LOK SAMVAD

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EDITORIAL

Union Budget 2013-14
A Bundle of Lies and Distortions

- Piyush Pant

Amid speculation of presenting a reformist budget in his inimitable style, the Finance Minister P. Chidambaram, instead, presented a budget which is devoid of any clear direction. It gives confusing signals as to whether his efforts behind the budgetary exercise were to give boost to the economy or was it an exercise in appeasing the electorate in the light of General Elections in 2014.The critics and the observers say that the Finance Minister has failed on both the counts. In a way, Budget 2013-14 reflects the dilemma of the government which emanates from UPA government's continued obsession with achieving the higher rate of growth as if the higher growth rate is the panacea for all the ills of the economy. Our Prime Minister Manmohan Singh never misses an opportunity to reiterate that Indian economy is set to achieve 8 to 9 per cent rate of growth, in the same way as he keeps on naming months when the inflation rate will come down, which never happens. So is the case with the growth rate. Economic Survey 2012-13 informs us that the GDP growth rate for 2011-12 was 6.2 per cent, down from the rosy prediction of 7.1 per cent in the report of the Economic Advisory Council to the Prime Minister in February 2012 and lower than the 6.5 per cent as claimed few months back. In fact, except for brief recovery during 2009-11, the growth rates have always been declining. So much so that the rate of GDP growth for 2012-13 is currently estimated at just 5 per cent. This mindset of the UPA government is clearly reflected in Finance Minister's Budget speech wherein he reiterated that the country must treat growth of GDP as the highest goal(presumably to be achieved at any cost).

So the first obsession with Manmohan Singh government is the Growth Rate. And the other is Fiscal Deficit. During the presentation of the Budget, Finance Minister P.Chidambaram laid great stress on fiscal deficit when he said that the fiscal deficit should be kept in control in order to attain high growth rates. Now the question is growth for whom? Is it for one and all or just for 1 per cent of the people who have all the resources at their command? Agaian, reducing the fiscal deficit at whose cost? Is it at the cost of the poor by gradually withdrawing subsidies from essential items like diesel, gas, fertilizers etc. or by taxing the super rich? (As per business magazine Forbes, India has 55 billionaires with a total net worth of 89.1 billion dollars). Renowned economist C.P. Chandrasekhar questions the government concern for the deficit by saying that a pertinent question relates to how serious the central government actually is about its deficit reduction agenda, whatever may be its public pronouncements. He further says - "the evidence seems to be that the government, which has been proclaiming the need for the sharp deficit reduction since the early 1990s, is not really committed to that goal. Instead this is being used as a slogan to achieve other ends, particularly that of shifting some activities from public to private hands. That's why the Finance minister has not made large increases in outlays in order to keep the fiscal deficit under control". The government's concern is not as much for the people as the fear that international rating agencies may downgrade India if the fiscal deficit is not kept under control. This obsession with fiscal deficit reduction is not new. In his earlier Avatar as Finance minister from May 2004 to November 2008, Chiddu was equally

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obsessed with reducing the fiscal deficit. At that time he used to take shelter under the cover of Fiscal Responsibility and Budget Management (FRBM) Act. Under this Act, all governments have to reduce fiscal and revenue deficits to pre-determined targets every year to eliminate revenue deficit and bring down the fiscal deficit to 3 per cent of GDP by 2009. Today, Mr. Chidambram is taking the plea of 'Economic growth'. Ashima Goyal, professor of economics, says-"The FM is giving too much attention to fiscal deficit. If we look at China, it has invested huge amounts on infrastructure and witnessed high GDP growth rates in years of high deficits. India can afford to do the same." There are many experts who criticize the finance minister for doing things to please the foreign capital (i.e. foreign investors, multilateral agencies and global credit rating agencies). Says senior journalist and activist Praful Bidwai-"This fiscal fundamentalism is dictated by conservative views prevalent among credit-rating agencies, multinational companies and Indian big business. It's driven by an urge to attract private investment at any cost, in particular foreign, coupled with a reluctance to spread the tax-net and raise the tax-GDP-ratio, which has fallen to a low of ten percent." And economist B.B. Bhattacharya has this to say-"Theoretically, there is no optimum limit for fiscal deficit, although there are targets for monetary deficit. There is no optimum limit for domestic borrowings, although there is one for external borrowings……India needs to create jobs, invest in public infrastructure and provide basic amenities, and reduce wasteful expenditure, not essential ones." The way the government is enticing the foreign finance to spurt the economic growth is going to prove counter-productive to deficit-reduction efforts because in order to ensure that global finance remains in the country, it should be given various soaps and the state has to formulate policies which are to the benefit of finance, instead of the people. Therefore the first casualty of a policy openly advocating a growth strategy based on foreign finance is the fiscal deficit and more particularly the expenditures of the government. That's why the government slashed expenditure by Rs. 60,000 crores in 2012-13, compared to the budget estimates presented in the last budget. The reduction in the planned expenditure was to the tune of Rs. 90,000 thousand crores`. Thus it is this huge cut in the budgeted expenditure that allowed the Finance Minister to peg the fiscal deficit at 5.2 per cent of GDP last year.

Moreover, the government continues to hoodwink the people by showing false concern for them as is clear from the much misused term "inclusive growth". In his budget speech, the FM declared the commitment of his government to "inclusive growth". This would imply catering to those sectors of the economy and sections of the population that have not benefitted significantly from growth so far. But the budget fails to address these issues. For instance, the Ministry of Health and Family Welfare has received an allocation of Rs. 37,330 crores, a meager rise from Rs. 34,488 crores allocated in the budgetary estimates of 2012-13. Similarly, the Ministry of Drinking Water and Sanitation has received an allocation of Rs. 15,260 crores, very small hike from Rs.13,000 crores which was the revised estimated allocation to the Ministry in 2012-13. Serva Shiksha Abhiyan and mid day Meal scheme have also been given marginal increase only.

Moreover, the much hyped relief to farmers in the form of 4 per cent interest concession on crop loans does not hold good as there is a condition attached that the repayment should be regular. It is a known fact that in the farm sector there is no guarantee of fixed and regular income and hence the condition of regular repayment should not be thrust upon the farmers. When in other sectors no such condition is laid down while granting concessions then why should farm sector be subjected to conditional relief?

Another hyped feature of this year's budget has been special attention paid to the women, a few congress party functionaries even calling it as "a budget for women". Two vital ingredients of the so called women-friendly budget are creation of a Bank 'dedicated to and catering to women only and proposal to set up a Fund (called Nirbhaya Fund by FM) of Rs.1000 crores to fund initiatives to ensure women's safety. The women's bank has been conceived as the one that" lends mostly to the women and women-run businesses, that supports women SHGs and women's livelihood, that employs predominantly women, and that addresses gender related aspects of empowerment and financial inclusion" with an initial capital of Rs. 1,000 crore provided by the government. But the critics point out that this proposal misses the basic concern that most women have with the difficulties of accessing institutional finance. And the concern is that they are rarely treated as equals. Moreover, this proposal denigrates women as it concedes that women will always remain weak and will need exclusive zones to access resources, thus denying them equal treatment and blocking their path to empowerment. Says Prof. Jayati Ghosh- "It is even possible that confining the concern about women's access to institutional finance to such token measures will have the opposite effect. It is only too easy to picture how women seeking to open accounts or access loans from scheduled commercial banks could be turned away and told to go off instead to the women's bank, where they will get dedicated service. How can such financial ghettoisation can be viewed as progress towards women's economic empowerment?"

Fiscal Deficit

- Fiscal deficit seen at 5.2 point of GDP in 2012/13
- Fiscal deficit seen at 4.8 point of GDP in 2013/14
- Faced with huge fiscal deficit, India had no choice but to rationalize expenditure

Borrowing

- Gross market borrowing seen at 6.29 trillion rupees in 2013/14
- Net market borrowing seen at 4.84 trillion rupees in 2013/14
- Short-term borrowing seen at 198.44 billion rupees in 2013/14
- To buy back 500 billion rupees worth of bonds in 2013/14

Subsidies

- 2013/14 major subsidies bill estimated at 2.48 trillion rupees from 1.82 trillion rupees
- Petroleum subsidy seen at 650 billion rupees in 2013/14
- Revised petroleum subsidy for 2012/13 at 968.8 billion rupees
- Estimated 900 billion rupees spending on food subsidies in 2013/14
- Revised food subsidies at 850 billion rupees in 2012/13
- Revised 2012/13 fertiliser subsidy at 659.7 billion rupees

Growth

- India faces challenge of getting back to its potential growth rate of 8 point
- India must unhesitatingly embrace growth as highest goal

Spending

- Total budget expenditure seen at 16.65 trillion rupees in 2013/14
- Non-plan expenditure estimated at about 11.1 trillion rupees in 2013/14
- India's 2013/14 plan expenditure seen at 5.55 trillion rupees
- Revised estimate for total expenditure is 14.3 trillion rupees in 2012/13, which is 96 point of budget estimate
- Set aside 100 billion rupees towards spending on food subsidies in 2013/14

Revenue

- Expect 133 billion rupees through direct tax proposals in 2013/14
- Expect 47 billion rupees through indirect tax proposals in 2013/14
- Target 558.14 billion rupees from stake sales in state-run firms in 2013/14
- Expect revenue of 408.5 bln rupees from airwave surcharges, auction of telecom spectrum, licence fees in 2013/14

Current Account Deficit

- India's greater worry is the current account deficit - will need more than $75 billion this year and next year to fund deficit

Inflation

- Food inflation is worrying, will take all steps to augment supply side

Tax

- Proposes surcharge of 10 point on rich taxpayers with annual income of more than 10 million rupees a year
- To increase surcharge to 10 point on domestic companies with annual income of more than 100 million rupees
- For foreign companies, who pay the higher rate of corporate tax, the surcharge will increase from 2 pct to 5 per cent.
- To continue 15 point tax concession on dividend received by India companies from foreign units for one more year
- Propose to impose withholding tax of 20 point on profit distribution to shareholders
- Amnesty on service tax non-compliance from 2007
- 10 billion rupees for first installment of balance of GST (Goods and Services Tax) payment
- Propose to reduce securities transaction tax on equity futures to 0.01 point from 0.017 point
- Time to introduce commodities transaction tax (CTT)
- CTT on non-agriculture futures contracts at 0.01 point

Corporate Sector and Markets

- To issue inflation-indexed bonds
- Proposes capital allowance of 15 point to companies on investments of more than 1 billion rupees
- Foreign institutional investors (FIIs) can use investments in corporate, government bonds as collateral to meet margin requirements
- Insurance, provident funds can trade directly in debt segments of stock exchanges
- FIIs can hedge forex exposure through exchange-traded derivatives
- Investor with less than 10 point stake in a company will be regarded as FII, more than 10 point stake as FDI (foreign direct investment)

- Stock exchange regulator will simplify know-your-customer norms for foreign portfolio investors
- To implement quickly recommendations of financial sector legislative reforms commission
- To cut factory gate duty on trucks to 13 pct from 14 pct

Power and Energy Sectior

- Zero customs duty for electrical plants and machinery
- Move to revenue-sharing from profit-sharing policy in oil and gas sector
- To equalise duties on steam and bituminous coal to 2 point customs duty and 2 point cvd (countervailing duty)

Foreign Trade

- To cut duty on exports of precious and semi-precious stones to 2 point from 10 point
- No duty on import of ships, vessels

Banking

- To provide 140 billion rupees capital infusion in state-run banks in 2013/14

Defence

- To allocate 2.03 trillion rupees to defence in 2013/14

Agriculture

- To allocate 801.94 billion rupees to rural development in 2013/14
- Plan to allocate 270.49 billion rupees for agriculture in 2013/14

Sector Wise Allocations

Sector	Allocated Amount in Crores
Minority Affairs	Rs. 3511
Scheduled Caste Welfare	Rs. 41000
Tribal Welfare	Rs. 28500
Dept. of Disability Affairs	Rs. 110
Health	Rs. 33000
Medical Research	Rs. 4727
Water and Sanitiation	Rs. 15269
Crop Diversification	Rs. 9954
Ministry of Education	Rs. 67000
Sarva Shiksha Avijan	Rs. 27257
Ministry of Children	Rs. 17700
Water Purification	Rs. 1400
MNREGA	Rs. 33000
SSA Education	Rs. 27258
Mid-day Meal Scheme	Rs. 13215
Agricultural Research	Rs. 3400
Agricultural Credit Schemes	Rs. 700000
RiceProduction in Eastern Indian States	Rs. 1000
Crop Diversification Under Different Schemes	Rs. 9954 & Rs. 2250
National Food Security Bill	Rs. 10000
NABARD to Bild Cold Storages and Godowns	Rs. 5000
Infrastructure Bonds	Rs. 25000
AIIMS-like Medical Institute	Rs. 1650
Rural Development Projects	Rs. 80194
New Women's Bank	Rs. 1000
Backward Areas	Rs. 11500
Defence	Rs. 220000
Department of Space	Rs. 5400
Department of Atomic Energy	Rs. 5600
National Institute of Sports Coaching	Rs. 253
States and Union Territories	Rs. 580000

Highlights from the Social Sector

Highlights for focal ministries:

1. The Ministry of Rural Development has been allocated a total of Rs 80,194 crore, which is an increase of as much as 46 percent from the revised estimates of 2012-13. Much of this increase can be attributed to the increase in allocations to the Pradhan Mantri Gram Sadak Yojana. The budget estimates for the Ministry of Rural Development for the year 2012-13 stood at Rs 90,435 crores.
2. The Ministry of Human Resource Development has been allocated with Rs 65,867 crores, an increase of 17 percent over the revised estimates of 2012-13.
3. The Ministry of Health and Family Welfare has received an allocation of Rs 37,330 crores, a meager rise from Rs 34,488 crores allocated in the budgetary estimates of 2012-13.
4. The Ministry of Drinking Water and Sanitation has received an allocation of Rs 15,260 crores, an increase from Rs 13000 crores, which was the revised estimated allocation to the ministry in 2012-13.

