



# INDIA

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The way to hell is paved with good intentions. No government in free India has been lacking in good intentions. The only shortcoming has always been to put into action what was promised in words.



## Politics

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### Trump invites India's Modi to attend G7 summit in US

ADNAN ABIDI, Al Jazeera, 04 June 2020

NEW DELHI: India's Prime Minister Narendra Modi has accepted an invitation from US President Donald Trump to attend the next Group of Seven (G7) summit, India's foreign ministry officials said on Wednesday. In a telephone call with Modi on Tuesday evening, Trump spoke about the US presidency of G7 and conveyed his desire to expand the ambit of the grouping beyond the existing membership to include other important countries, including India. "In this context, he [Trump] extended an invitation to Prime Minister Modi to attend the next G7 Summit to be held in USA," the foreign ministry said.



Ministry officials confirmed that Modi had accepted the invitation and would attend the summit. In a statement late on Tuesday night, Modi's office said he commended Trump for his "creative and far-sighted approach, acknowledging the fact that such an expanded forum would be in keeping with the emerging realities of the post-Covid-19 world".

On Sunday, Trump said he was postponing until September the G7 summit that had been scheduled for late June at Camp David, the US president's country retreat. Trump also proposed an expansion of the grouping and said he wanted to invite India, Australia, South Korea, and Russia to the meeting. "I don't feel that as G7, it accurately represents what's going on in the world. It's a very outdated group of countries," he said, conveying his desire to expand participation in the summit beyond the G7 members.

During their telephone conversation, the two leaders also exchanged views on the COVID-19 pandemic in their countries, India-China tensions over a recent border standoff, and a need for reforms in the World Health Organization (WHO), the Indian foreign ministry said. A White House statement also said Trump and Modi discussed the G7 meeting, the response to the coronavirus pandemic and regional security issues.

Trump told Modi the US would ship the first tranche of 100 donated ventilators to India next week, the White House said. US Secretary of State Mike Pompeo and a senior congressional leader have reprimanded China for bullying behavior towards India during a military standoff on their disputed border. During the call, Trump recalled his visit to India in February. Modi said the historic visit had added new dynamism to the bilateral relationship.

### India to discuss ties with Australia in first virtual summit

SHUBHAJIT ROY, The Indian Express, 04 June 2020

NEW DELHI: Prime Minister Narendra Modi will be holding the India-Australia virtual summit with Australian Prime Minister Scott Morrison on Thursday in a bid to strengthen bilateral ties. This is the first virtual bilateral summit India is holding with any country. Australia held one with Singapore in March. The two leaders last spoke on April 6 where they had discussed Covid-19, including facilitation and support for citizens stranded in each other's country. A source said, "As two democratic nations,

India and Australia have developed an understanding of each other's perspectives on regional and global issues. We have a shared approach to a free open, inclusive, and prosperous Indo-Pacific. This has led to convergence of mutual interest in many areas."

Sources said that the relations are "strong not only at the bilateral level, but also at the plurilateral level". Australia has supported India's global initiatives such as International Solar Alliance (ISA), Central Drug Research Institute (CDRI) and Indo-Pacific Oceans Initiative. Australia supports India's membership of an expanded United Nations Security Council (UNSC). In the recent past, Australia supported our membership for Australia Group, and Wassenaar Arrangement and favors India's membership of Nuclear Suppliers' Group (NSG). Australia has been supportive of India's position on cross-border terrorism and on asking Pakistan to take meaningful action against terrorist groups operating from its soil.

According to sources, Australia values India's diversity and inclusiveness and holds the view that recent developments with regard to J&K are India's internal matters. "Our economic engagement has been growing. The current trade levels are US\$20.92 (2018-19). India exported goods and services worth US\$5.17 billion and imported goods and services worth US\$15.75 in 2018-19. Australia's cumulative investment in India is about US\$10.74 billion whereas India's total investment in Australia is US\$10.45 billion," the source said.



Australian Pension Fund has invested US\$1 billion in India's National Investment and Infrastructure Fund. The two countries are looking at stepping up investments and trade with each other. Australia has huge deposits of minerals, including rare ores. The countries had been working on cooperation in critical and strategic minerals. "The Virtual Summit will be an opportunity for the two leaders to review the broad framework of the relationship in the context of their growing ties. It will also be an opportunity to discuss their respective responses to the Covid-19 pandemic," officials said.

