



Shock treatment will not work in agriculture

Almost all sections of people including farmers agree that the Agricultural Produce Market Committee (APMC)-mandi policies for agricultural marketing, initiated in the 1960s for a few crops, have outlived their utility and the system needs a new policy in the face of the agricultural sector's growth slowdown, the crop-composition not widening, and investments in land not happening.

Recent reforms: The Farm Laws

Recently, the government of the day has opened up the output market with the aim to let market forces improve efficiency and create more value for farmers and the economy. These laws state that farmers are now free to sell all their products anywhere and to anyone beyond the physical premises of APMC markets. Additionally, the laws promote contract farming through establishing partnerships between farmers and food-processing companies, and also permit unlimited hoarding of food except in special circumstances.

What farmers want

1. Three main suggestions were put forth by farmers when we recently made enquiries with them: one, their produce prices should be the cost of production plus a reasonable mark-up; two, fluctuations in prices should be minimal; and three, there should be little or no interface with legal or administrative officials — they are not comfortable dealing with the “sahibs and the police”.
2. All these farmer concerns have been ignored in the way the current laws are drafted. Additionally, as the old laws are being repealed, they said that there is a need for a wider view of the sector to include more crops. Thus, if the government encourages farmers to move from wheat to vegetables, markets for the latter should address all the above three aspects.

New markets are an unknown

1. The first law of the Minimum Support Price-mandi is a known devil, but the new markets will be an unknown ghost with no control over them by anyone.
2. Thus, while “malpractices” in mandis are known and local leaders (Members of Parliament, Members of the Legislative Assembly, panchayats) are often brought in to vent farmers' anger or arbitrate in difficult situations, malpractices in the new systems are neither forecast-able nor is there any authority to report to.



3. Next, while the government says that the mandi-MSP system will continue, the question is, for how long? If the alternative traders offer better prices, farmers will go there and not to the mandis. What happens after two to three years when the regulated mandis become weaker or begin to shut down due to lack of business?

Traders malpractices

1. There are many issues here. Traders could reduce the prices on more than one pretext, such as finding faults with the product; declining to buy on the pretext of glut (a wait and watch strategy); defaulting on payments, and so on. Since traders are few (at least locally) they can form cartels, while farmers many: this is imminently possible.
2. The farmers are further handicapped by the fact that they come from long distances with loads of several quintals/tonnes of produce on hired tractors; going back owing to the transport cost incurred is not an option for them.
3. Their situation worsens when their cash needs are immediate, which is the case for the small farmers who constitute 90-plus% of those who sell at the mandis at MSP.

Advantage corporate buyers

The second law has somewhat similar issues. The corporate-buyers might just not buy the full quantity of the product on one or another pretext or delay payments; and if farmers complain, the corporates have access to a battery of lawyers, the fine print in contracts, the advantage of language, and, above all, the capacity to wait it out.

In both the above cases, the problem is of contracts between unequals: whether it is traders or corporates, they are far fewer and with deeper pockets, and they will deal with (poor/little-educated) small farmers (about 85% have two or less hectares of land), resulting in unequal outcomes.

Expert recommendations

1. The so-far neglected problem of stagnation and high input prices in agriculture can be addressed through a systematic approach proposed in the M.S. Swaminathan Commission and/or the Ashok Dalwai Committee.



2. Typical examples are transitions being worked out for farmers to move out of water-soaking paddy crop in Punjab-Haryana to other crops; say, in five years, they would reduce the area under paddy by 25-30%, and the loss they incur in the short run, will be compensated for by the government. This could, for example, also be done for sugarcane in western Maharashtra.

Conclusion:

Shock treatments do not work anywhere, be it agriculture, industry or the economy. Many industries, post-1991, shut down due to “shock treatment” then, resulting in a second de-industrialisation and the loss of hundreds of thousands of industrial jobs. The results in agriculture are likely to be no different in the face of shocks.

The hurdles in Xi's great power ambitions

Xi's dream

In October 2017, Mr. Xi spoke of his dream of restoring China to a great power status (on par with the U.S.) by 2049 and building a world-class army by 2035.