Highlights for flagship social sector schemes:

1. The Mahatma Gandhi National Rural Employment Guarantee Scheme has been allocated Rs 33,000 crores – an amount equivalent to the budgeted estimates for the scheme in 2012-13.
2. The Pradhan Mantri Gram Sadak Yojana has been allocated a total of Rs 21,700 crore this year, a significant upward increase from Rs 15873 crores in 2012-13.
3. Allocations for the Sarva Shiksha Abhiyan have seen a marginal increase – Rs `27,258 crore has been allocated to scheme this year, while Rs 25,555 crores was allocated to the scheme last year.
4. The Mid Day Meal Scheme has been allocated a total of Rs 13215 crores, also a marginal increase from the budgeted estimates of 2012-13, which

stood at Rs 11,937 crore.

5. The Integrated Child Development Scheme has successfully spent all its allocations for the year 2012-13 and has been allocated 17,700 crore in 2013-14, representing an increase of 11.7 percent, from Rs 15,850 crores.
6. The Ministry of Drinking Water and Sanitation has also received increased allocations to the tune of Rs 2260 crores. It receieves Rs 15,260 in the 2013-14 budget.
7. Allocations to the Jawaharlal Nehru National Urban Renewal Mission have nearly doubled. While the revised estimates last year stood at Rs 7,383 crores, the budgeted estimates in the 2013-14 budget stand at Rs 14,873 crores. It has been proposed that a significant proportion of this increased allocation be used in the provisioning of 10,000 buses, especially in hill states.
8. The Backward Region Grants Fund has received an allocation of Rs 11,500 crore in 2013-14, with an additional sum of Rs 1000 crores specifically allocated to Left Wing Extreme affected states. BRGF will include a State component for Bihar, the Bundelkand region, West Bengal, the KBK districts of Odisha and the 82 districts under the Integrated Action Plan. In addition, the criterion for identification of eligible districts under the scheme shall see revision.

Other highlights relevant to the social sector:

1. The 173 Centrally Sponsored Schemes and Additional Central Assistance schemes shall be restructured in to just 70 schemes. Additionally, it was announced that the centre shall allocate a sum of Rs 5,87,082 crores to the states and union territories as taxes, non-plan grants and loans, and central assistance.
2. 11 lakh beneficiaries have received benefits under the Direct Benefit Transfer Scheme. The government has announced the seeding of bank accounts with aadhar numbers and the extension of the DBT to more schemes by the end of the term of the government.
3. The Rashtriya Swasthiya Bima Yojana covers 34 million families below the poverty line. It will now be extended to other categories such as rickshaw, auto-rickshaw and taxi drivers, sanitation workers, rag pickers and mine workers.
4. The launch of the second phase of the Pradhan Mantri Gram Sadak Yojana was also announced, wherein states who have successfully met their targets of the first phase are eligible to participate.
5. In an effort to bolster financial inclusion, it was announced that all bank branches would have to have an ATM facility. Further, the Rural Housing Fund (that extend loans for rural housing) has been allocated an increased sum of Rs 6000 crores in 2013-14, up from Rs 4000 crores in 2012-13.
6. The establishment of India's first Womens's Bank with an allocation of Rs 1000 crore has been announced. The bank has been set up with a view to address the gender related issues pertaining to financial inclusion.

Allocation to Rural Development, Agriculture and Food Security

A total of 80194 crore Rupees was allocated for Rural Development Ministry, an increase by 46 percent in 2013-14 fiscal year.

Pradhan Mantri Gram Sadak Yojana

Pradhan Mantri Gram Sadak Yojana (PMGSY)-II was proposed for the benefit of those states which have substantially fulfilled the objectives of PMGSY. The beneficiary states will be Rajasthan, Punjab, Maharashtra, Karnataka, Haryana and Andhra Pradesh.

Allocation of funds to Ministry of Agriculture

The Ministry of Agriculture got an increase of 22 percent over revised estimates for 2012-2013. The budget allocation to the Ministry of Agriculture was 27049 crore Rupees. 500 crore Rupees was allocated for initiating the programme on crop diversification.

Pilot Programme on Nutri-Farms

Apart from this, the pilot programme on Nutri-Farms will be started for the purpose of introduction of new crop varieties which are rich in micro-nutrients like iron-rich bajra. A total of 200 crore Rupees would be facilitated for starting this pilot programme.

Support to Farmer Producer Organizations

The Budget will also support the Farmer Producer Organizations (FPO), which also includes Farmer Producer Companies (FPC) that have emerged as the aggregators of farm produce. This will link the farmers directly to the markets.

Agricultural Credit

Agricultural credit for 2012-13, which was 575000 crore Rupees was increased. A target of 700000 crore farm credit was fixed for 2013-14 fiscal year.

Interest Subvention Scheme

The Interest Subvention Scheme for short-term crop loans would be continued for loans by the Cooperative Banks, RRBs, public sector banks and will also be expanded to private scheduled commercial banks. Under this scheme, any farmer who pays back the loan on time would get credit at 4 percent annually.

National Livestock Mission

Apart from this, 307 crore Rupees was set aside for National Livestock Mission in order to attract

investment and enhance livestock productivity. A submission of this National Livestock Mission was also started for increasing the availability of feed and fodder.

The Union Finance Minister announced the possibility of National Food Security Bill to be passed by the Parliament and 10000 crore Rupees was set aside for incremental cost which would occur under the Act.

Defence allocation up by 5 per cent

The government proposes to increase Defence allocation to Rs 203,672 crore in 2013-14, up by 5 per cent over that of the last year.This includes Rs 86,741 crore for capital expenditure.

Finance Minister P Chidambaram who presented the 2013-14 Budget in Lok Sabha on Thursday, assured the House that "constraints" would not come in the way of providing additional requirement for the country's security.

The Defence Ministry had been "most understanding,"

Chidambaram said, allaying concerns that the recent corruption charges in Defence deals and the consequent controversies would hold up Defence modernization programmes.

Today's allocation is up by Rs 25,169 crore from that of the last year's revisited estimate of Rs 1,78,503 crore.

The budget estimate last year was Rs 1,93,407 crore. However, the Finance Ministry had slashed Rs 14,900 crore because of the difficult economic situation.

India has embarked on a massive Defence modernization drive and is expected to acquire 126 fighter jets.

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India Budget 2013-14: Women Let Down Again

By: Vibhuti Patel

A look at the Union Budget of India this fiscal year through the gender lens reflects its gross inadequacies on most fronts. The government has done nothing to change its shameful track record on gender budgeting.

The Union Budget 2013-2014 has allocated Rs. 97134 crores for addressing gender concerns in the budget (less than 6 % of the total budget) and Rs. 77236 crores for children. This budget needs to be understood in the historical context of the social parameters of the country. India's record for achieving the Millennium Development Goals has been extremely poor as compared to several African, Latin American and Asian Countries. In the international arena despite the attempt to portray a 'Shining India', the country has been named and shamed continuously for not being able to reduce its maternal and child mortality rates, wide spread anaemia and malnutrition among women and children, starvation deaths in certain pockets, sky rocketing prices of essential goods, namely food, water and cooking fuel.

It's in this context one must examine the Union Budget 2013-14. Last year the allocation for gender in the budget was Rs. 18,878.5 crore. Due to sustained pressure from the women's groups and gender economists, separate budget allocations for women and children were made in 2012 budget.

Budget for women in difficult circumstances

The financial allocation of Rs. 200 crore for the 'most vulnerable' groups including single women and widows is an eye wash. Such a paltry amount cannot support schemes like Swadhar, working women's hostels, one-stop crisis centres, a national helpline and the effective implementation of the Prevention of Domestic Violence Act and the recently passed Sexual Harassment at Work Place Act.

Multi-sectoral Programme for reducing maternal and child malnutrition

This programme announced last year is to be implemented in 100 districts during 2013-14. It has been allocated Rs. 300 crores to scale up to cover 200 districts the year after. This is a grossly inadequate fund allocation which seeks to address 40% of children and 55% women in India who are malnourished.

Integrated Child Development Scheme (ICDS)

The ICDS gets Rs. 17,700 crore for this fiscal year. In response to galloping inflation, the amount is quite inadequate. A successful implementation of ICDS requires nearly Rs. 3 lakh crore over the 12th plan period as per an estimate made by nutrition experts while allocation has been for Rs. 1.23 lakh crore. Besides this, financial provisions for social security and additional remuneration for Anganwadi Workers and ASHAs, the principal carriers of the flagship schemes have not been made.

Anti-poverty programmes and National Health Mission

The budget has enhanced the allocation for anti-

poverty programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (Rs. 33000 crores) and the flagship centrally sponsored scheme for public health-National Health Mission (Rs. 21239) whose principal beneficiaries are women as they are the poorest of the poor. The allocation for women specific schemes for economic services, welfare services and social defense have been increased up to 8500 crores.

Public sector bank for women

The budget has also announced an allocation of Rs. 1000 for an all-women public sector bank in which both the management and clients are expected to be women. The state owned Women's Bank will work for financial inclusion and empowerment of self help groups, women entrepreneurs, self employed women and support livelihood needs of women. At last, the state finds women bankable!

The Reserve Bank of India will have to complete all formalities of license of the women's bank by October, 2013. Bitter experience with private micro finance institutions (MFIs) who behaved like financial sharks charging 24%to 48% interest, used Self Help Group's as foot soldiers and drove poor women borrowers to commit suicide due to harassment, has made rural and urban community based organizations disenchanted with the private MFIs. In this context, the announcement of a public sector women's bank has given new hope to community-based women groups.

Nirbhaya Fund for empowerment of women

The sustained agitation by Indian youth and women after the gang rape of the 23-year-old (who was named by media as Nirbhaya) physiotherapist in a moving bus on 16th Dec. 2012 shook the whole world. To appease the angry youth, the budget has announced Rs. 1000 crore as seed money for a 'Nirbhaya Fund'. However, there is no clear mandate for this Fund – that it will be used for rehabilitation of survivors of sexual violence and acid attacks.

Inadequate funds for education

There is no increase in allocation to education as suggested by the Kothari Commission in 1966. The focus on Sarva Shiksha Abhiyan is not enough. Aspirations for higher education have enhanced exponentially among Indian Youth. Government aided higher education and vocationalisation of education is the need of the hour. The Union Budget 2013-14, has failed in its duty towards the masses by leaving higher education to the private sector.

No fund for housing for women

In spite of repeated demands from the women's movement for over 30 years, specific allocations for safe houses and shelters for women who face domestic violence, incest, and for homeless women has not been made. Girls and women facing incest are forced to stay in the same house as their molester for want of a safe shelter. Homeless women remain ever-vulnerable to violence on the streets.

To win over middle and upper class women, the budget has offered an incentive of raising the duty free baggage limit for jewellery for women passengers to Rs 100,000, subject to some conditions.

From 2004 to 2013, 56 ministries have set up Gender Budget cells. But to make their fiscal policy gender responsive has been an uphill task. Galloping inflation has affected the toiling poor women of India adversely whose real wages have declined sharply. Due to the withdrawal of the state from the social sector, women's work burden in the unpaid care economy (cooking, cleaning, nursing, collecting fuel, fodder, water, etc) has increased many-fold. The subordinate status of women manifests in declining child sex ratio i.e. 'missing girls phenomenon', deteriorating reproductive and child health, feminization of poverty, increased violence against women, enhanced mortality and morbidity among girls and women and deplorable condition of elderly women.

Suggestions

1. Efficient utilization of funds

The Ministry of Women and Child Development suffers from under-utilization of funds, therefore there is need of increasing public awareness of all women specific schemes by effective communication through community radio/ FM channels, electronic and print media in all regional languages. Leaflets on each scheme with a simple format explaining the procedure should be provided to be distributed at the Gram Sabha, the District councils and the Public Relations Department of State Governments. A Central Help Desk for women must be established at Shastri Bhavan, Delhi to look into redressals in cases of apathy by the state government.