## Terror groups in Kabul

**SHISHIR GUPTA, Hindustan Times, 04 June 2020**

NEW DELHI: Terror groups Lashkar-e-Tayyiba and Jaish-e-Mohammed have been expanding their footprint in Afghanistan as part of a carefully-crafted strategy of Pakistan's deep state to fuel terrorism in Kabul and beyond irrespective of how the US-Taliban peace process pans out. Pakistan's Inter-Services Intelligence, or ISI, is infiltrating the Lashkar and Jaish terrorists into the Islamic State-Khorasan Province that has been in tatters after the arrest of its chief Abdulah Orakzai aka Aslam Farooqui and his top commanders by Afghan security forces.

Farooqui was replaced by Maulvi Mohammed as the ISKP new chief. Maulvi Mohammed also has deep links with the Lashkar-e-Taiba, counter-terror officials in Kabul said. As part of the blueprint drawn up in Pakistan's Rawalpindi, a counter-terror official in Delhi said ISI officials have created the financial and logistic support network to facilitate their operations. ISI officials were also present at a recent meeting convened by Taliban shadow governor in Kunar province Ahmadullah with top Lashkar and Taliban operatives.



The revelation comes days after a sanctions-monitoring team of the UN Security Council spotlighted the role of the 6,000-6,500 foreign fighters who had been inducted into Afghanistan. The UNSC report estimated the Lashkar-e-Tayyiba had about 800 fighters operating with Taliban forces in Mohmand Darah, Dur Baba and Sherzad Districts of Nangarhar Province and the Jaish-e-Mohammed, 200. The Lashkar had another 220 fighters and the Jaish, 30 more, in Kunar province.

Security officials in Kabul said the ISI's emphasis on pushing the Lashkar and Jaish terrorists came after the 29 February pact between the Taliban and the United States Special Representative for Afghanistan Reconciliation Zalmay Khalilzad. The agreement provided for withdrawal of United States forces drawdown in exchange for Taliban counter-terrorism measures, exchanges of prisoners between the Taliban and the Government of Afghanistan and other steps to reach a permanent ceasefire.

The terror groups have hit the ground running. Officials said the two groups have been carrying out operations in the bordering districts of Kunar, Nuristan and Nangarhar provinces along the Durand Line. The relocated Lashkar groups have organized attacks in Afghan cities and ambushed border security posts of the Afghan National Defense and Security Forces in coordination with the Taliban, its sword arm the Haqqani Network and Al Qaeda.

There is a continuing effort to increase their numbers. In the last week of May, a source told Hindustan Times, a group of 30 Lashkar cadres had moved into Dangam district of Kunar province. They were led by Bilal alias Zaraqawi, an ex-ISI officer who had been in charge of a major terror training center in Muzaffarabad in Pakistan-occupied Kashmir as well as for the Jalalabad operations.

## **CPM seeks MGNREGA for urban poor**

**ANITA JOSHUA, The Telegraph, 04 June 2020**

NEW DELHI: The Communist Party of India (Marxist), abbreviated as CPI (M) or CPM, demanded on Wednesday the extension of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to the urban poor to help them deal with the rampant job losses caused by the ill-planned lockdown that has delivered a body blow to an economy already in recession. The party raised the demand at its first politburo meeting held through videoconferencing. It was decided that the CPM would call for an all-India protest on June 16 in keeping with pandemic restrictions to mount pressure on the government to extend the MGNREGA to urban areas and increase the work days to 200 from 100 in rural areas. Other demands include cash transfer of US\$99.36 per month for six months to all families outside the income tax bracket, 10kg food grains free to every individual for six months and stopping the privatization of the public sector and dilution of labor laws.

The call for expanding employment guarantee to urban areas and increasing work days to 200 in rural areas under the MGNREGA found support from a "heterodox economists' collective" that came out with a report on Wednesday decoding the series of packages announced by the government to pull up the economy from the doldrums it is in due to the demonetization, haphazard rollout of the GST and the unplanned lockdown. In its report, the collective has described the Micro-Small-and-Medium-Enterprises (MSME) package announced by the Narendra Modi government on Monday as an eyewash similar to the "atmanirbhar (self-reliant) package" and the minimum support price (MSP) hike. The new definition of MSME, they said, expands its universe to much larger enterprises without taking Parliament's approval. "Since the government mandatorily procures 25% of

its requirements from the MSME sector, the expansion of the sector by including larger enterprises within its ambit would benefit them at the cost of the smaller enterprises,” the report said.

