

ESSAY

The Different Types of Cyber Crimes

Internet is growing today but many people have become victims of hacking, theft, cyber stalking, Child soliciting etc. which are various types of cyber crimes. Cyber crime is committed over the internet. Lawmakers, law enforcement, and individuals need to know how to protect themselves and the people for which they are responsible. The following are different types of Cybercrimes.

Hacking

This type of crime is done when a person's computer broken into by an unauthorized users. So, the personal and sensitive information is stolen by the unauthorized person. The criminal uses a variety of software to hack a person's computer irrespective its location.



Theft

When a person downloads music, movie, video, eBook, games and various software (software piracy) by violating copyrights –this is one of the cyber crime.

Electronic Fund Transfer Crime

In this crime, a criminal accesses information about a person's bank account, credit cards, social security, debit card and other sensitive information which results in major financial losses of the person and even spoils the person's credit history. This crime happened for cash transactions of e-marketing and other banking services.

Malicious software

This internet-based software or programs used to disrupt a network. This software not only steals sensitive information/data but causing damage to another software present in the system.

Cyber Stalking-

This is a kind of online harassment where crime used to send various illegal online messages or emails. So, the targeted persons' lives are more miserable.

Child soliciting and abuse-

In this crime, criminals solicit minors via chat room for the purpose of child pornography.



Electronic vandalism, terrorism and extortion-

A number of individual and protest groups have hacked the official web pages of various governmental and commercial organizations even the defense information of a country.

Telemarketing Fraud

Cyberspace now abounds with a variety of investment opportunities such as stocks, bonds, sale of items, online lotteries etc.

Denial-of-service Attack-

Denial-of-service referred the act by which a user of any website or service denied to the use of service of the website. So, crimes target the web server of the website and flow a large number of requests to that server. This causes use of maximum bandwidth of the website and the targeted website goes slow down or not available for some time.

Data Diddling-

It is an unauthorized alteration of data. This is done by virus programs that change the system's data which is entered by the user.

Spamming and Email Bombing-

Spam (junk mail) is a message sends by the criminal with a web



link or some business proposal. Clicking in this link results to install a malware into our system or redirect to a phishing website.

Email Bombing is a technique where criminal sends a huge number of emails to target address. So, the target email address or mail server crashed

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The Cyber Crime and National Security

When we talk about national security, we talk about the security of over one billion people and sovereignty of a country that is culturally rich, politically stable, socially compact and economically



emerging. The worst victim of terrorism and naxalism India and its national security has been threatened recently by cyber crime.

The concept of cyber crime is not radically different from the concept of conventional crime. Cyber crime is the latest and perhaps the most complicated problem in the crime world of the country. In the context of national security, cyber crime may involve hacktivism (on-line activity intended to influence polity), traditional espionage or information warfare and related activities.

Another way to define cyber crime is simply as criminal activity involving the information technology infrastructure, including illegal access, illegal interception (by technical means of non-public transmissions of computer data to, from or within a computer system), data interference (unauthorized damaging deletion, deterioration, alteration or suppression of computer data), systems interference (interfering with the functioning of a computer system by inputting, transmitting, damaging, deleting etc.) misuse of device, forgery (ID theft) and electronic fraud. The rising level of cyber crime is an indication of an enormous threat to national security. Lawmakers and law enforcement agencies have to give immediate attention to the matter.

Cyber crime is a rampant evil with its roots firmly planted on the growing dependence on computers in the contemporary scenario.



In today's age when everything from small gadgets to nuclear plants is being operated through computers, cyber crime has assumed threatening ramifications. Various kinds of cyber crimes are prevailing in the world today. Hacking, bombing, diddling, spoofing, botnet attacks, salami attacks and viruses are capable of breaching the security in the information systems of vital installations. There have been several instances in the recent past to support the prevalence of these attacks on a large scale. In fact, the first recorded cyber crime dates back to 1820. Joseph Marie Jacquard, a textile manufacture in France produced the loom which involved a seniors of steps. This caused fear among Jacquard's employees that their traditional employment and live hood were being threatened. They committed acts of sabotage to discourse Jacquard from further use of the new technology.

Cyber terrorism is a threat to national security which may be defined as " the premeditated use of disruptive activities or the threat thereof, in cyber space, with the intention of further social, ideological, religious, political or similar objectives or to intimidate any person in furtherance of such objects". A cyber terrorist is a person who uses the computer system as a means or ends to achieve the following objectives – (1) putting the public or any section of public in fear, or (2) affecting adversely the harmony between different religious, racial, language or regional groups or



castes or communities; or (3) coercing or overawing the government established by law; or (4) endangering the sovereignty and integrity of the nation.