2. State government participation

In Centrally Sponsored Schemes, where the Centre gives 50% or 60 % or 75 % share of the funds and the state government is expected to give 25 %, the ministry should pressurize the state government to contribute its share of fund, land, building etc. so that schemes can be implemented.

3. Reduce processing days

Political decentralization must be supported by financial decentralization. Once the fund is parked in the ministry, schemes and programmes must be immediately clocked so that fund flow is made available to the local self government bodies within a

month. Processing of proposals by women's groups, SHGs and elected women representatives must be done within 15 days of submission.

Checks and balances that need to be in place to make gender budgeting more effective

a. Provide for people's participation in both budget making and its utilization to make expenditure process transparent.

b. Women's groups and citizen's organizations should use Right to Information to deal with bureaucratic apathy/antipathy, bungling, corruption and leakages.

c. The Ministry must clearly spell out various components of funds, functions and functionaries in a particular scheme/programme.

d. The government must build capacity of elected women representative with regards to budget making, proposal writing and proposal defending, maintenance of accounts, and RTI.

e. Evaluation Studies need to be commissioned to highlight the gap between plan outlay and outcome, local and global implications of pro-poor and pro-women budgeting, alternative macro scenarios emerging out of alternative budgets and inter-linkages between gender-sensitive budgeting and women's empowerment.

f. Government departments must be sensitized about the visibility of women in statistics and indicators by holding conceptually and technically sound training workshops by gender economists.

(Prof. Vibhuti Patel is active in women's movemetn in India since 1972 and currently teaching at SNDT Women's University, Mumbai)

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Budget 2013-14: Chidambaram Takes a Growth Gamble on Supply Side

By: Ashok Dasgupta

Finance Minister keeps the basic slabs and income tax rates unchanged

In a gamble that draws on fiscal prudence and political pragmatism in equal measure, Finance Minister P. Chidambaram sought to kick-start the engines of growth by providing incentives for productive investment, stepping up expenditure in social sectors to invigorate the economy in the longer term and giving a token tax break at the lowest slab rate to offset the inflationary burden on the middle class.

To provide for the various increased allocations, Mr. Chidambaram moved to tap the well-heeled by way of a one-year surcharge of 10 per cent on the 'super rich' section of tax payers – all 42,800 of them, that is — along with duties on imported or domestic luxury vehicles such as SUVs, mobile phones (priced over Rs. 2,000), and what has been the tax horse of most Finance Ministers —cigarettes. With other minor tinkering of duties, including TDS (tax deducted at source) on sale of property worth Rs. 50 lakh, the net additional tax revenue in the kitty works out to Rs. 18,000 crore.

However, given the challenges that he faced by way of low growth, high inflation, the widening fiscal and current account deficits coupled with lower than targeted revenue collection during 2012-13, Mr. Chidambaram may have disappointed taxpayers looking for some major breaks. But he did provide a tax break of Rs. 2,000 to individual tax payers with taxable income of up to Rs. 5 lakh. This itself is estimated to benefit 1.8 crore tax payers and work out to a revenue sacrifice of Rs. 3,600 crore. Likewise, first-time buyers of affordable homes will get an additional deduction of interest of Rs. 1 lakh for home loans up to Rs. 25 lakh, which will be over and above the current Rs. 1.5 lakh deduction allowed for self-occupied dwellings.

While doing a shade better than the targeted fiscal deficit of 5.3 per cent of GDP at 5.2 per cent for the current fiscal, Mr. Chidambaram has stuck to his target of 4.8 per cent of GDP for 2013-14, even while stepping up defence allocation by 14 per cent over the revised estimates in the current fiscal. Similar hikes have been proposed in various sectors. although it is clear that he managed to create a cushion through compression in spending during the current financial year. Expenditure under several key heads, including roads and rural housing actually fell in the current fiscal compared to the previous year.

On domestic corporates with taxable income of Rs. 10 crore, the surcharge has been raised from 5 per cent to 10 per cent, while foreign companies will pay an increased surcharge of 5 per cent instead of two per cent earlier. The Finance Minister noted that the

surcharges will be in place just for a year to tide over the difficult situation although the three per cent education cess will continue to be applicable on all tax payers.

Tax evasion

To eliminate tax evasion through under-valuation and under-reporting of property sale transactions, Mr. Chidambaram proposed a TDS of one per cent on all transfers of immovable properties for a consideration above Rs. 50 lakh, while exempting agricultural land from the levy. Alongside, while marginally reducing the Securities Transaction Tax (STT), he introduced a new Commodities Transaction Tax (CTT) on non-agricultural commodities futures, possibly to keep a trail on trading in bullion.

As for indirect taxes, the peak customs and excise duties and service tax, all remain unchanged although the import duty on high-end luxury cars, motorcycles and yachts have been raised from 75 per cent to 100 per cent and excise duty on SUVs from 27 per cent to 30 per cent. An additional excise of 18 per cent has also been levied on cigarettes, cigars, cigarillos and cheroots.

Some more, some less

Though cell phones and air-conditioned restaurant meals will cost more, some items will be cheaper too. Readymade garments, carpets and floor covering of coir and jute will cost less owing to reduction in excise duty.

As for service tax, apart from adding to more items in the negative list which will not come under tax, the Finance Minister announced a one-time amnesty scheme in which 10 lakh service tax assessees can avail of a voluntary compliance facility wherein penalty and interest will be waived for returning to the tax fold.

While the direct tax proposals will bring in Rs. 13,300 crore, those on the indirect tax side will rake in Rs. 4,700 crore during the new fiscal.

Mr. Chidambaram also raised the target from disinvestment proceeds to over Rs. 55,000 crore for the new fiscal as compared to the current fiscal's revised estimate mop-up of about Rs. 24,000 crore.

Apart from these, the budget has also proposed measures to promote household savings by raising the income limit for Rajiv Gandhi Equity Saving Scheme for first time investors raised from Rs. 10 lakh to Rs. 12 lakh and keeping the option open for such investors to three years.

Inflation-indexed bonds

Also, to wean away investments in securities like gold, the Finance Minister proposed financial instruments such as inflation-indexed bonds so as to protect personal savings from inflation.

"All flagship programmes have been fully and adequately funded. I dare say I have provided sufficient funds to each Ministries or departments consistent with the capacity to spend the funds," Mr. Chidambaram said in his Budget speech.

(Courtesy: The Hindu)

A Recipe for Continuing Stagflation

By: Jayati Ghosh

This was never going to be an easy budget to present. Finance Minister P. Chidambaram had to juggle many different considerations, but three must have dominated. First, the need to bring the economy out of its current spiral of stagflation, with investment and economic activity both decelerating even as inflation continues to rule very high. Second, the need to impress the global "epistemic community" — consisting of rating agencies, representatives of international capital and domestic big business generally as well as other mainstream figures — all of whom share the view that fiscal rectitude is always desirable and the only deficits that can be tolerated are privately generated ones. Third, the need to placate his own party and others in the Indian political establishment who are concerned at how the announcements he makes in this budget speech and related economic policies will affect the common people of the country. The last consideration is important because this is the last full budget before the next general election, which is due in a little over a year.

Those analysts who have gathered some idea about Mr. Chidambaram's own predilections will have known what to expect. The Finance Minister is a fiscal hawk who is much more likely to prefer fiscal contraction in most circumstances, even when economic growth is on a downward trend. He is also a champion of the interests of large private capital. While he is no doubt currently constrained by the political compulsions of a government soon to face elections, he has clearly sought to achieve the second objective, even if at the cost of generating more stagflation and making material conditions harder for much of the population.

Not surprisingly, his speech had to obfuscate this unfortunate reality. In what will probably go down as one of the most boring, repetitive and scattered budget presentations in recent memory, Mr. Chidambaram did not work with smoke and mirrors so much as rely on the deadening effect of providing detailed minutiae of particular programmes and making various vague claims and proposals, often even without providing the fiscal content of such plans.

Macroeconomic implications

In the event, his silences were actually the more important part of his speech. For what the Finance Minister did not actually outline were the macroeconomic implications of his chosen strategy of fiscal consolidation at all costs. The approach seems to be that showing some amount of fiscal consolidation is essential, that this can only be achieved through cutbacks in spending (regardless of how this translates into supply shortages or higher inflation in future) and that growth will miraculously return once private investors (both domestic and foreign) are persuaded that fiscal deficits will be kept in check. The positive role that public spending plays — in providing essential infrastructure that is the basis for future growth, in improving the conditions of life and productivity of the people as a whole, in generating internal demand at a time when external demand is problematic, and in ensuring some stability in the prices of essential items of mass consumption — all these have simply been ignored.

Consider what has been achieved in the current fiscal year: containment of the fiscal deficit to an "acceptable" level of 5.2 per cent of GDP, essentially by sharp reductions in much-needed Plan spending. The revised estimates for the current fiscal year show that Plan spending was nearly 20 per cent below the budget estimates for 2012-13. This was effected by across the board cuts in all the major sectors, including those that directly affect the livelihood and well-being of the people. Some sectors suffered severe cuts, with unintended consequences that we may have yet to experience — for example, actual plan spending on irrigation and flood control is estimated to be only one-third of the budget amount, while important sectors like industry and minerals, science and technology and communications also suffered deep cuts. Even agriculture, rural development and social services (health and education) experienced sharp cuts in actual expenditure in comparison to the allocations made in the budget last year.

But the proposed budget is slightly more cynical in its approach to fiscal consolidation. To begin with, there are fairly extravagant claims about future tax collections on the basis of very minor increases in some taxes (with even the most optimistic self-assessment suggesting additional resource mobilisation of only Rs.18,000 crore in total). Despite this, the FM has budgeted for a significant increase in tax collection of 19 per cent, even though nominal GDP is projected to increase by only 12.9 per cent. It is hard to understand such a buoyant prediction, especially when the current year already shows a significant shortfall of more than five per cent of actual tax collections over the budgeted amount.

Meanwhile, while Plan outlays have been increased slightly over the low revised estimates of the current year, they show hardly any increase when compared to the budget estimates for the current year. And the worst sting in the tail is the proposed reduction/

elimination of fuel subsidies: the total subsidy bill is to be brought down by more than Rs.26,000 crore — almost entirely on account of reduced outlays on fuel subsidies. With global energy prices still ruling very high, this can only mean that the Central government is preparing to force Indian consumers to pay global prices for fuel, even though per capita incomes are only a small fraction of the global average.

Since fuel is a universal intermediate, this is bound to affect all other prices, including those of essential goods and services like food, transport and so on. And so this is an aggressively inflationary move, which is more than surprising if the government is truly concerned about containing inflation and particularly food prices.

As a result, Budget 2013-14 will deliver neither higher growth nor improved conditions of life — instead it is likely to worsen the stagflationary tendencies in the economy. Given that poor employment conditions and food insecurity are rapidly emerging as the most significant political issues, this seems like political hara-kiri. Once this reality sinks in, it is likely that even people in Mr. Chidambaram's own party are likely to become more restive about this strategy.

(Courtesy: MacroScan.org)

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Plan Spending on Social Sectors and a Paradox in Budgetary Policies

By: Subrat Das

We may note here that "social services" or "social sectors" include those sectors where government interventions are expected to have a direct influence on human development, such as, education, health and family welfare, water supply and sanitation, social security and welfare, and nutrition. Over the past few years, several policymakers and development policy analysts have commented that the Central government has increased the magnitude of budgetary support for social sectors considerably since 2004-05, and that the problem in social sectors now is not of shortage of resources but rather poor implementation or poor utilization of these resources. However, this is a misleading hypothesis, which does not take into account some of the key aspects of the federal fiscal architecture in India and the causal factors underlying the phenomenon of poor utilization of funds in social sector programmes and schemes.

What other countries spend

Over the past 15 years, the direct contribution of the Central government in total public spending on social sectors has been only around 30 per cent, which is less than 2 per cent of GDP every year. Hence, the gradual increase in social sector spending in the Union Budget witnessed over the past eight years (between 2004and 2005) has not translated into any visible increase in overall public spending on these sectors, as most of the state governments have not made any significant increase in their budgetary spending on these sectors. In 2012-13 (Budget Estimates), the Union Budget outlay for social sectors was around 1.9 per cent of GDP; India's total public spending (combined budgetary spending by Centre and states) every year on social sectors continues to be less than 7 per cent of GDP.

Most of the developed countries have been investing much greater magnitudes of public resources on social welfare for decades now; the average level of budgetary spending on social sectors in the Organisation for Economic Cooperation and Development (OECD) countries in 2006 (excluding their social security payments) was 14 per cent of GDP, more than double the level of budgetary spending on social sectors in India.

Given that most of the developed countries and some of the developing countries have been spending much higher magnitudes of their public resources on social sectors for decades now, and that deficits in social sectors in India can be expected to have aggravated over time because of the persistence of the problem of resource shortage, the present level of public spending on social sectors in India cannot be considered adequate.