Detailing this, the collective said the US\$39.74 billion collateral-free, concessional MSME loans announced in the “atmanirbhar package” were available only for 7% of MSMEs that already have an outstanding loan on February 29, 2020. The US\$6.6 billion equity infusion for stock exchange listing will cater only to the largest of the now-enlarged medium enterprises, making them the biggest beneficiaries of the US\$2.6 billion subordinated debt announced for 200,000 stressed MSMEs. “Overall, the government’s package alongside the definition change will actually help a handful of large enterprises while the micro enterprises which comprise the overwhelming majority of MSMEs continue to remain neglected,” the collective said in the report released on Wednesday by development economist Jayati Ghosh.



As for the MSP hike of US\$0.70 per 100kg for common paddy, they pointed out that it is just a 2.9% increase over the last fiscal, making it the lowest percentage hike in a decade. They have also demanded food for all by providing free cereals, pulses, and cooking oil for six months by universalizing the public distribution system, and US\$198.72 cash payments to the bottom 80% of households as compensation for incomes lost during the lockdown. The economists associated with the report are Abhijit Mukherjee at the Observer Research Foundation, Anjana Thampi and Ishan Anand at O.P. Jindal Global University, Dipa Sinha at Ambedkar University, Indranil Chowdhury of PGDAV College in Delhi University, Rohit Azad from JNU, Calcutta-based Prasenjit Bose; Sangeeta Ghosh of the Institute for Studies in Industrial Development, Sourindra Ghosh from the Council for Social Development, Subhanil Chowdhury of the Institute of Development Studies and Zico Dasgupta at Asim Premji University.

## Cyclone spares India’s business capital from major damage

**RAFIQ MAQBOOL, EMILY SCHMALL & ANIRUDDHA GHOSAL, The Washington Post, 03 June 2020**

**MUMBAI:** The first cyclone in more than a century to hit India’s financial capital of Mumbai appeared to have largely spared the metropolis on Wednesday. No deaths or major damages were reported as workers began clearing fallen trees and other debris from affected areas along India’s western coastline. As Cyclone Nisarga crossed the federal state of Maharashtra, live TV coverage showed inky black clouds framing the Arabian Sea, and trees swaying wildly as rain pounded coastal towns and villages.

In the state capital, Mumbai, home to Bollywood, India’s largest stock exchange and more than 18 million residents, high winds whipped skyscrapers and ripped apart shanties near the beach. About 10,000 city residents were evacuated from their homes, municipal officials said. With powerful storms a rarity, there were no preexisting cyclone shelters, and many of the city’s large and sturdy buildings have already been converted into coronavirus isolation or treatment facilities, National Disaster Response Force spokesman Krishan Kumar said.

Such storms are less common in the Arabian Sea than on India’s east coast, and usually form later in the year. But Nisarga may represent ways in which the warming of oceans due to climate change is already altering lives, experts said. In the hours before the storm hit India’s shores, drivers and peddlers deserted Mumbai’s iconic Marine Drive, fishermen yanked their nets out of the wavy Arabian Sea and

police shooed people away from beaches. Homes in city slums were boarded up and abandoned, and officials patrolled the streets, using bullhorns to order people to stay inside.

Nisarga brought heavy rain and sustained winds of 100 to 110 kilometers per hour through Wednesday afternoon after slamming ashore near the city of Alibag, about 98 kilometers south of Mumbai, the Meteorological Department said. In Alibag, photos posted on Twitter by the disaster agency showed toppled carts, fallen trees scattered over roads and tin roofs ripped apart. Alibag absorbed some of the storm's power, reducing its impact on Mumbai. The storm moved away from the city across Maharashtra state with its wind speed slowing to 85 kilometers per hour.

Ahead of the storm, about 100,000 people were evacuated from low-lying areas in Maharashtra and neighboring Gujarat. Both states, already among the hardest hit by the coronavirus pandemic, activated disaster response teams, fearing extensive flooding could further impair overwhelmed health systems. About 200 COVID-19 patients in Mumbai were moved from a field hospital beneath a tent to another facility to avoid the risk of strong winds, officials said. S.N. Pradhan, director of India's National Disaster Response Force, said social distancing norms were being followed in evacuation shelters.