Cyber crime is a global phenomenon and therefore the initiative to fight it should come from the same level. Today cyber and organized crime has become the order of the day round the globe and the need to put an end to this criminal act cannot be kept aside. Research has shown that people lose millions of with this set of people because they are enemies of progress of the nation. All efforts to put this to end have proved unsuccessful because even the people fighting the crime are criminals. A typical example of this is a lawmaker, a member of the Nigeria's National Assembly Hon. Moris Ibekwe (late) who was in the maximum security prisons in Nigeria for an alleged involvement in a free fraud. If a member of a legislature can be involved in such un godly act, what would unemployed youth do?

The capacity of human is unfathomable. It is not possible to eliminate cyber crime from the cyber space but, it is quite possible to check them for national security. History is witness that no legislation has succeeded in totally eliminating crime from the globe. The only possible step is to make people aware of their rights and duties and further making the application of the laws more stringent to check crime. There is a need to bring changes in



the Information Technology Act to make it more effective. To combat cyber crime it should also be kept in mind that the provision of the cyber law are not made so stringent that it may retard the growth of the industry and prove to be counter productive.

Of late, anti-Gandhi forums or hate India posting along with war for people who hate India campaigns on Google's Social Network Site, Orkut, have been perplexing authorities. Fan clubs of underworld dons like Dawood Ibrahim and Chota Shakeel and other wanted dons are also doing the rounds on Orkut. One such community even asks people if they would like to join the D. Company. If a criminal ends up having a number of fans all across the globe, it is crazy. This throws light on the mindset of the people. As for the anti-India, anti-Pakistan campaigns, we must realize that in the long run these antagonistic feelings can pose an irreversible threat to our own existence and people behind these acts of notoriety should be penalized as they are somewhere fuelling a sense of hostility in the already estranged relations between the two countries.

These cyber crimes pose a threat to the national security of all countries, even technologically developed countries like USA also. Technology savvy terrorists are using 512-bit encryption, which is next to impossible to decrypt. The recent example may be cited of



Osama Bin Laded, the LTTE attack on America's army deployment system during Iraq war. The organized hackers have certain objective. The reason may be to fulfill their policies bias, fundamentalism etc.

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The impact of Aadhar in digital governance and less cash economy:

Introduction:

Aadhar is a 12 digit unique identification number which the government wants to use to authenticate users of all government benefits to streamline spending and weed out ghost beneficiaries and leakages.

Issue:

The Supreme Court's oral observations regarding the use of Aadhaar numbers by the government are significant, for they alter



the narrative and potential scope of the ambitious unique identification programme.

While reiterating its position that no beneficiary of a welfare scheme shall be denied benefits due to her for want of an Aadhaar number, the court said –

The government is free to “press” for Aadhaar for ‘non-welfare’ transactions or activities.

These include filing income tax returns, opening bank accounts or getting a mobile phone connection.

Earlier, following the surge in bank deposits after the demonetisation of high-value currency notes, the Income Tax Department had already asked banks to ensure that all savings bank accounts are seeded with PAN details by the end of February.

The only exemptions to this norm are the no-frills savings accounts such as those opened under the Pradhan Mantri Jan Dhan Yojana.

Effectively, this means that all other new savings bank accounts will require an Aadhaar number.

Aadhaar and Concerns:

While the Supreme Court’s observations do not amount to a judicial order, they dispel some of the ambiguity relating to the scope, even future, of Aadhaar.



Conclusion:

Aadhar is an important identification document that has a promise to go long way in achieving the dream of maximum governance and less cash economy. The savings it can result can also effectively increase spending on infrastructure and social sector. Hence there is need for an approach that is holistic and well thought out

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Cashless economy:

Merits & Demerits of cashless economy

Cashless economy in layman terms signifies all transactions are being done digitally based on point of sale machines, where movement of physical money is minimal. Thanks to Sri Narendra Modi, the hon'ble PM of our country for taking such unquenching step with an aim to curb blackmoney, reduction in corruption from grassroot level and demolishing Hawala like evils that still exist in some pockets. On 8, Nov of the very last year he decided to demonitise Rs.500 and Rs.1000 notes in general circulation declaring them as they are no longer in tender. To avoid transactional



dilemmas cashless transaction system was launched. An unbiased discussion on such an issue deliberates both positive points and negative points as well.

Merits of Cashless economy

Major advantage could be cited as no problem of counterfeit currency, as someone will be able to do so by mitigating bans of handling cash. Second, the theft nuisance from handful cash will be minimum. Third, there will be fewer mismatches of paper currency and on other side production of goods and services which can delimit inflation (too much price chasing too few goods). Third, payments through distant places become easier.