The poor quality of infrastructure in these sectors (schools, hospitals, healthcare centres and anganwadi centres, for example), the shortage of qualified and trained human resources for delivery of services (teachers, doctors, para-medical personnel and anganwadi workers included), the shortage of human resources for management of the programmes (staff for monitoring and supervision and finance and accounts staff) and the unacceptably low levels of unit costs for provisioning of various services in these sectors are all manifestation of the acute shortage of public resources in social sectors in India.

However, as observed earlier, the under-utilization of available budgetary resources in some of the states has been cited by many observers and policymakers

as the key problem in social sectors in the country at present. We need to note in this context that the problem of under-utilization of available budgetary resources is prevalent mainly in the Central programmes/schemes in the social sectors and not in the general budgetary resources provided mostly by the state governments for these sectors.

Public expenditure in India is usually divided into two categories—Plan expenditure and Non-Plan expenditure. Plan expenditure refers to all kinds of government expenditure (expenditure on capital heads, like, school buildings, hospital buildings, roads and bridges as well as those on revenue heads, like, salaries of staff, wages of workers, textbooks and medicines) incurred on the programmes / schemes laid out in the ongoing Five Year Plan (such as Sarva Shiksha Abhiyan, Mid-day Meal scheme, and Integrated Child Development Services).

Non-Plan expenditure refers to all kinds of government expenditure that is outside the purview of the Five Year Plan (such as expenditure on defence services, interest payments, organs of the state, and those on the running of existing government institutions in different sectors). In the case of Non-Plan expenditure in social sectors, a very large part of this category of expenditure in the states is meant for the salaries of staff working for the government.

Since such payments are in the nature of entitlements, it would be a lot easier for the government departments to disburse the funds meant for such payments when the staff members concerned are already in place. Hence, there is hardly any concern noticed with regard to the ability of the state governments to utilize their Non-Plan budget outlays in social sectors. With regard to Plan expenditure, however, several states have shown noticeable levels of under-utilization of Plan budget outlays, especially in the social sectors.

Hurdles in the path of funds utilisation

The findings of a series of studies conducted by the Centre for Budget and Governance Accountability (CBGA), New Delhi (Budgeting for Change series of studies, carried out with support from UNICEF India) throws light on a set of institutional and procedural constraints, which need to be removed in order to enable the states to effectively utilize greater magnitudes of plan outlays in the social sectors. This study has analysed the implementation of major Plan schemes in social sectors, like, Sarva Shiksha Abhiyan, National Rural Health Mission, Integrated Child Development Services and Total Sanitation Campaign, at the district level in select states.

The study finds that a number of problems have been observed across various states, particularly in the backward states, over the past few years, which are:

(i) Low capacity of some of the states to increase spending in the Plan schemes; and

(ii) Poor quality of spending/fund utilization in the Plan schemes.

Some of the main reasons for such under-utilization of Plan outlays by the states in the social sector schemes can be traced to the institutional and procedural bottlenecks in the process of implementation of Plan schemes and deficiencies in the planning process being followed at the district level.

The said study by CBGA identifies a number of factors responsible for the above-mentioned problems in fund utilization in Plan schemes, which can be broadly divided into the following categories:

(a) The first set of factors pertains to the deficiencies in decentralized planning being carried out in most of the schemes, which is caused by a shortage of staff to carry out planning activities, lack of emphasis on training and capacity building of staff and community leaders for decentralized planning, and inadequate emphasis on community participation in the planning process.

(b) The second set of factors pertains to bottlenecks in budgetary processes in the schemes, such as delay in the flow of funds, delay in sending sanction orders for spending, decision-making being centralized within the states, low delegation of financial powers to the district and sub-district level authorities, uniform norms of Centrally-sponsored schemes for all states, very low unit costs that are unrealistic, and weak monitoring and supervision of programme implementation activities.

(c) The third set of factors relates to systemic weaknesses in the government apparatus in the states, particularly the backward states. A shortage of trained, regular staff for various important roles like management, finance/accounts and frontline service provision has weakened the capacity of the government apparatus to implement Plan schemes.

As regards the systemic weaknesses in the government apparatus in the states, it can be argued that Non-Plan expenditure by the state plays an important role in improving the overall capacity of the government apparatus. Non-Plan expenditure shapes, to a significant extent, the strength of the state government apparatus in terms of the availability of regular qualified staff and adequacy of government infrastructure, for implementing Plan programmes/ schemes. However, over the past decade, Non-Plan expenditure in social services has been checked by

many states due to the emphasis of the prevailing fiscal policy on the reduction of deficits through the curtailment of public expenditure. As a result, the overall capacity of the government apparatus to implement Plan programmes/schemes has been adversely affected.

Centre has to play enabling role

Thus, the overall budgetary spending on social sectors in India continues to be far below the desired levels, the availability of resources has improved only in specific programmes/schemes launched by the Central government ministries in some of the social sectors, and the problem of under-utilization of available budgetary resources too is prevalent mainly in such Central programmes/schemes. Also, the inability of the state governments to fully utilize the available funds in the Central schemes is rooted in the fact that some aspects of the fiscal policy adopted over the last decade have resulted in systemic weaknesses in the government apparatus in social sectors across many states—the rigidity in the norms, guidelines and unit costs governing the Central schemes and the lack of fiscal decentralization from Centre to state governments as well as from state government to local governments.

Hence, the country needs to have a fiscal policy that enables the state governments to increase Non-Plan spending in the development sectors. The institutional and procedural bottlenecks in planning, fund flow and fund utilization processes need to be removed through concerted efforts by both the Centre and the states. Moreover, there is also a need for imparting a lot of flexibility to the states vis-à-vis the norms, guidelines and unit costs in the Central schemes.

(Courtesy: Down to Earth)

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Economic Survey: 2013/14 GDP Growth Seen at 6.1-6.7 Per Cent

Claiming that the 'downturn is more or less over', the pre-Budget Economic Survey on Wednesday projected an optimistic 6.1 to 6.7 per cent growth in the next fiscal and made a strong call for cutting subsidises.

While pegging the GDP growth at an estimated 5 per cent for the current fiscal, the Survey tabled in Parliament by Finance Minister P. Chidambaram said, "...the overall economy is expected to grow in the range of 6.1 to 6.7 per cent in 2013-14" as the economy is looking up.

"Controlling the expenditure on subsidies will be crucial. The domestic prices of petroleum products, particularly diesel and LPG need to be raised in line with their prices prevailing in the international market," the Survey said.

The annual report on challenges facing the economy was prepared by Raghuram Rajan, the former chief economist to the International Monetary Fund (IMF) who became the top adviser in the finance ministry last year.

It noted that a beginning has already been made with the decision in September last to raise the price of diesel and again in January to allow oil marketing companies to increase prices in small increments at regular intervals. The number of subsidised gas cylinders has also been capped at 9 per household.

Predicting that the headline inflation will decline to between 6.2 and 6.6 per cent by next month, the Survey said that elevated food inflation would continue to remain an area of concern as it inched towards double digit in December 2012.

The Survey emphasised that efforts will have to be made to contain subsidies through better targeting and for reducing leakages involved in their delivery. One such initiative is direct benefit transfer (DBT) scheme.

The Survey said while India's recent slowdown is partially rooted in external causes, domestic causes are also important.

The strong post-financial-crisis stimulus led to stronger growth in 2009-10 and 2010-11. However, the boost to consumption, coupled with supply side constraints, led to higher inflation. Monetary policy was tightened even as external headwinds to growth increased.

The economy is projected to grow at 5 per cent in current fiscal, the lowest in a decade. It was 6.2 per cent in 2011-12 and 9.3 per cent a year ago.

The projections of 6.1 to 6.7 per cent growth next fiscal takes into account normal monsoon, moderation in inflation rate and mild recovery in global growth.

By: Sona Mitra

The world trend is to move towards public health systems, but developments in India seem to be in the opposite direction

The government of India is yet to recognise and institutionalise the right to health as a universal right of every citizen. India's public spending on health, at about one per cent of the country's GDP, has been among the lowest in the world. On the other hand, with a high burden of out-of-pocket spending on health, millions of people are reportedly being pushed below the poverty line every year. As a result, provisioning for healthcare has emerged as the most critical public policy challenge confronting India at the present juncture. In this context, the present article focuses on the 12th Five Year Plan's proposals for the health sector for the next five years.

The 12th Five Year Plan document promises a lot of deliverables in the health sector over the next five years. It envisages a National Health Mission, moving the National Rural Health Mission (NRHM) into the urban sphere, and launching of an all-inclusive health mission that would work towards achieving universal healthcare in the country. In a welcome initiative, the plan document proposes to increase India's overall public spending on health (combined spending on health by the Centre and all states) to 2.5 per cent of GDP (including budgetary allocations made towards Water and Sanitation, Integrated Child Development Services and Mid-Day Meal scheme) by the end of the 12th Plan period. The 12th Plan proposes an allocation of Rs 2,68,551 crore for the next five years, which is a significant increase from the total Plan expenditure on health over the 11th Plan period. It rightly recognises the need to reduce out-of-pocket expenditure of households on health and step up the share of public spending on health to almost 70 per cent of total health spending (government spending and out-of-pocket spending) from a current share of roughly 30 per cent.

The Plan document also highlights the importance of enhancing availability of drugs within the public healthcare sector, for which the Plan proposes to set up 3,000 more Jan Aushadhi Stores in rural areas across the country, during the five-year period, where medicines would be provided free of cost. With regard to this specific proposal, there exists a growing expectation from the Union Budget 2013-14 that it would make a separate allocation of up to Rs 30,000 crore for financing the provisioning of 348 major generic drugs free of cost within the country as a step towards universalising access to medicines in rural areas.

Enter PPP

However, the roadmap for financing of the proposed allocations for health over the next five years is where the dichotomy of the Plan surfaces. While suggesting certain initiatives like introducing "sin tax" on harmful items like alcohol and tobacco for financing the health sector, the Plan proposes general tax revenues as the principal source of finance for public health, to be supplemented by partnerships with the private sector and contribution of corporate sector as part of corporate social responsibility. The Plan proposes to increase public expenditure on health by 34 per cent annually for the next five years and also proposes to keep the share of Centre-state expenditure at the existing 30:70 ratio.

We may note here that in 2004-05, the United Progressive Alliance government at the Centre had acknowledged in its charter of governance, the National Common Minimum Programme (NCMP), that it needed to increase the country's total public spending on health to the level of 2-3 per cent of GDP by the end of its tenure—financial year 2008-09. Now, a similar target (or rather, a more diluted version) has been set for stepping up the country's public spending on health for financial year 2016-17. This only implies that the government is not very keen to acknowledge the implications of the acute shortage of financial resources for health sector, which have persisted over the last decade.

As regards the proposed division of financing responsibility between the Centre and the states, given the growing dominance of the Centre in the domain of public resource mobilisation in the country (in collection of tax revenue), the inability of several backward states to step up their own mobilisation of revenue, and the shrinking share of untied transfers to states within the total transfers from the Centre, it was necessary for the Planning Commission to ask the Centre to shoulder a bigger share of the financing responsibility in the next Plan period instead of continuing with the same 30 per cent share in overall public spending on health. In fact, unless the 14th Finance Commission suggests some radical changes in the domain of Centre-state sharing of resources (which seem unlikely from the terms of reference given to this Finance Commission), the 12th Plan period might not witness significant increase in states' spending on health, which in turn would imply that the country's overall public spending on health would continue to be much lower than the required levels.

Instead of ensuring adequacy of financial resources for provisioning essential health care to all, there seems to be a wishful thinking on part of the Planning Commission to expect large contribution from the private sector for creating universal access to health care. This, in fact, comes across as the growing unwillingness of the government to provide for a healthy existence for the poor and vulnerable sections of the population. It also reflects the willingness of the Planning Commission to usher in private operators as partners within the public sector health care system.

No roadmap for achieving development goals

This is where the dichotomy of the Plan document gets reflected. While the Planning Commission on the one hand recognises the increased burden on the households due to an increase in the share of private service providers within the health sector and highlights the demerits of such services, it moves ahead with a roadmap of providing the private operators with a public infrastructure without any robust system of regulations and monitoring mechanisms. Experts have correctly pointed out that with such an approach the government ends up subsidising the private sector instead of the people.

Taking into account the international experience, in countries with universal access to health care like those in Europe or Latin America, the systems have been achieved through government. In Asia, universal healthcare in Sri Lanka and Thailand has also been achieved by active participation of the government. While the world trend is to move towards public health systems, the developments in India seem to be in the opposite direction.

Despite accepting or acknowledging that the country faces an acute shortage of skilled human resources (to the extent of at least 6.4 million skilled people), the country is still far from fulfilling the Millennium Development Goals (MDGs) in health (in terms of reducing infant and maternal mortality rates and improving child sex ratio, TFR and malnutrition among children). Studies have shown increased poverty levels among rural population due to high expenditure on health, and an acute need to increase per capita public spending on health. But the Plan document fails to provide a solid roadmap for generating adequate financial resources and depends on the private sector for additional resources. The approach of the plan document, if analysed closely, therefore, raises doubts on whether we are moving towards universalisation of healthcare or moving away from it.