Maharashtra, which accounts for more than a third of India's coronavirus cases, has seen the rate of infection slow in recent days, below India's national average. Officials in Mumbai and also in the federal government in New Delhi have pinned hopes of an economic turnaround on a dramatic ease of restrictions this week after nine weeks of lockdown. India has reported more than 200,000 cases and 5,800 deaths due to the virus, and epidemiologists predict that the peak is still weeks away.

Nisarga comes just two weeks after Cyclone Amphan tore through the Bay of Bengal on India's east coast and battered West Bengal state, killing more than 100 people in India and neighboring Bangladesh. The frequency of cyclones in the Arabian Sea is predicted to increase, said Adam Sobel, a climate scientist at Columbia University. The temperature of the top layer of the sea, from which the cyclone draws its energy, is "unusually high," said K.J. Ramesh, former chief of India's Meteorological Department. Much more frequent and intense cyclones have been appearing over a shorter time in recent years due to climate change, he said.

INSAP



## Business

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### Cabinet approves amendment to Essential Commodities Act

Times of India, 03 June 2020

NEW DELHI: The federal cabinet on Wednesday approved amendment to the six-and-a-half decade old Essential Commodities Act to deregulate food items, including cereals, pulses, and onions, a move that will transform the agriculture sector and help raise farmers' income. While India has become surplus in most agri-commodities, farmers have been unable to get better prices due to lack of investment in cold storage, processing, and export as the entrepreneurial spirit gets dampened due to the Essential Commodities Act. With this amendment, commodities like cereals, pulses, oilseeds, edible oils, onions, and potatoes will be removed from list of essential commodities. This will remove fears of private investors of excessive regulatory interference.



In addition, the Cabinet approved “The Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance 2020” to ensure barrier-free trade in agriculture produce. This will help create an ecosystem where farmers and traders can enjoy freedom of choice of sale and purchase of agri-produce. Agriculture minister Narendra Tomar said that the Ordinance will promote barrier-free inter and intra-state trade and commerce outside the physical premises of markets notified under state agricultural produce marketing legislations. It will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce.

The Ordinance will open more choices for the farmer, reduce marketing costs for the farmers, and help them in getting better prices. It also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically, the minister added. The government also approved “The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance 2020” to empower farmers to engage with processors, aggregators, wholesalers, large retailers, and exporters. It will act as a catalyst to attract private sector investment for building supply chains for supply of Indian farm produce to global markets. Farmers will get access to technology and advice for high value agriculture and get ready market for such produce. It will also enable farmers to engage in direct marketing, thereby eliminating intermediaries and resulting in full realization of price. Farmers have been provided adequate protection and effective dispute resolution mechanism has been provided for with clear timelines for redressal.

### Recession looms as economy reopens

NIKHIL INAMDAR, BBC, 04 June 2020

NEW DELHI: By all accounts, reversing the disruption caused by India's lockdown will be a long haul - and the price businesses, especially small firms, have paid is just starting to become clear. The reasons are many. On the one hand, owners have fled the cities and are yet to return, and on the other, with job losses mounting and banks averse to offering consumer loans, there is no demand for high-end phones.

According to India's retail association, sales of non-essential items - such as clothes, electronics, furniture - fell by 80% in May. Even sales of essential goods - such as groceries and medicines - dipped by 40%. The near future looks uncertain as infections rise - India has recorded nearly 200,000 cases so far, with several record single-day spikes in the last week. But the government is yet to announce uniform procedures for businesses that are reopening - so sales are expected to slide further down, even as high-street shops, malls and other commercial markets are scheduled to reopen next week.

Not all businesses were closed during the lockdown - those deemed essential, from agro products to power, food supply to healthcare - continued operating. And more businesses have been allowed to reopen since early May. But they are all bogged down by low demand, falling exports, labor shortages and new rules of operation requiring social distancing and other safety measures to curb the pandemic, and the effect on production is evident in India's manufacturing data, which contracted for the second month in a row. Expenses have shot up due to compliance costs such as disinfectants, sanitizers, thermometers, and masks for workers. The exodus of migrant workers from cities during the lockdown has also meant severe labor shortages for some businesses. At a construction site in the capital Delhi, where one of the country's largest real estate firms, Raheja Developers, is erecting a residential building, the labor strength has dropped by 40% since the pandemic hit India.