But there is no one to one relationship between cashless system and corruption. For instance Germany, whose Corruption Perception Index (CPI) scores around 81 in a cash intensive economy and in Kenya, the same accounts for 25 for cash extensive economy, both are not comparable. Most important thing determining benefit of cashless economy solely lies with the socio economic condition of any state. It must evolve from very structural set up. From USA, India must learn a thing. Cashless promotion was there from 52 years but it was a gradual process, which took due time to acclimatize from all sections. But in India it was all of a sudden.



Enhanced digital economy and digital commerce can amend its pace. Improvement in tax compliance can be seen since most of private sector companies adulterate their balance sheets when it comes to submit their receipts and statements at audit time. Paper works are not at par immune to provide a genuine data regarding annual turn over but cashless transactions can keep a copy of the same if datas are merely secured by certified cyber agencies.

Demerits of Cashless economy

Literacy is a big vagary in our country. According a recent survey conducted by ASER(Asserted school education report), 50.6% of class 5th students are unable to perform class 2nd algebra. Anyone intended to go cashless need to be well acquainted with its pros and cons. One should be in a state to afford those devices which perform cashless transactions. In such stages demonitisation will only promote avoiding wastage of economic prosperity, upto some extent corruption but has nothing to do with setting up a cashless economy. Money earned out by devious means may albeit covinnance of political and administrative sects to perform their task harmoniously. But payments to corrupted influenced, tax evasion and base erosion in profit shifting (BEPS) is not fully achieved.



A logic arises when a moment comes when the production amplifies so much that it can't exceed transaction with manifold ramifications. Crime is easily committed in fraud, illegal, and unscrupulous social activities where anyone can in any instance throw money to let his work done. Politicians generally perform their tasks whether legal or illegal in circulating physical cash which amounts about 28% (nearly 4.2 lac crores) of total in the country. Logically it can curb corruption and facilitate easy execution of transactions, emanate theft consequences but accommodating each and every section of society into the grasp of going cashless sounds not so good. Again, Cyber hacking is also a threat for those perform cashless transactions. Privacy concerns are even indomitable eg. Hitachi Private Services regime when about 33 million debit card accounts have been hacked. Ola Cab services even tried to refuse cashless payment sure at some point of time.

For instance someone (particularly myself) who desires to have a petties of Rs.15 have to pay Rs.2.50 as transaction cost and that goes directly to shopkeepers pocket which is not in favour of curbing black marketing .Inference drawn from this is transactional tax is not an indirect tax and does not comply with the regime of GST. Internet users which is only about 43% of total populations in a good demographic dividend is a meagre



compared to 15% who have active broadband connections at their working places.

What has govt done so far

Raipur, Chattisgarh has become the first state to go utmost cashless with installation of about 1500 POS (point of sale) machines.

Meityy has launched an official channel "DigiShalla" , an initiative taken by govt of India under the aegis of Ministry of Information Technology and Ministry of Human resource development in the state of Haryana also adds to this.

e-Vendors have been installed in Gujurat and Chattisgarh to promote cashless transactions in day to day goods and services. VISHAKHA (Vitiya Sakhsharata Abhiyan) has been launched the very last year to promote digital literacy.

NOFN measures literally induce secure transactional copies at each and every point of deals.

Way Forward

Despite of such steps, India still lags a lot behind to be cherished by cashless economy due to illiteracy ,less knowledge about technologies, and a more like expression being delivered when someone is asked to swipe his debit card. Govt rather taking all of sudden such step , should have to wait for at least 2 to 3 years to at least acquaint people about such initiative. Separate grievances



cell like permanent Consumer Guarantee Protection Fund to be established with prior appellate authority to be appointed.

"Lies a small line of intricacy between CASHLESS economy and LESSCASH economy which needs to be demarcated, else vagaries will be threat, since everything flows downhill".

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Digital Democracy & India

What is Digital Democracy?

E-democracy, also known as digital democracy or Internet democracy, incorporates 21st-century information and communications technology to promote democracy. It is a form of government in which all adult citizens are presumed to be eligible to participate equally in the proposal, development, and creation of laws. E-democracy encompasses social, economic and cultural conditions that enable the free and equal practice of political self-determination.

India & Digital Democracy

The present government has shown one of the most digitally savvy administrative functioning that India has had till date. The digital smarts and social media popularity of the Prime Minister



and his Cabinet are now being actively leveraged to establish a direct connect between the Government and its citizens. If compared to Akbar's modern day diwan-e-aam, parallels can be drawn where an aggrieved citizen, however lowly he may be, can approach the government directly and report the injustices. This is being made possible through the e-governance initiatives of the present NDA government through digital connectivity. The examples are prompt replies from Union ministers of external affairs and railways to consumer grievances with respect to their portfolios via their Twitter handles. Many ministerial statements and policy decisions of the Centre are conveyed not just on the PIB website, but also through ministerial Twitter handles. Also, if there are any sought of clarifications needed on dense policy subject, the secretaries to government solve the concern.