(Courtesy: Down to Earth)

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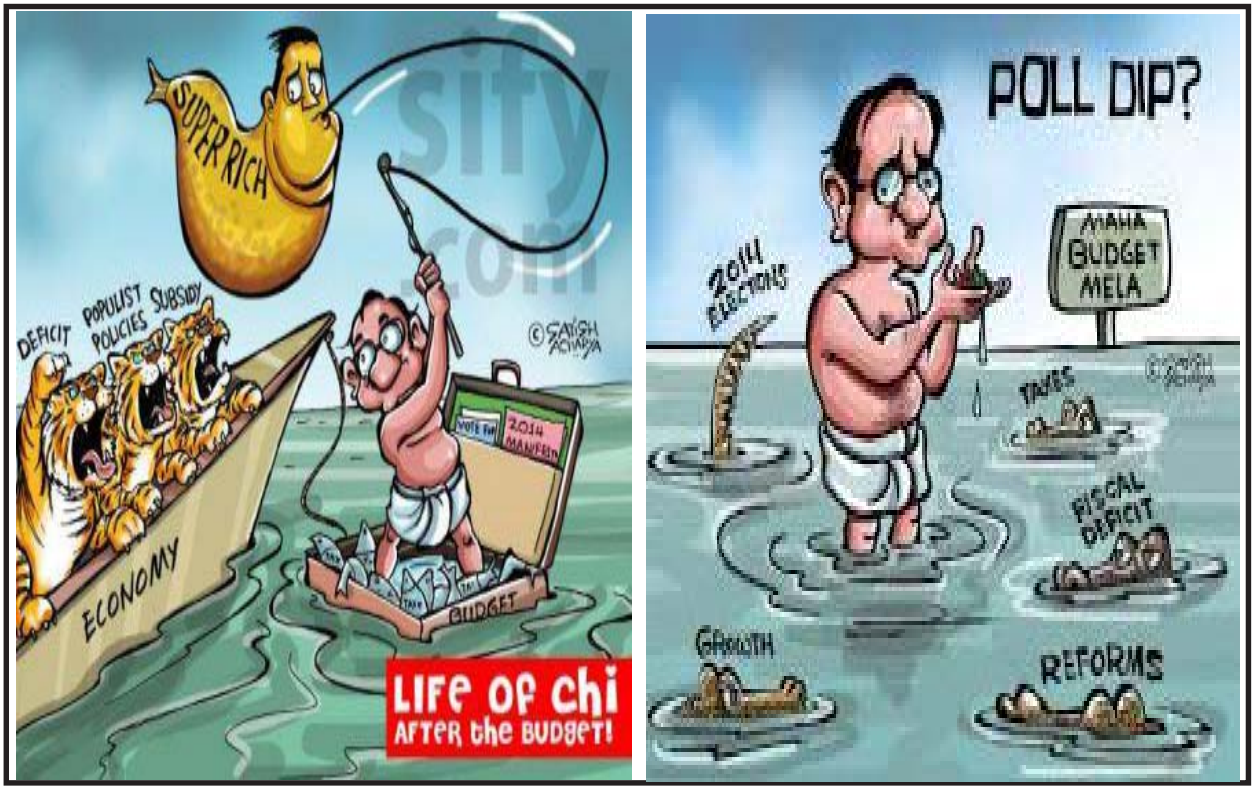

Planning Commission
Push to Health Care Privatisation

By: Vibha Varshney

The 12th Five Year Plan, with its strong tilt towards private health care, will result in denial of health services to people, claim public health experts. They say that the restructuring of the health care system as envisaged by the Planning Commission would effectively lead to handing over of public health care to the corporate sector.

To prepare the health plan, the Planning Commission had set up a high level expert group (HLEG) to look for an appropriate model that the country could follow. A new model was envisaged as the existing health system has failed to meet the needs of the country; and consequently, health indicators remain poor.

Expert group advice distorted

After a year-long deliberation, HLEG drafted a 343-page roadmap for the country's health care. The Planning Commission says that the draft plan document is based on the recommendations of HLEG, but public health experts say that the recommendations have been taken piecemeal and in many places have been distorted.

Planning Commission's health care plan

- The plan document suggests that efforts would be made to find a workable way of encouraging cooperation between the public and private sector through contracting of services, and also various forms of PPP
- The new health care delivery system envisaged by the Planning Commission promotes managed care where the private healthcare providers would play a prominent role
- The consumer would be given the choice of where to get treatment, but given that the public health sector is poorly equipped, consumers will be pushed to opt for private health care, say activists
- For providing the services, the private sector would be reimbursed. Public health activists see this as the government's way of providing sops to the private sector at the time of economic recession
- They say the plan document relegates public sector to non-profit work like immunisation, antenatal care and health education in which the private sector is not interested

In hope to rectify the problems in the plan document, members of HLEG will meet on August 9 to discuss the document and frame the recommendations for changes in the draft. These would be sent to the Planning Commission. "We have already spoken to the Planning Commission about the problems but there is no substantial reply from them," reveals Vandana Prasad, national convenor of Public Health Resource Network, an advocacy group.

The Five Year Plan is scheduled to be finalised by the end of this month.

The 12th Plan hopes to set down a system for universal health care in the country through decade-long reforms. While the plan document talks about strengthening of the public health care system, the commission's heart seems to be more in privatisation. The document suggests that efforts would be made to find a workable way of encouraging cooperation between the public and private sector through "contracting-in of services", and also various forms of PPP.

Marginal role for public sector

The Planning Commission has drawn up a completely new health delivery system for the country. This system promotes managed care (as in the US) where the private healthcare providers would play a prominent role. Under this, the consumer would be given the choice of where to get treatment and in case he or she opts for the private sector, the health care provider would be reimbursed by the government. The management system in place is supposed to ensure that the services are provided to a patient at minimum cost to the public exchequer. Health activists say though the consumer has been given a choice, he or she may be compelled to opt for private health care because the public sector is poorly equipped and cannot compete with the private sector. Moreover, no efforts might be made to improve the public sector health facilities.

"We see this as the government's way of providing sops to the private sector at the time of economic recession," says Prasad. The public sector has been relegated to non-profit making work like immunisation, antenatal care and health education in which the private sector is not interested.

With increased privatisation, there is a fear of increase in irrational treatment as the aspect of money has been introduced in decision-making. The private sector is not regulated very well and in the absence of a robust public health system, citizens would be at the mercy of the private sector. "First put the regulatory system in place," suggests Jashodhara Das of Sahayog in Uttar Pradesh.

Little money for public health

The Planning Commission has also not put in money for health in this plan. Despite promising an increase in the public expenditure on health for many years,

the current plan promises only 1.58 per cent of GDP on health. This is less than what was promised in the 11th Plan, and far too little when compared to allocations in countries like the US where managed care is provided. US spends around 8 per cent of its GDP on health care.

This move is an indicator of the government's thinking about health and other social sectors. This is the government's political position and not just the technical position, says Amit Sengupta of Jan Swasthya Abhiyan. This system would minimise cost for government but this would be at the cost of killing the patient, he adds. For instance, it is very likely that to cut costs patients may be discharged before recovery.

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A Plan for Corporate India

By: C.P. Chandrasekhar

With the charade of consulting the states at a National Development Council meeting played out, India has a Twelfth Five Year Plan, even if a tad late. The plan period officially began a good nine months back. Not that this makes much difference. With the government committed to bolstering private capital and feeding stock market speculation, talk of planning is a travesty. The Planning Commission has relevance (though not legitimacy) not because of any faith in its vision or expertise, but because it oversees the partisan transfer and use of a chunk of resources from the Centre to the States, because it is part of the economic decision-making bureaucracy that still has the right to meddle with and vet a host of decisions, and because it stitches together (however poorly) the ideology that justifies the current government's economic agenda. That agenda may or may not change after the next election. If it does, the plan document would go perhaps where it should. If it does not, it would be the document to defend all things wrong.

Despite this irrelevance, the current plan document is still a shocker, because of its unashamed advocacy of measures that favour private capital. The case for such measures, which is asserted and not argued, is built on three future "scenarios" conjured up by the Commission, which it clumsily titles: 'Strong Inclusive Growth', 'Insufficient Action' and 'Policy Logjam'. What distinguishes these three are a set of growth rates (8.2 per cent, 6-6.5 per cent and 5-5.5 per cent respectively) and presumed variations in the degree to which policies amounting to "a well-designed strategy" are implemented, to intervene "at the key leverage points in the system." This, it turns out, is long on jargon but short on sense. To cut the story short, in the Commission's view, if the correct policies are implemented the economy would cruise along at an average 8.2 per cent; if the policies are endorsed but not adequately implemented we would have to settle for 6-6.5 per cent; and, if because of policy inaction little gets done, growth would fall to 5-5.5 per cent.

This "analysis" is obviously seen as the crux of the Plan. When he addressed the National Development Council meeting, Planning Commission Deputy Chairman Montek Singh Ahluwalia said: "Growth outcomes will depend upon the extent to which we are able to take the difficult decisions needed to intervene at key leverage points to generate inclusive growth."

This assessment, which gives a central role to government and state policy is indeed astonishing coming from a government that has been proclaiming that markets and private animal spirits (and not an interventionist state) are what is needed to ensure growth. How has the Commission arrived at these growth rates? How does it link the realisation of those rates to policy? And, what are these policies that the Commission is placing its bets on?

It is clear that the current Commission does not believe in the use of models to assess growth drivers and ensure inter-sectoral balance as the early planners did. Matters are simple now. Once an 'appropriate' ratio specifying the increment of output that would on average be generated by a unit increase in investment (the 'incremental output capital ratio' in the economist's jargon) is 'identified', growth depends on the investment rate or the ratio of investment to aggregate income. Using that principle, the Commission finds that achieving the country's growth potential requires a rise in the investment rate to 35 per cent by the end of the Plan.

The government, burdened with excess expenditure and an excess deficit cannot be expected to contribute much to that increase in investment, requiring the private sector to make a larger contribution. The role of government and policy then is to induce the private

sector to deliver this targeted investment profile, and do nothing to adversely affect private investor sentiment. Satisfy the whims of private capital and success is guaranteed seems to be the argument.

The problem is that in recent times the private sector has not been delivering on this front. India is in the midst of a growth downturn associated with a fall in investment rates as measured by the CSO, which undermines what the government sees as its most important achievement. Quarterly GDP growth rates estimated at 5.5 and 5.3 per cent during the first two quarters of the current financial year are proving to be an embarrassment. The economy is clearly in "drift" mode, to use the Commission's language. It matters too that this occurs at a time when evidence and public perception point to a collapse of governance on multiple fronts.

Clearly therefore the immediate priority is to "revive" animal spirits through appropriate intervention. There is no confusion on the nature of the measures needed for this. Consider therecommended short-term response, for example. The Plan states: "An immediate policy objective in the very first year of the Plan must be to revive animal spirits, which have suffered for a variety of reasons. Some of the reasons for a downturn in investor sentiment can be easily corrected. For example, the perception among investors, that some of the tax changes introduced in the Budget are anti-investor need to be allayed as quickly as possible. The Finance Ministry has appointed two expert committees to look into these issues and it is hoped that the recommendations of these committees will provide a reasonable basis for reviving investor confidence on these issues. A firm decision on the recommendations of the Committee should be announced as early as possible."

To recall, the Parthasarathi Shome Committee was ostensibly set up for two reasons. One was to frame guidelines for the implementation of General Anti Avoidance Rules (GAAR), that are expected to become standard in all countries grappling with the increased tax avoidance that liberalization and globalization have led to. The other was to frame rules with regard to taxation of capital gains from the international transfer of shares in a foreign company with underlying assets in India. The latter, it emerged was the real reason, because pro-business economic decision makers were upset that the previous Finance Minister had in the last Budget retrospectively amended the relevant tax laws to clarify the intent of the law relating to taxation of capital gains. This was necessary to address the issues raised by a Supreme Court ruling in favour of Vodafone, in the case relating to its acquisition of the Hutchison stake in Vodafone Essar. Till then, in the government's view, Vodafone was liable to pay taxes to the tune of Rs. 11,200 crore. However, having elevated the then Finance Minister to President, the UPA decided to retract and appointed a committee that would facilitate that. The Shome committee, as expected, in record time recommended the reversal of the decision implicit in the last budget and withdraw the demand on Vodafone. Clearly restoring the implicit capital gains tax exemption is seen as crucial to reviving animal spirits, even if that involves a huge loss for the exchequer and lower spending by the government.

But this give away and other similar tax concessions are only the more "immediate" ways in which private capital is to be favoured. Through a host of other measures that have been advocated by the Congress Party's economic advisers—such as Public-Private Partnerships (with viability gap funding at huge cost to the state), cheap sale of resources varying from intangible spectrum to tangible coal, fast track systems to grant environmental clearances and acquire land at cheap cost for private investors and developers, and credit for large private projects from public sector banks which is suitably "restructured" periodically to reduce the payment "burden"—large transfers are to made to private capital to shore up profits and incentivise investment.