None of this bodes well for a quick recovery, especially for an economy that was already reeling from a slowdown. India's economy grew at 4.2% in the 2019-20 financial year - its slowest pace in nearly a decade - according to data released by the government last week. For the first three months of this year, which overlapped with the first week of the lockdown, the country's GDP expanded by a measly 3.1% - partially the result of businesses closing. But economists predict a further slide downward - India's GDP for the 2020-21 financial year is likely to contract between -7% to 0%, the worst technical recession since the 1970s.

While the easing of restrictions will lead to a recovery, they expect it will take up to three months for economic activity to reach even half the level it was at before the outbreak. Meanwhile, the rising number of Covid-19 cases has put Prime Minister Narendra Modi's government in a Catch 22-like situation. And most economists have been disappointed by the government's economic response. India's federal bank has announced a raft of measures including rate cuts and moratoriums on loans. And the government has announced a US\$266 billion stimulus, including a range of liquidity measures and reforms. But, by most calculations, what they will end up actually spending amounts to a minuscule 0.8 to 1% of GDP. The consensus is that this is not sufficient to boost demand, spur growth or avert a spate of bankruptcies. And it seems to be a widely held opinion - ratings agency Moody's downgraded India's sovereign rating to the lowest investment grade for the first time in 22 years.

## **RBI refused to grant forced interest waiver**

**INDU BHAN, Financial Express, 04 June 2020**

NEW DELHI: The Reserve Bank of India (RBI) on Tuesday refused to grant any 'forced' interest waiver on loan moratorium, saying it will risk not only the financial viability of the banks, but will also put the interest of depositors in jeopardy. Besides, it will hurt banks by as much as US\$26.48 billion (1% of GDP). The banking regulator in its reply to the Supreme Court (SC) said it was taking all possible measures to provide relief to the real sector with regard to debt repayments on account of the fallout of Covid-19,

but “it does not consider it prudent or appropriate to go for a forced waiver of interest, risking the financial viability of the banks it is mandated to regulate, and putting the interests of the depositors in jeopardy.”

The fact that the waiver of interest is having far-reaching effect on the economy cannot be ignored and the larger public interest of the economy always takes precedence over the individual cases of hardship, it said. The interest on advances forms a vital source of income for banks and allows them to sustain and remain financially sound and profitable, the reply stated, adding that the banks have the discretion of how they will recover the interest accrued during the moratorium period. The RBI on May 22 had granted extension of its previously announced three-month term equated monthly installment (EMI) moratorium by another 3 months to August 31, 2020. The federal bank on March 27 had announced a three-month EMI holiday from March 1 till May 31 on all term loan repayments including home loans.

The RBI’s response came after the SC on April 30 had asked the RBI to examine if benefits of its policy decision on the three-month moratorium on fixed-term loans and EMIs are being passed on to borrowers. A batch of petitions had challenged a part of the March circular with regard to recovery of interest accrued on the outstanding portion of the term loans during the moratorium period of between March 1 and May 31. According to the regulator, the allegation of imposition of interest during the period is devastating is totally wrong as this would mean “turning a blind eye towards the fact that a borrowing arrangement is a commercial contract executed between the lender and the borrower and the interest rates reflect the same”. The RBI in its reply said the objective of the circular was that when the country is under lockdown and the businesses are closed and consequently the employed persons are facing cash flow losses, loan obligations should not come as a double whammy during this period. The moratorium period merely permits the lending institutions to postpone the payments that will fall due during the moratorium period.

## **MSMEs to be reclassified in July**

**The Tribune, 03 June 2020**

NEW DELHI: From July, over 60 million micro, small, and medium enterprises (MSME) across the country will be classified based on the new criteria approved by the government. As per the revised criteria, a unit with US\$6.6 million of investment and US\$33 million of turnover will fall under the ‘medium’ enterprise category. A manufacturing and services unit with US\$132,349.50 of investment and US\$661,747.50 of turnover will be classified as ‘micro’ whereas a unit involving US\$1.32 million of investment and US\$6.6 million of turnover will be categorized as a ‘small’ enterprise. A new composite formula of classification for manufacturing and services units has been notified. Now, there will be no difference between the manufacturing and service sectors.

Ministry officials said that the new definition will pave way for strengthening and growth of MSMEs. Particularly, the provision of excluding the exports from counting of turnover will encourage the MSMEs to export more and more without fearing to lose the benefits of a MSME unit. The Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi cleared the upward revision of the definition of micro, small and medium enterprises (MSMEs) on Monday.