Policies countering dreams

But the policies Mr. Xi is following — state domination of the economy with increasing reliance on the public sector, slowing down of market reforms, accumulation of high debt, unproductive expenditures, lack of reforms in education and health, erosion of human freedoms, and increasing isolation of China due to his aggressive policies — will not take China towards greatness; rather, they will slow down economic growth. China does not have the cheap migrant labour and favourable international environment that it had in Deng Xiaoping's era.

Technology as the Path to Superpower Status

1. Chinese leaders have closely followed how the U.S. obtained its great power status: by mastering emerging technologies, modernising the armed forces, and setting up a network of allies.
2. Mr. Xi has used all the tricks available to achieve supremacy in 5G, artificial intelligence, quantum computing, and new materials, including forced transfer and stealing of technologies.



3. The concept of restructuring the armed forces and, particularly, introducing joint theatre commands has been borrowed from the U.S. Mr. Xi has commenced a rapid military build-up that is unprecedented in peacetime in recent history.
4. This is aimed at rivalling the U.S.'s military capability in a few years. China has the biggest navy in the world.
5. The Belt and Road Initiative (BRI) was announced in 2013 to seek new markets and allies for political, economic and strategic use.
6. New ports for civilian and military use are being sought at Gwadar (Pakistan), Jask (Iran), Djibouti, Hambantota (Sri Lanka), Sihanoukville (Cambodia) and other places, to project power overseas.

Scaling back plans

1. Not unsurprisingly, all this has been done under the CCP's programme of "socialism with Chinese characteristics".
2. Little attention has been paid to improve the quality of education in science, technologies and mathematics, which underpins the West's success in its advances in technology.
3. Debt-ridden China is scaling back its BRI projects as many have become financially unviable; these were conceived to please Mr. Xi and never took into account the vulnerabilities of recipient countries.
4. Concerned about the growth of corruption and its impact on the control of the party, Mr. Xi has slowed down market reforms, which were the backbone of China's prosperity in the last three decades.

The U.S. model

Despite being the second largest economy, China has few allies and friends (except Pakistan and North Korea). Mr. Xi fails to realise that the U.S.'s status as a global leader was based not only on its wealth and military power but also the lure of its governance model, ability to coordinate responses to international crises, and provision of global public goods such as freedom of ideas, quality education, foreign aid, encouragement of free trade, security of international shipping lanes and fight against terrorism. China has shown little interest in delivering global public goods.



Mr. Xi believes that China will be able to impose its will on the rest of the world by sheer use of power forgetting that besides China, there are a number of other countries such as the U.K., France, Japan, India and Australia which have also acquired economic and military power and are capable of resisting its abusive behaviour.

Conclusion:

There is growing concern that Mr. Xi's unfettered ambition to seek global dominance will create newer conflicts which a pandemic-affected and recession-hit world can ill afford.

Moribund governance

The Ghaziabad disaster underscores the need for regular audit of civic projects

Even to those familiar with the anarchy that characterises India's public spaces, the collapse of a newly-built shelter in a crematorium in Muradnagar, in U.P.'s Ghaziabad district, killing at least 24 people, is a shock.

Highlights:

1. The Ghaziabad disaster is clearly the product of a system that lacks transparency and audits, and does not yield to quick fixes or measures meant to aid deterrence. Every year, the monsoon extracts a penalty in the form of collapsed buildings in several States.
2. Appalled by one such incident, the Bombay High Court emphasised that citizens have a right to live in safe buildings and environment, within the meaning of Article 21.
3. What happened in Ghaziabad is particularly deplorable, as the cremation ground is an essential facility, and entirely within the ambit of public authorities to maintain.
4. There are suggestions that the structure was poorly designed, lacking stability due to use of inferior materials, while the contractor had several projects assigned to him in the district.
5. These and other charges, including favouritism involving politicians, are best probed by an independent judicial member.



6. Mr. Adityanath should realise that U.P., a laggard on many development metrics, can transform itself only through rule of law and efficient implementation of public projects.