The fact is that while such measures worked for some time, they are proving less effective now. There are also limits on the extent to which the state can serve as an instrument for such primitive accumulation of capital. On the other hand, measures such as permitting FDI in multi-brand retail and liberalising banking policy aimed at creating new space for foreign investors in areas outside stock market speculation are also proving ineffective. So what we have is a government constantly conjuring up new ways to reward private capital in order to kindle animal spirits. The problem is that all this has not helped stall and reverse the decline in GDP. So sticking with the position that growth is a direct and immediate outcome of 'reform' is to find reason to recommend policies that would result in what may turn out to be a transfer of surplus from the state to the private sector unprecedented in post-Independence history. But that would not deliver economic success in any form. Perhaps that is not even the intent.

The Commission seems to find justification for its arguments devoid of economic logic in the empirical evidence of high growth till recently. It is worth noting that, accelerating GDP growth, which after the stagnation of the 1960s rose to 3.4 per cent, 5.2 per cent, 6.1 per cent and 7.8 per cent in the subsequent four decades, was not restricted to periods when neoliberal reform was being pursued in unthinking

manner. Yet, under UPA II, the official argument has been that, rid of the Left as coalition supporter, Manmohan Singh and his team have been able to carry forward the neoliberal reform that began in the 1990s with remarkable growth outcomes.

Important among the factors that explain this growth is the profit inflation that the state has engineered. But sustaining continuous profit inflation is difficult. And the marginal return, in terms of growth, associated with a given transfer is diminishing. But neoliberal reform and growth remain the twin obsessions of the government. The Plan document partly attributes the slowdown to the crisis in Europe. But in the main it finds opportunity in adversity by attributing the slowdown to the "policy logjam". This provides the basis for advocating additional measures favouring private capital while paying lip service to that nebulous objective of "inclusiveness".

In the event, the document is replete with contradictions. While chanting the inclusiveness mantra, the 'planners' have come out in favour of austerity measures that can deliver fiscal correction such as reduced subsidies and higher energy prices. Common sense would say that the inflation this would unleash would squeeze further those at the margins of subsistence. But the (incorrect) claim is that deficit reduction ensured through high user charges, enhanced administered prices and reduced subsidies would neutralise the inflationary consequences of such actions. Despite the global experience of recent times, the document also claims that deficit reduction and austerity would also not stifle growth. If the government spends less, more growth is expected. The private sector, constantly clamouring for state support without strings, is expected to substitute for the state as growth driver. Such contradictions make the Plan read like a sloppy piece of work. The Commission had decided to take upon itself the task of salvaging the government's diminishing reputation. It has made a mess of that and damaged its own.

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Taxes and Death are Inevitable But GAAR is Avoidable

By: R Kavita Rao & M Govinda Rao

The report of the committee to review the introduction to the General Anti-Avoidance Rules gives the impression that it first decided on a postponement and then looked for a rationale for the recommended delay. While the report makes a strong case for protecting the interests of foreign investors, it does not clarify how their interests align with those of India. For some reason, the report does not seem to reflect on the interests of India or even if it does, it assumes that a tax policy which has been drafted in India goes against the interests of India and Indians!

The interim report of the Committee on Implementation of General Anti-Avoidance Rules (GAAR) in India which was submitted recently (Shome Committee Report-I) has received a lot of coverage in the press as a much-needed effort towards setting up a "predictable" tax system in India. The report, put together after "extensive" consultations with "stakeholders", starts off on some rather interesting premises which constitute the basis for a number of recommendations.

Surprisingly, despite the wide coverage, the response to the interim recommendations of the GAAR committee has been relatively muted as compared to the noise that was made when GAAR was introduced. The reaction of the stock market was cold as the Sensex actually declined by a few points on the day after the report was placed on the website of the finance ministry. This is either because the market had already predicted and factored in the broad recommendations or because the government is yet to take a final decision on the recommendations. The public debate has overall been one of appreciation and that is not surprising because industry, even while demanding state of the art infrastructure, generally believes that taxes are an evil and anything that abates them is welcome. Unfortunately, there has been very little critical analysis of the issue. Of course, it is nobody's case that a government should impose unreasonable taxes and place draconian discretionary powers in the hands of the tax collector without checks and balances. At the same time, to state that we do not have the requisite capacity to levy the tax and, therefore, should postpone it until we develop the capacity (which is what the committee has recommended) is to throw out the baby and retain the bathwater. In this binary view, India (like most developing countries) should not be levying any taxes for, generally, the capacity of tax administration in India is limited. This note is an attempt to critically

analyse the recommendations of the GAAR committee.

The ideal world is one where the government provides state of the art infrastructure without levying any taxes! But governments do not have magic wands to ensure that. Indeed, the best way to minimise tax evasion and avoidance is not to levy a tax at all! However, when it is levied and enforced, it is the legitimate right of taxpayers to oppose it when it is unreasonable, and that includes making retrospective changes in the tax law. At the same time, the tax administration has the difficult job of enforcing tax law in a complex world, particularly when it comes to taxing capital where the tax base can move with alarming speed simply with a touch of a button. What is more, the owners of capital have enormous clout and can mount a campaign to discredit any tax to avoid it. While it is important to demand that the system should be equitable and minimise compliance costs and distortions, demanding that the income from capital transactions should be exempted does not sound convincing.

Basic Recommendations

The important recommendations of the GAAR review committee deserve to be analysed in detail:

(i) The implementation of GAAR may be deferred by three years. This is because at present the tax administration is not geared to administer such an advanced instrument. The postponement is necessary because the training required for administering a sophisticated instrument such as GAAR is substantial. The prevailing situation does not guarantee an environment of certainty when GAAR is implemented. GAAR is essentially an -instrument of deterrence rather than revenue generation and, therefore, the tax expenditure (i e, revenue forgone) by not implementing GAAR is negligible. Pre-announcement of implementing such a major measure is a common practice in international tax administration and, therefore, it is necessary to make the announcement now to implement it after three years.

(ii) Even when it is finally implemented, there is a need to clearly define and narrow the scope of events where GAAR can be applied. The report makes a distinction between tax mitigation and tax avoidance. While tax mitigation is legitimate, tax avoidance arises from aggressive tax planning with the "sole" or "primary" purpose of avoiding the tax and on "…considerations of economic efficiency, fiscal justice, and revenue productivity" taxpayers should be prevented from using transactions to "exclusively avoid the tax". However, given the difficulty in distinguishing between these practices in any given case, the report, in order to set up a predictable tax regime, builds up a case for the need for clarity and certainty in how these rules would apply. Towards this end, the report proposes the following changes:

(a) GAAR would be invoked when tax benefit is the "main purpose" as against "one of the main purposes". The draft bill had proposed that the provision can be invoked if obtaining tax benefit is the main purpose or one of the main purposes.

(b) Negative list to exclude certain activities from the purview of GAAR. In order to further restrict the scope of the provision, the report suggests that certain activities which incorporate a specific tax benefit and therefore involve tax mitigation as against tax avoidance should be kept out of the purview of GAAR.

(c) The report suggests that there should be a threshold for applying GAAR. The suggested threshold is Rs 3 crore of potential tax liability.

(d) All existing investments made prior to the date of commencement of GAAR should be grandfathered so that, on exit, after the commencement of GAAR, the provisions are not applicable.

(e) Where specific anti-avoidance rules exist, GAAR should not apply.

(iii) The tax on gains arising from the transfer of listed securities, both capital gains and business income, should be abolished both for residents and non-residents. This measure is to eliminate any extra advantage of exemption for investors from tax havens like Mauritius.

There are also other recommendations relating to the appointment of an Approving Panel (AP) and the guidelines to be prescribed under income tax rules. These are matters of detail and are not discussed in this short note.

A Rational Plan or an Act of Appeasement?

Let us first take up the reasons for postponing the implementation of GAAR. The basic reasoning of the committee for postponement is that (i) the tax administration lacks the specialised knowledge needed to administer GAAR and it should have access to intensive training to be able to specialise in various aspects of international taxation, (ii) the tax expenditure by postponing the tax is very little, and (iii) pre-announcement is a common practice and, therefore, the intention to implement GAAR should be expressed three years before the event.

While the report argues that the policy should be implemented only after suitable training of officials, it seems to have ignored the fact that this would imply

two things. One, all officials of the -department would have to undergo such training since they tend to get transferred every few years. Second, given the changing economic environment, there is a continuous need to evolve policy and related training. As a strategy, one cannot place tax policy behind training. A more natural course is for training to follow tax policy. There is considerable learning to be done in the field itself as the entire area of international taxation is an evolving one. The importance of training in a particular concept is lost if there is no immediate need for its application. Finally, what if the training is not "suitably" completed by the end of the proposed three-year period? Further postponement? Does this mean the end of the road for GAAR? That would make for certainty and predictability only in the sense of not having GAAR altogether!

An important premise is the comment that tax expenditure for not implementing GAAR would be minimal. However, the basis of this premise is not clear. The assertion of the committee that GAAR is an instrument of deterrence and not a revenue measure does not mean it does not have revenue implications. Tax expenditures from any policy are the revenues that the government estimates as having foregone on account of tax payers responding to the stated policy. In the present context, tax expenditures for not implementing GAAR would presumably be the revenues that government would have received if GAAR were implemen-ted. While the process of invoking GAAR and the final settlement of the resulting tax dues might take time (given that any such issue will be highly contested), the presumption that there is not much revenue involved defeats the very purpose of having GAAR. If there is not much potential revenue involved, there is no reason to enact a GAAR! (The Vodafone case and the suggested tax implications by themselves contradict the above, irrespective of whether it is held up in a court of law or not.) This clearly cannot have been the wisdom in the tax department when it set out to propose or enact GAAR. In other words, the committee argues that GAAR is supposed to be meant for deterrence and not to augment revenue.

Should deterrence be for its own sake or to enhance efficiency and revenue productivity of the tax system? That this committee chose to express this view that GAAR is for deterrence follows from the fact that while there were extensive documented consultations with the -other stakeholders, the committee does not record having had similar consultations with representatives of the income tax department!

Sure, it is important to ensure clarity in the application of GAAR when it is implemented. In an ideal world, tax incentives should be kept to the minimum. However, once these are given, tax avoidance is natural. The fine distinction made in the report between tax avoidance and mitigation is difficult to make in practice and it will be virtually impossible to prove that the tax is avoided with the "sole" objective of obtaining a tax advantage without serving an overall business purpose. Turning to the o-ther recommendations of the -committee, there were two important recommendations.

Approving Panel

The committee suggests that while the initial drafts of the GAAR proposals in the Direct Tax Code of 2009 had a narrow and focused scope, this has been altered in the bill submitted before Parliament. There is need to have a narrow and clear definition so as to provide predictability and certainty to the tax system. In order to safeguard this aspect, the report goes on to provide procedural safeguards as well – in the form of written arguments for invoking GAAR and an "Approving Panel" with members from the judiciary and persons of eminence. It is not clear what the rationale for having multiple procedural as well as definitional safeguards is. The logic of provisions such as GAAR is to serve as a deterrent to aggressive tax planning which is also termed tax avoidance. By its very definition, the provision recognises that there is a possibility of tax avoidance and hence the need for broad-based laws to limit the scope of such efforts. Given the provision of procedural safeguards, wherein the assessing authority has to provide a written argument for invoking GAAR and the proposal needs to be -seconded or accepted by the approving panel, broader definitions seem to be merited. Otherwise, the review panel will take into consideration only the concerns of the taxpayer and will paint a villain of the tax department.

Perverse Decision on Capital Gains

The second important recommendation of the report relates to the need to remove short-term capital gains tax and, if needed, to replace the revenues with enhanced securities transactions tax (STT). The abolition of tax on short-term gains for both residents and non-residents is a perverse way of setting up a level playing field between the domestic and international investors. While the playing field is levelled on this front, it disproportionately changes the balance in favour of income from these capital -assets as against all other sources of -income. Given the greater mobility of these capital assets as against other sources, an evolution along the lines of residence-based taxation is often argued to be the direction of the future. The important question to ask is whether this is the direction the country is ready to take at the

present juncture. Further, the STT is a transaction-based tax as against a tax on income. A transaction-based tax as against a tax on income increases the transaction cost of conducting businesses and places a disproportionately larger -liability on taxpayers indulging in frequent transactions, for the same quantum of income earned. Interestingly, all these suggestions are being put forward so as to maintain the status quo of the terms of investment currently available to investors choosing to come to India through the Mauritius route. To this end, the report appears willing to sacrifice all taxes on short-term capital gains!

While respecting the treaty agreements seems to be the internationally accepted norm, creating a suitable economic environment where the renegotiation of a unsuitable treaty becomes feasible too should be considered a policy option. In this instance, the potential implementation of GAAR without assuming safeguards for investors coming in through Mauritius could be the right stimulus required to bring that double taxation avoidance agreement (DTAA) back to the drawing board. It should be noted that there are other countries which have redefined the terms of their DTAAs with Mauritius to prevent revenue leakages. For instance, Indonesia terminated its DTAA with Mauritius on grounds of treaty abuse in 2004. China's treaty with Mauritius in 2006 has brought in a degree of withholding tax on capital gains in transactions of equity securities if the seller owns directly or indirectly more than 25% of the shares of subsidiaries in the People's Republic of China.