The existing criterion of definition of MSMEs is based on the MSMED Act, 2006. It was different for manufacturing and services units. It was also incredibly low in terms of financial limits. Since then, the

economy has undergone significant changes. After the package announced on 13 May 2020, there were several representations saying that the announced revision is still not in line with market and price conditions and hence it should be further revised upwardly.

“Keeping in mind these representations, Prime Minister decided to further increase the limit for medium Units. This has been done in order to be realistic with time and to establish an objective system of classification and to provide ease of doing business,” the statement said. MSMEs contribute 29% to India’s gross domestic product and comprise almost half of its exports. These units employ over 110 million workers.

## India turns to organic veggies as lockdown alters supply chain

**MOYURU BABA, Nikkei Asian Review, 03 June 2020**

TOKYO: India's nascent market for organic vegetables stands to grow as the government combats the coronavirus, and sisters from Japan are among those looking to cultivate the field. With the pandemic slowing distribution of farm produce, India aims to build new supply chains and nurture local food brands. More than 200 million Indians -- about half of the country's workforce -- are employed in agriculture, many on small farms. But only about 830,000 farmers are engaged in organic agriculture -- which limits the use of pesticides and chemical fertilizers -- an industry group says. Estimates peg the value of India's organic vegetables market at 40 billion rupees (US\$529 million) a year.



Until now, India has not focused on food safety, in part due to the many people without enough to eat. But the coronavirus lockdown prompted New Delhi to get serious about organic produce and potentially bolster the nation's largest sector. When the lockdowns began in late March, panicked shoppers could be seen waiting for an hour or two to buy food at stores. Hasora, which sells and delivers organic produce in Gurugram on the outskirts of New Delhi, has been bringing vegetables to customers while dealing with a staffing shortage and transport challenges. "Demand for deliveries grew sharply after the lockdown in cities was imposed," said Asuka Hatta, co-founder of Hasora. Hasora offers packages of various vegetables for single people and households, priced at 1,000 rupees (US\$13.23) to 3,000 rupees (US\$39.68). Since the company was established by Asuka Hatta and twin sister Mai Hatta four years ago, it has worked to increase transactions with organic farmers.

Typically, Indian farmers simply ship their produce to market via distributors. But organic farming requires soil improvement and other steps that demand a stronger relationship. Hasora is considering the introduction of a traceability framework to enhance food safety. Local startups also have gotten in on the action. New Delhi-based Smur Agro Ventures helps farmers protect their organic crops from pests by using sensors to provide weather information. "The market can be expected to grow 10%-15% a year once we are able to provide the service at the appropriate price," founder Udayan Arya said.



## Focus

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### The rich and the poor in India's lockdown

**RUCHIR SHARMA, The New York Times, 30 May 2020**

NEW DELHI: I landed in Delhi on a work trip in mid-March and just over a week later, Prime Minister Narendra Modi announced what was soon recognized as the world's strictest lockdown. He warned Indians to imagine "a sacrosanct line" around their homes, not to be breached for work or travel of any kind, not even a walk outdoors. My immediate concern was that in its usual way, India was copying measures that rich countries take to protect public safety and welfare but that low-income countries cannot afford. Within days, millions of displaced migrant workers were coursing out of major Indian cities — thousands trudging right past my front door. Most were young men, released from construction jobs and evicted by nervous landlords. They planned to live on the kindness of strangers and to keep walking home to villages hundreds of miles away.

Delhi's liberal elite has long criticized Mr. Modi for his autocratic style and Hindu-centric agenda, but they rallied behind his lockdown immediately. Though India had seen relatively few deaths from the virus, the media had broadcast many images of people dying alone in Italy, Spain and the United States, and fear was spreading faster than the virus. Early on, the Modi administration made beds available for Covid-19 patients only in government hospitals — infamous hellholes the privileged avoid at all cost. After three weeks the government began replacing lockdown 1.0 with slightly looser versions, but instead of relaxing, many upper-class Indians were still confining themselves more strictly than the rules require — and learning to love it.

