling industrial growth of the country.