One important question at the end of this discussion would be, what is the -assigned role of foreign investment in -India, especially foreign portfolio investment? While the report makes a very strong case for protecting the interests of foreign investors, it does not clarify how their interests align with the interests of India as a country. For some reason, the report does not seem to reflect on the interests of India or even if it does, it assumes that a tax policy which has been drafted in India goes against the interests of India and Indians. If we can place India at the centre stage of this discussion, then the only valid point that seems to emerge from the report is that India cannot renege on any commitments that it has already made! Apparently, not even if it is it in India's interests to do so. Apparently not even if it is believed that a treaty is not being complied with in the spirit in which it was written – as in the case of the DTAA with Mauritius – to encourage investors from Mauritius to invest in India. Presumably, it cannot be anyone's case that this treaty was so worded as to serve as a gateway to India!

Conclusions

The draft report on GAAR gives the appearance that the committee first made up its mind to put GAAR in cold storage and then tried to find a rationale for doing so. Of course, it is nobody's case that GAAR should scare foreign investors away from India. The issue of dealing with tax avoidance in international taxation will always be important as long as investments are routed through tax havens, and new and more sophisticated methods are found to avoid and evade the tax by the taxpayers. In recommending the postponement of the application of GAAR, rather than work out a fair system to implement it, the committee has taken the easy way out. The resolution of the various issues that were raised does not lie in not implementing the GAAR provision itself, but in ensuring sufficient checks and balances in its application. The recommendations in the draft report are tantamount to throwing the baby out and retaining the bathwater.

(Courtesy: Economic & Political Weekly)

The Plurilateral Service Agreement Game at the WTO

By: Chakravarthi Raghavan

Moves are afoot at the World Trade Organisation for a select group of countries to get around the Doha Round impasse and negotiate a plurilateral International Services Agreement, which would then be open to other WTO countries to join. Such a trade pact would be clearly illegal under the WTO rules; the talk is more like a bluff game to pressure all WTO members to open up their services to foreign suppliers.

With the World Trade Organisation's (WTO) Doha Round of negotiations at a complete impasse, those who launched it 12 years ago appear to be trying to find a way of burying the "corpse", and looking for other ways to achieve their neo--mercantilist agendas.

The air has been thick in recent weeks with news of the talks and tentative agreements among the "Really Good Friends of Services" (RGFS) for an International Services Agreement (ISA) with a new architecture of sorts and a heavy dose of liberalisation. Some of the -contours of the intended ISA, and the progress in negotiations, have been spelt out in testimony in September before the United States Congress by Michael Punkhe, the deputy US Trade Represen-tative (USTR) and US ambassador to the WTO, as also in more recent statements by the Australian minister for trade and some other participants about "tentative accords".

There is talk of the "ISA architecture", as involving a "conditional plurilateral" agreement to be lodged at the WTO, with other members enabled to accede to it on the analogy of the existing plurila-terals in the WTO (in Annex 4 of the -Marrakesh treaty on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT)). There is also a projected sce-nario of the ISA, as a services integration agreement of the participating countries under Article V of the General Agreement on Trade in Services (GATS), or of an Information Technology Agreement (ITA)-type agreement, with most--favoured nation (MFN) status for all WTO members, provided the major emerging economies join such an ISA and libera-lise their markets.

The RGFS countries are said to be -Australia, Canada, Chile, Colombia, Costa Rica, the European Union (EU), Hong Kong, Israel, Japan, Mexico, New Zealand, Norway, Pakistan, Peru, Singapore, South Korea, Switzerland, Taiwan and the US. More recently, it has been -reported that Singapore has withdrawn from the group. And several of the leaked reports also underline the absence from the RGFS of Brazil, India and South -Africa – the major emerging economies, whose services markets are greedily eyed by the US and EU services industries – and attempts to persuade them to join the RGFS.

WTO Illegal

From leaked information about the ISA architecture and its liberalisation contours, it is clear that the moves, whether for a stand-alone plurilateral outside of the GATS/WTO, or as an agreement to be lodged in Annex 4 of the Marrakesh treaty, or as an Article V GATS integration agreement to be notified to WTO, the ISA would be prima facie WTO/GATS illegal – an open-and-shut case for the Dispute Settlement Undertaking (DSU) of the WTO, unless the disputes panel and -appellate body turn perverse to favour the US.

The ISA, as a plurilateral agreement on trade in services, applicable only to its members, is legally inconceivable under WTO. There is no way to do this, unless such plurilaterals are excepted as a clear departure in the -multilateral agreement itself, like in the cases of free trade agreements (FTAs) in the GATT and the GATS.

In the days of the old GATT, when confronted at a media meet with the view that the European Commission's (EC) proposals for a provisional executive agreement among governments were contrary to the Punta del Este mandate for negotiations under the Uruguay Round, the EC negotiator responded that "anything is possible in GATT among consenting adults". The WTO is now a rules-based international organisation, set up under an international treaty, with binding rights and obligations for members, with a dispute settlement process and specific provisions for any amendments to the treaty and agreements annexed to it and for their entry into force after acceptance of members.

Under provisions of Articles II.1 and -Article III.2 of the WTO, any negotiations for any trade accord on any of the agreements in Annex 1 are to be conducted with the WTO "as the forum for such negotiations". Article II, paragraph 1 of GATS, the MFN treatment provision, -relevant to the ISA issue, reads as:

(1) With respect to any measure covered by this Agreement, each member shall accord immediately and unconditionally to services and services suppliers of any other Member, treatment no less favourable than it accords to services and services suppliers of any -other country.

Paragraphs 2 and 3 of Article II set out some exceptions and limitations, but they are not relevant to the consideration of the ISA issue. They provide

for derogation from MFN, if it is listed in a particular way in a member's GATS schedule, as also for ability of two -adjacent countries conferring advantages to services locally produced and consumed in contiguous frontier zones.

Thus, under WTO rules the parties to the ISA cannot make liberalisation of their services markets applicable only to ISA members. Nor can they extend it to other WTO members on any conditional basis. The liberalisation (reduction of barriers) in any sector has to be unconditionally extended to all other WTO members, whether ISA or non-ISA.

For the ISA to coexist with the GATS and for its lodgement for this purpose in Annex 4 of the WTO, there needs to be an amendment of the Marrakesh treaty. And since the ISA is intended to cover "service transactions" across sectors and modes of supply and involves non-MFN treatment to those who are not members, for such an amendment to be adopted and come into effect it needs the acceptance of all WTO members.

For any agreement to be viewed as an Article V.1 (as an FTA in services trade of its members, or an integration agreement in services among its members), the agreement must satisfy the terms of Article V of GATS. Among others, Article V.1 (a) requires that such an agreement should have "substantial sectoral coverage"; and a footnote explains

This condition is understood in terms of number of sectors, volume of trade affected, and modes of supply. In order to meet this requirement, agreements should not provide for the a priori exclusion of any mode of supply.

Article V of GATS provides for negotiations when the services integration -accord involves modification of scheduled commitments of its members. Irrespective of any working party consideration and recommendation, or decisions by the Council on Trade in Services (CTS), any non-ISA WTO member can raise a dispute and get a ruling via the DSU. Such a grievance could arise for a WTO member, if the ISA does not comply with the Article V.1 (a), or the member finds its existing access to the service markets of the ISA members reduced as a result of the infringement of the provisions of Article V.4. The latter provides that any Article V.1 agreement, in respect of a non-member "shall not... raise the overall level of barriers to trade in services within the respective sectors or sub-sectors compared to the level applicable prior to such an agreement."

A Bluff Game

Thus, all the current noise about the planned ISA can be understood only as a big bluff game and an attempt to panic the major emerging economies (and/or their particular service sectors or -subsectors) that have stood out into joining the ISA negotiating process.

When the Marrakesh treaty was signed in April 1994, developing countries -accepted onerous commitments in advance as the price for bringing the agriculture sector under normal GATT trading disciplines, and for the initiation of a irreversible, longer-term reform process that envisaged gradual elimination over time of governmental aid and support to domestic producers. There were also other reform measures that the major industrial countries were required to undertake over a period of time and for time-bound negotiations after WTO -entered into force within specific agreements. At the Singapore ministerial of the WTO in 1996, the EC sought to put spokes in the wheel by injecting extraneous issues (the so-called studies and negotiations on four "Singapore issues"), so that further agricultural trade reforms could be delayed or subverted. The EU has more than achieved that objective, through the impasse in the Doha Round. And the US and EU now balk at any further cuts in agriculture subsidies and want to now bury the Doha Round, and move on to new agendas.

At the turn of the century, to avoid more agriculture reforms and subsidy cuts, the EC mooted the "millennium round" with the Singapore issues, asking everyone to put any issue they wanted on the table. Along with a number of other issues and negotiations in terms of various WTO agreements, a new round of services negotiations (mandated every five years) also came up and was actually agreed upon and started in 2000 at the WTO Council on Trade in Services. (This was rolled into the Doha Round in November 2001, at the instance of the EU and US.)

Just before the 1999 Seattle mini-sterial of the WTO, the US had indicated its reluctance to engage in further services talks, while the US and EC also clashed over further agricultural reform. And both wanted a further opening up of agricultural and non-agricultural products markets of the deve-loping countries. The collapse of the Seattle meeting resulted in 2000 of the WTO General Council decision to start a -programme of confidence building. But this did not suit the US or the EU (or the WTO Secretariat) and the process was subverted.

In this stalemate, using the opportunity of the 2001 terrorist attacks on the US, the US and EC forced the launch of the Doha negotiations with a large range of issues, as a single undertaking. Soon after its launch, then EC trade commissioner, currently the WTO director--general, Pascal Lamy told the EU members of parliament at an informal meeting that through the Doha Round, he had got the EU countries 10 years time to gradually adapt to and change the modes of

farm subsidies.

Any prospects for concluding the Doha Round were lost when in 2006, at the meeting of the G-6 (Brazil, India, EU, US, Australia and Japan) trade ministers near Geneva, Pascal Lamy abruptly adjourned the talks, not only of the G-6 but of the Doha negotiations too and announced it to the media present near the meeting. Lamy subsequently came to Geneva and got the World Trade Organisation's Trade Negotiations Committee to endorse it at an informal session. The G-6 talks had been adjourned by Lamy when the US found itself cornered on some key issues – including the issue of cotton subsidies. Lamy had hoped perhaps that after the 2006 US Congressional elections, the US would be able to make concessions, and the talks could be concluded. But the George Bush administration and the -Republican Party lost control of the House of Representatives and could no longer make any concessions. The -congre-ssional fast track authority to the admin-istration to conclude trade deals also expired. Since then (and more so after Barack Obama became president in 2009, and the Democrats lost control of the House of Representatives in the 2010 elections), the US system has -become non-functional.

To believe that in this situation, the US and EC, and their service industries could recover ground and through a new ISA capture the markets of the developing countries and via a new finan-cial services accord dump the toxic securities held by the US Federal Reserve or EU central banks on the markets of major emerging economies, is to chase the fool's gold, and in the process wreck the WTO.

(Courtesy: Economic & Political Weekly)

Globalization: Of the Dominant, By the Dominant, and For the Dominant

By: Farha Iman

Globalization or 'Globalism' is beneficial for the dominant and destructive for the submissive. It always streams from developed countries towards underdeveloped and developing countries in three ways: a) in the form of products and services b) as cultural dependency and domination c) and as deceptive thoughts to mould the thinking of the world population.

Globalization of products and services:

In early 1990s, illiterate Indians used Neem twigs for cleaning teeth. A company from foreign land came and announced a "Super Toothpaste" with sodium bicarbonate which cleans the teeth in a far better way. Native people started using the "Super Toothpaste" instead of Neem twigs. Another foreign company declared that "Extra-Super Toothpaste" containing fluoride and desensitizing agents would reduce tooth decay and lessen painful sensation. People began to use the "Extra-Super Toothpaste". Afterwards a third International Corporation appeared and proclaimed that their "Ultra-Super Toothpaste" has xyz antibacterial agents and peppermint flavor in a new attractive package with a free toothbrush. So the consumer started using "Ultra-Super Toothpaste" by paying 10 rupees extra.

In 2012, several toothpaste-producing Multi-National Companies conducted a research and found that Neem barks, leaves and extracts contain potent antibacterial effects. Neem kills the bacteria responsible for plaque, tartar and cavities. In India, Neem has been used for centuries as an Ayurvedic treatment for mouth ulcers, gum disease and tooth decay. Suddenly, 'smart customers' were made to realize that their great grandparents used Neem and they had beautiful and healthy set of teeth. Therefore, they should buy the new "Xxtra Ultra Super Toothpaste" by paying 50 rupees more to the retailer because it contains Neem as an ingredient.