This crisis has been liberating for Indian bureaucrats and the police, self-important in normal times, "essential" now. WhatsApp is full of videos of the police beating people caught on the streets without a satisfactory excuse or forcing them to perform squats while holding their ears — a punishment common in government schools. The commentary on these clips is often more humorous than horrified, including one mash-up that went viral with cricket-style commentary. By mid-April, many rich countries had started to debate reopening their economies, and protests were breaking out against lockdowns in several major U.S. states. In India, there was little public debate, much less protest. The hardest hit, the poor and unemployed, seem to accept their misery as fate, no doubt unaware of evidence showing that the more stringent the lockdown, the more severe the economic damage.

Some estimates suggest that India's economy could contract by nearly 6 percent this year, making this the worst downturn in the country's post-independence history. All this and the Covid-19 death toll in India is around 4,700, fewer than the number who die, mostly in rural areas, each week from tuberculosis or diarrhea. Still, the urban elite has all the political influence, and most have remained steadfast supporters of the tough lockdown. But what of estimates showing that each week the lockdown is pushing tens of millions of Indians below the poverty line? The standard answer is: "The government should take care of them. Just look how much the United States is spending on displaced workers." Never mind that India has about one-twentieth the average income of the United States and, with its dysfunctional bureaucracy, is particularly ill equipped to manage the sudden displacement of so many workers. Constrained by high public debt and a large deficit, India's government has increased spending by less than 2 percent of gross domestic product since the lockdowns began — compared with about 12 percent in the United States.

This lack of resources greatly complicates the challenge of helping the jobless in India, a far-flung group that is so hard to track that the government does not regularly report the unemployment rate. But a credible Mumbai think tank estimates that it has tripled under the lockdown to 24 percent — well above the U.S. rate. And the United States has no group as large or underserved as the Indian migrant workers, who number around 140 million and for the most part do not qualify for India's limited unemployment benefits. For a while, the Indian media had stopped covering the flight of the itinerant laborers, sticking instead to positively patriotic takes on the war effort. But then 16 sleeping migrants were run over by a train on tracks they assumed, fatally, would be empty until the pandemic ends. Now they are back in the news.

Many of those laborers are testing positive when they get home, driving up India's case count even as lockdown fatigue forces the authorities to ease up. It is past midnight on Ring Road as I sit down to write. Outside, angry shouting erupts. I go out. It is the migrants, moving in small groups, one fending off an attack by thieves from the nearby slums. They had set out on rumors about an imminent lockdown 4.0, assuming the worst. I hope they make it home safe. But learning to love life under lockdown? That kind of love is too expensive for them.

## Map of Nepal

The Statesman, 02 June 2020



NEW DELHI: Relations between India and Nepal have soured further still with the bill on the new map ~ including the three disputed areas ~ being tabled in Parliament in Kathmandu on Sunday. The political class, including the Opposition, has had its way despite last week's tut-tutting by Prime Minister KP Oli over the controversial exercise in cartography and the proposed legislation. Indeed, the Himalayan country's major Opposition party, Nepali Congress, has endorsed the legislation. At this juncture, South Asia presents a glaring study in contrasts.

While Bhutan, the Himalayan kingdom with a constitutional democracy, has welcomed India's assistance to counter the coronavirus pandemic, the rift has distinctly widened between Delhi and Kathmandu. Nepal's choreographed map includes the controversial areas of Lipulekhadhura, Lipulekh and Kalapani and will almost certainly muster the two-third majority in the House ~ a legislative development that is bound to worsen bilateral ties in the midst of a humanitarian crisis when the focus of the comity of nations ought to be riveted to nothing else. Yet Nepal's Prime Minister has made the waters murkier by declaring that the "Indian virus" was more "lethal" than the Chinese or the Italian variety.

In the net, it will lend an impetus to Oli's nationalist credentials and his anti-India stance that was acutely manifest in the aftermath of the earthquake, the assistance package from China, and the border road blockade when Nepal displayed a distinctly pro-Beijing tilt. It will also enable him to ward off challenges within his own party, thus ruling out the prospect of mending fences with India, and within the South Asian Association for Regional Cooperation (SAARC) in the wider canvas. Reports suggest that the Nepali Congress had sought a thorough discussion on the emotive issue. Though party leaders are said to have had second thoughts, the cadres and people in general had shrilled for the legislation on Nepal's revised map.