Changing contours of India-U.K. ties

British Prime Minister Boris Johnson, due to the ravages of COVID-19 mutations in the U.K., has expressed his inability to attend a truncated version of India's Republic Day parade this month.

Assessment of Close relations

India-U.K. links are substantial. One and a half million persons of Indian origin reside in Britain, 15 of them are Members of Parliament, three in Cabinet and two holding high office as Finance and Home Ministers. Before COVID-19, there were half a million tourists from India to Britain annually and twice that figure in the reverse direction. Around 30,000 Indians study in Britain despite restrictive opportunities for post-graduation employment. Britain is among the top investors in India and India is the second-biggest investor and a major job creator in Britain. India has a credit balance in total trade of \$16 billion, but the level is below India's trade with Switzerland, Germany or Belgium.

Past and Future

1. India has a shared past with Britain and needs to chart a different shared future, now that Britain has left the European Union (EU).
2. India has been fruitlessly negotiating a trade agreement with the EU since 2007, during which Britain was considered the main deal-breaker.
3. The EU wanted duty reductions on autos, wines and spirits and wanted India to open financial sectors such as banking and insurance, postal, legal, accountancy, maritime and security and retail. India, as always, sought free movement for service professionals.
4. The same obstacles with post-Brexit Britain will arise, because the export profile of both countries is predominantly services-oriented.
5. While after withdrawing from the Regional Comprehensive Economic Partnership, India is cautious about negotiating any new trade agreement, and



will place greater stress on aspects related to country of origin and percentage of value addition in exports.

6. Therefore, when the time comes for a discrete agreement with Britain, the two countries may settle for a limited one perhaps covering pharmaceuticals, financial technology, chemicals, defence production, petroleum and food products.

An arbitrary directive

Recently, the Centre and the West Bengal government were engaged in a tussle. The Centre directed the State government to relieve three IPS officers on Central deputation; the State government refused.

Purpose:

Ostensibly, the Centre's decision was taken to teach the officers a lesson that they were at its mercy, as the Ministry of Home Affairs (MHA) is the controlling authority for all IPS officers. The three officers have been posted to the Indo Tibetan Border Police (ITBP), the Sashastra Seema Bal (SSB) and the Bureau of Police Research and Development (BPRD).

The process for deputation

1. In the normal course, officers willing to be deputed to the Centre are asked to apply through the States. A panel of selected officers is prepared after which they are deputed to various Central Armed Police Forces and even to Central Police Organisations like the Intelligence Bureau, the Central Bureau of Investigation, the Research and Analysis Wing, the National Investigation Agency, and BPRD.
2. It is important to note that the officers are selected after their dossiers are scrutinised and not nominated as the MHA has done with respect to the three officers.
3. Even when the officers opt for Central deputation, they give their choice of the organisation where they would like to serve. Selection is done strictly on merit, based on their annual performance reports.
4. When officers are forcibly deputed to Central organisations, they go with the perception that they have been deputed on grounds of inefficiency or as a



punishment. Demoralised officers who become victims of political manipulations cannot be expected to give their best.

5. According to an MHA memorandum of April 2000, “the two-way movement of officers from State to Centre and back is of mutual benefit to the States and Government of India on the one hand and to the officers concerned on the other.”
6. How far it would benefit demoralised officers who are forced to join Central organisations is anybody’s guess.
7. The message that goes out to personnel of Central organisations is that these organisations are dumping grounds for those unwanted in the States or those whom the Centre wants to penalise for any transgression.

A proposal to reduce CDR

1. The Central government is already working on a proposal to reduce the Central Deputation Reserve (CDR) of IPS officers from 1,075 to about 500. This is being done as most States are not willing to spare officers to serve on Central deputation.
2. In 2019, only 428 officers were working on Central deputation against the strength of 1,075. Most officers avoid Central deputation as they enjoy better perks and powers in the States.
3. On the other hand, Central deputation could mean a posting in the Northeast or in a Left Wing Extremism-affected State. Hence, when there is already a proposal to slash the strength of the CDR, the Centre’s insistence that the three officers should be relieved appears farcical.
4. Since the States are bound to oppose tooth and nail such arbitrary directives by the Centre, such orders are best avoided.