Now, anyone can analyze who is smarter in the above story; "an illiterate Indian" of early 1990s, who used Neem free of cost or a "smart customer" of 2012, who spent extra money for the product found abundantly in our country.

Some scholars argue that Globalization actually benefits the rich and developed nations more than the developing and underdeveloped ones. On the contrary, others maintain that poor countries get benefited more. I support the first argument and would like to claim states that developed nations are the absolute beneficiaries. No doubt that globalization elevates many out of poverty, provides exposure to competition, offers cheaper prices and more choice of products. But poor countries receive all this by putting more essential possessions at stake. For instance, it widens the income inequality between the developed and developing nations; foreign companies rarely reinvest in local economy; exploitation of workers is very common and MNCs have not yet come to terms with trade/labor unions. After the arrival of MNCs in 1990s, labor unions got totally wiped out.

It created more poverty because small companies which were in majority could not sustain themselves in front of large business giants. It also puts the local country exposed to environmental hazards, whereas their home countries are free from water, noise and air pollution. Not only this, later rich countries blame and penalize poor countries for environmental degradation. One can easily analyze who is the real beneficiary of globalization?

Globalization of cultural dependency and domination:

Hegemonic Ideas of Globalization showcase developed countries as the role model and expect poor ones to achieve the same status, that too without any collateral damage. They exhibit themselves as modern and more civilized. A poor country gets astonished by their shallow glitz. They have confused modernization with Westernization. If one wants to be modern s/he has to follow Western trends. People usually forget that modernity is not synonymous with Western culture. A person can be modern and at the same time can wear kurta pyjama or any local dress (designed according to one's climate), instead of a three piece suit with the tie tightly tangled around his neck in a scorching summer. By and large modernity is more associated with the rise of industrialism, capitalism and abandonment of recent past. Nevertheless, I see modernity as a 'current updated idea' or 'an intellectual progress', which is one step ahead from our recent past. It is a process and part and parcel of our recent history. We do not entirely abandon the past; in fact we acknowledge it. We would not be here, where we are today, if we did not have that past. In this sense, I personally do not see any relation between modernity and Westernization. A Chinese can be modern and simultaneously can follow Chinese lifestyle.

Globalization creates dependency on developed nations. As a result developing nations lose self respect and allow the blood sucking giants to establish by eliminating the natural and traditional sources of income instead of sustaining them. Dr. APJ Abul Kalam, Honorable Ex-President of India rightly said "Do we not realize that self respect comes with self reliance?" Now, it's high time to consider his quote seriously.

To gain respect we need to build our own national products. Our youth should not feel ashamed of wearing Indian brands/products instead of Levis, Gucci or Addidas. The idea that if you eat Domino's Pizza or Mc Donald's Burger you belong to the modern and high class in fake and hollow. Carbonated beverages which have serious health implications have replaced our healthy and refreshing drinks like Nimbu-Pani, Rasam, Chaahch, Roohafza etc. As such people find it difficult to avoid branded and foreign items because they are in' these days. The ideas like 'in' and 'out' are the creation of this globalism to maintain the flow of new products in the market. Alas, we are lie aa herd of sheep. We follow what outsiders want us to follow, hence become their puppets and allow them to exploit our labor, land, resources, culture, traditions and ideas. Sometimes I feel that if India had faced some sanctions we would have been more self-reliant.

Globalization of deceptive opinions:

Globalization deceives the world population by propagating biased opinions for their supreme agendas and it is the worst kind of globalization. It uses the media to deceive, misinform and mislead by stereo typing the particular community, nation or ideology. By default it makes their enemy, the enemy of the entire world. The conception of Islamophobia is one of the dangerous installations of Globalism. If something happens in US then Muslims of the world suffer and need to prove their loyalty towards their nations. A nation like Iran which has not attacked any other country from the last century is projected and publicized as dangerous for world peace. In contrast, the country which has waged some of the deadliest wars of this era is considered as the harbinger of world peace. Rich countries change, redesign and tear the attire of other nations to execute their bigger schemes. This is how globalization is used by developed countries to accomplish their ambitions. We should see the things from our lenses not what the First World is screaming about.

Everybody has its own definition of Globalization. For people like me, it is the contemporary form of Imperialism and Colonialism in which the motives are same only the approach has changed. Objectives of Globalism, Colonialism and Imperialism are to collect great benefits from "promising markets".

When Imperialism and Colonialism faced the confrontation by poor countries in 1990s, for the sake of survival they changed (only) the rules of the game but not the game itself. To deliver old wine in a new bottle the dragon called Globalization took birth and re-entered in poor counties.

Globalism is the product of dominant business class, which is implemented by the second class i.e. political leaders for the third class of the society i.e. bourgeois. This game was fulfilling the two objectives at the same time. a) It was keeping people busy and superficially happy in consuming products, so they never questioned the activities of political class and b) business class making more and more money. As far as the lower class is concerned, they are left in the lurch only to be discussed in UN's MDGs.

(Courtesy: CounterCurrents.org)

Teachers protest across India

Bihar

Teachers on contract protest across Bihar

Patna, Mar 6: Thousands of agitating teachers on contract with the Bihar government staged protests against Chief Minister Nitish Kumar across the state. They were protesting police action against earlier protests. The contractual teachers said they would go on an indefinite strike. The protests came a day after nearly 50 fixed-pay teachers on contract, including women, were injured in police lathicharge here. Hundreds of teachers staged a protest at different places in Patna Wednesday to protest against the state government's repressive measures, and similar gathering occurred at district headquarters and at block levels.

Puran Kumar, a leader of protesting teachers, said that more than 50 protesters were arrested and booked under the Indian Penal Code sections 147 (for rioting), 148 (rioting, armed with deadly weapon), 149 (related to unlawful assembly), 353 (assault or criminal force to deter public servant from discharge of his duty) and 307 (attempt to murder). "We will not sit silent till our genuine demand of equal pay for equal work is met by the government," Akhilesh Kumar, the general secretary of the Bihar Rajya Prathmik Sikshak Sangh (Association of Primary Teachers in Bihar) said. Kumar told IANS that thousands of teachers on contract, who are paid much less than regular teaching staff appointed by the government, are up in arms against the apathy of the state government. "Now, it has become a matter of 'do or die' for us. Teachers will strike work and boycott the upcoming matriculation exams," he said. Abhay Kumar, another leader of the agitating teachers, said that the police action against peacefully protesting teachers had exposed the real face of the Bihar government. Opposition legislators raised the issue of police action against teachers in the Bihar assembly and announced their support for them. "We have demanded a statement from the government on it," leader of opposition in the state assembly Abdul Bari Siddiqui said.

About 2.5 lakh contractual teachers in Bihar have been protesting, seeking pay at par with regular teachers, since last year.Last year, Chief Minister Nitish Kumar, unhappy with the protests, had declared that demands by contractual teachers for parity of salary with government teachers would not be met.

Madhya Pradesh

Rain or shine teachers continue to protest across state

BHOPAL: 'Ye Shikshak Ka Ghar Hai, Bhajpai Pravesh Na Karein' (This is the house of a teacher, BJP leaders plz don't enter); contractual teachers of the Seoni district who are fed up with the government for not meeting their genuine demands had pasted pamphlets with these wording on their doors. This is not an isolated case of Seoni, teachers are protesting all over the state demanding the dissolution of all the cadres of teachers into one cadre and payment of respectable salaries. More than 120 teachers from across the state have even been hospitalized till date owing to the hunger strike going on at several places. Contractual teachers, Gurujis, Adhyapak Warg and around 72,000 other teachers of the state are on strike since February 18, claimed state secretary of the association Lalit Tiwari. Similarly, in Sidhi district at least three teachers who were on hunger strike were hospitalised.

District education officer, K K Pandey said, "We have written to the district collector to take action against 13 teachers as they were reported absent during examinations."

"Two teachers of the Seoni district Nilesh Jain and Vinay Upadhya tonsured their heads to express their discontent," Seoni district president of Adhyapak Sangh, Vipnesh Jain told TOI. "We are going for Jal Samadhi at Bhenganga river around 35km from district headquarters," he added.

Earlier on March 3 also striking teachers went for Jal Satyagraha at Jirapur in Rajgarh district, Jabalpur and Khategaon in Dewas district. At Jirapur, teachers are standing in Chhapi river, in Jabalpur and Khategaon, they are standing in Narmada river. In Indore at least three teachers including a woman teacher have been hospitalised due to the ongoing hunger strike, said Bharat Bhargav Indore president of the Adhyapak Sangh. Similarly in Burhanpur also teachers are on strike and at least 4 teachers have been hospitalised till date, said sources. In Raisen district at least 3 teachers were hospitalised during the hunger strike. Protesting teachers of Bhind district celebrated the birthday of the chief minister Shivraj Singh Chauhan where cake made of cow dung was cut, said sources.

Teachers double up as egg sellers, grocery shop workers and even auto-drivers

Salaries of teachers are such that they have to pick up petty jobs from running egg stalls to grocery shops to arrange for two square meals. A teacher of Indore even runs auto-rickshaw after his school Kamal Chauhan, a teacher posted as Sahayak Adhyapak at a government primary school in Mayakhedi in Indore doubles up as an egg vendor in front of the district hospital every evening. "I have no other option as running an 11 member family with such a meager salary is not

possible, so I have resorted to running the egg stall," Chauhan told the reporter. Another teacher Anand Thapre who teaches at Bal Vinay Mandir school doubles up as an auto-rickshaw driver at Indore, said the district president of teachers' association, Bharat Bhargav. Similarly the in-charge district president of the teachers' association at Burhanpur runs a grocery shop. "Prices have shot up and affording better schooling and other family expenses is becoming difficult everyday. I run a grocery shop at my house in the early mornings and evenings. In the afternoon it is either closed or taken care of by my wife or children," incharge district president of teachers association Pramod Shatau told said.

The salaries of these teachers range from Rs 5,000 to Rs 12,000 per month which is very low compared to the permanent teachers of the education department.

Uttar Pradesh

Teachers' protest chokes traffic

Mar 6, Lucknow: Traffic came to a standstill at the busy Vidhan Sabha road once again after thousands of secondary education teachers staged protest outside the state assembly on Tuesday March 5. They are demanding regularization of ad-hoc teachers and implementation of fixed salary scale for teachers working in self-finance secondary schools.

Around 2,000 secondary education teachers staged demonstration causing inconvenience to the commuters on the main artery on Tuesday afternoon. "We have been requesting the state government to regularize the ad-hoc teachers and fix a salary for those in self-finance colleges. But it seems, welfare of teachers is the last priority for them," said Mahendra Nath Rai, Uttar Pradesh Madhyamik Shikshak Sangh (UPMSS) spokesperson.

The district administration officials pacified the teachers by organizing a dialogue with the Parliamentary Affairs minister, Azam Khan but that turned out to be more unruly. "The minister was not even aware of our meeting. We were asked to wait for hours," said a teacher. However, the teachers courted their arrest in the evening and were taken to Reserve Police Lines from where they were released after an hour.

Maharashtra

Now, teachers from unaided schools boycott evaluation duty

Mar 13, Maharashtra: After junior and degree college teachers struck work affecting the exam schedule for thousands of students, 65,000-odd teachers of unaided schools decided to skip the assessment duty for SSC exams. The Maharashtra State Permanently Unaided Schools Action Committee (MSPUSAC) on Tuesday announced the boycott of evaluation duty to protest alleged exploitation.

Members of MSPUSAC claim that the government has done nothing to stop their exploitation for the past 14 years. The teachers have also demanded that the state government should pay salary and non-salary grants to unaided schools if it expects to implement the Right To Education Act. "In the absence of government aid, we cannot afford to provide free education. As it is, teachers of unaided schools are paid low salaries," said Prashant Redij, President, MSPUSAC's Mumbai chapter.

"There are around 7,500 unaided schools across the state. On November 15, 2001, the state government had decided not to give aided status to any new school. Despite this, it permitted private managements to start new schools and allowed them to hire teachers. It failed to outline or safeguard the interests of the teachers, as a result of which we have to work for meager salaries. Our organisation made several representations to the government in the past eight years, but nothing was done," said Redij.

Of the 65,000 teachers, who are MSPUSAC members, only 12,500 are assigned assessment and moderation duty for SSC exam. The organisation will stage a protest at Azad Maidan on Wednesday. Redij said, "We have been suffering for 12 years now, hoping that the state government will help us. However, no steps are being taken in resolving our issue. Hence we have decided to boycott the evaluation duty of SSC exams. We could have boycotted the exam duty. However, we do not want students to suffer."

Meanwhile, board officials say they are trying to find ways to resolve the issue and are hopeful of pacifying the teachers by the time SSC exams are over. "We have asked all division heads to provide us details of the exam centres that will be affected by the boycott. We are thankful to teachers for helping us conduct exams. In case the boycott continues, the board will try to arrange for alternatives to complete evaluation work," said Krishna B Patil, secretary, Maharashtra State Board of Secondary and Higher Secondary Education (MSBSHSE).

(Courtesy: Sanhati.Com)

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