Given the strong public mood, the ruling party never wanted to be seen as being against the legislation. Clearly, the map has subtle implications ~ bilateral, geographical, and political. The bill boasts the support of a cross-section of parties, notably the Rashtriya Prajatantra Party and the Rashtriya Janata Party Nepal. Matters came to head when India opened a road to the Lipulekh pass. The issue is much too sensitive, one that binds parties together regardless of ideological affiliations. Senior Nepali politicians have been threatened by their cadres on this issue. For Narendra Modi, managing ties with Nepal has been an intricate task. As often as not, Oli has turned to China for his own political survival.

At one stage, the Chinese ambassador in Kathmandu had to intervene to calm ruffled feathers in Kathmandu. At the end of the day, the question survives whether the Lipulekh road should have been opened at this juncture, after all. It is pretty obvious that the crisis has escalated after India's army chief, General Naravane, remarked that Nepal has acted at China's behest. From Hong Kong to Kathmandu, there is consternation over Nepal's geostrategy.

## A wide gap between PM Modi's promise and delivery

The Free Press Journal, 03 June 2020

NEW DELHI: Politicians are good at making promises. Prime Minister Narendra Modi is no exception. In fact, he particularly excels at it. But if the proof of the pudding lies in its eating, without exception every politician falls short. Probably, marketing dreams, promising good life is an integral part of politics everywhere. Here we started with Jawaharlal Nehru offering socialism to wipe the tears of a long-suffering people starved of two square meals a day. His daughter, Indira Gandhi, rose remarkably high on the catchy slogan of *Garibi Hatao*. Half a century later, millions of Garibs are seen on India's roads trekking miserably back home to their villages from the poverty and squalor of towns they are leaving behind due to the lockdown on their daily income.



In between, we have had a number of other pretenders to the New Delhi throne whose stint was largely unremarkable, barring one. Manmohan Singh's promise of unshackling the animal spirits of the entrepreneurial class to ensure handsome economic growth, too, remained largely unfulfilled. Now come to Modi. Into his sixth year, he has promised to complete the process of reforms which the Narasimha Rao-Manmohan Singh team had begun in the 90s, but which was abandoned halfway, without allowing it to realize its full potential.

Surprisingly, in the midst of the coronavirus lockdown, the Modi Sarkar revived the reforms package. It undertook to free land and labor markets, carry out structural reforms in the financial sector, open up the economy for foreign direct investment, and remove obstructions in the way of foreign companies setting up shop here. It also promised to free up the mining sector, allowing for public-private partnership. Likewise, it promised to remove caps on foreign investment in most sectors of the economy.

All these promises constituted what was said to be the US\$265 billion economic salvage package which cumulatively constituted, it was claimed by the Prime Minister, ten percent of the GDP. Of course, in real terms the package was about one percent of the GDP. In fact, the main part of the package had little to do with the corona pandemic. The long-overdue reforms could have been announced any time

before or after the pandemic. Be that as it may, the Prime Minister's penchant to make tall promises was yet again on display in his inaugural address to the 125th annual session of the Confederation of Indian Industry on Tuesday morning through a video-link.

To the assembled captains of industry and commerce, Modi must have sounded overly optimistic when he said, "Yes, we will definitely get our growth back." How and when were the obvious questions answers to which may not have been clear to his audience, the very people on whose shoulders lies the responsibility to get the economic engine running again.

The PM, however, was full of hope. "Corona may have slowed our speed of growth, but India has now moved ahead from lockdown with the phase one of unlock. Unlock Phase-I has reopened a large part of the economy." The last claim must have sounded unreal to lots of people in his distinguished audience since they knew first-hand that despite the partial lifting of restrictions much of the economy was yet to get back to pre-lockdown normal due to the absence of workers, disruption in supply chains and a lack of demand.

It would be a while before things return to normal, if at all. But the PM on Tuesday morning appeared to paint a positive picture despite the actual economic actors entertaining genuine misgivings about getting back on stream any time soon, post-lockdown. Displaying his weakness for alliteration and acronyms, which increasingly elicits snide comments, Modi talked of 'intent, inclusion, investment, infrastructure and innovation' as crucial for India to revert to a high-growth trajectory.

On intent, the US\$265 billion package is certainly not wanting. But where are the rest of the elements, i.e., investment, innovation, etc. In fact, where is the evidence of the far-reaching reforms in labor, land, financial sector, foreign investment, et al. As they say, the way to hell is paved with good intentions. No government in free India has been lacking in good intentions. The only shortcoming has always been delivery, performance, and resolution put into action what was promised in words. We are afraid Modi will fall far short in keeping his promise.

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