What happens in a democracy?

The democracy implies the limitation of state's powers and evokes more of a bottom-up process.[1] In order to open way for a digital democracy, public action is necessary. The marketplace is not always the best mechanism to ensure basic values. Technological changes are ambivalent and may lead to different kinds of information society.[2] It largely depends on how ICTs are applied and how public authorities are able to frame their usage.

Propagating the idea of digital democracy



The central government is actively involved in soliciting the citizen's participation in policymaking through three distinct digital initiatives.

Government updates

If a citizen is keen to receive regular updates on what the Government is up to, the government has provided for a My Government portal (<https://www.mygov.in>)[] This portal puts the subscriber on the mailing list to receive regular updates on new announcements, participate in government surveys and discussion boards, and even offer your services or suggestions to upcoming government projects or policy announcements.[] The response to this initiative has been encouraging. The data shows that some 39 lakh citizens were registered with the MyGov portal and had posted 35 lakh comments on various discussions live on the site.[] The Union Budget 2017 ideas had received about 2500 suggestions. Revenue ideas for the Indian Railways elicited 3,500 posts — ranging from fixing solar panels on the roofs of trains to ferrying fruits and vegetables in AC coaches!

Instant grievance redressal

There is a concerted push to transform the Twitter handles of different ministries into e-Sewa or grievance redressal platforms for citizens.[] So, if a person faces any problem with any of public service and if the person has a twitter handle, the complaint can



be tweeted straight to the concerned ministry.[] Currently, ministries of railways, external affairs and communications are already on this platform. Also, there are police forces of few states who use this platform for prompt services.

Public Participation

The government has now begun to regularly update its draft policies and made it public to receive comments. This enhances public participation[] Along with it, polls and surveys are taken so as to immediately identify people's first reaction to administrative decisions taken.[] For example, the controversial demonetisation decision had generated a poll via Narendra Modi app where 90% of the 5 lakh subscribers gave an enthusiastic thumbs-up.

Thus, there are many such future prospects to scale up the scope of this government-citizen interface to more areas of governance.

Power of the people

The digital outreach empowers citizens in three ways.

1. It enhances the accountability of elected representatives. After casting one's vote, one need not be a passive spectator to the whims and fancies of the ruling regime until the next election crops up.
2. It bypasses the army of bureaucrats that stands between the Government and citizen, thereby reducing scope of



corruption3. People can express their views directly to the government via internet and need not belong to a powerful lobby group or be a crony capitalist.

Challenge- The Limited Internet

The most basic thing that has to be never forgotten is that the internet numbers do not reflect the reactions of a common man.[] This is because the digital access is yet to be universalised in India where it is currently available with elite few.[] As of June 2016, India was home to 35 crore internet subscribers (source: TRAI), with nearly 18 crore of those subscribers still on narrowband.[] This can be very dodgy considering the fact that to post one's thoughts on the MyGov portal, one needs uninterrupted internet access.[] Broadband internet connections stood at 16 crore, just 12% of the Indian population. Only a fraction of those users own a Twitter handle (about 3% of the population) or Facebook account (about 15%)[] The numbers may sound encouraging but it is because of double counting. Businesses and well-to-do households in the metros own multiple internet connections and thus, real numbers need to be arrived by removing duplication.[] A pew survey showed that internet usage in India varied widely based on age, gender and income levels. About 22% of Indians use the net, but usage is much lower for women (17%), people in the 35-plus age group (12%) and those in lower-income groups (11%).



Thus, given the cost of owning smartphone and available data packs, the % of population that is constantly on the internet is very low

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Bad Debt Crisis in PSU Banks

The NPA's in PSU banks has been spiralling since 2009. With almost 4.5 lakh crores bad debts at stake PSU banks are facing a crisis like never before. As per RBI data the five sub-sectors; infrastructure (which includes power generation, telecommunications, roads, ports, airports, railways [other than Indian Railways] and other infrastructure), iron and steel, textiles, mining (including coal) and aviation services contribute significantly to the level of stressed advances.

Reasons for increase in bad loans

[] Slowdown in recovery in the global economy, uncertainty in the global markets.[] Sluggishness in the domestic growth during the recent past.[] External factors including the ban in mining projects, delay in environmental related permits affecting power, iron & steel sector, delay in collection of receivables and aggressive lending by banks during good times"

Why bad loans is a bad sign



[] The high levels of NPAs indicates that India's economy is not in great shape, Of 26 public-sector banks (nationalised Banks and the SBI Group), 19 reported Gross NPAs of 5% or more in the latest quarter (refer table below).[] Second to grow, banks need to raise fresh capital. High levels of NPAs mean weak fundamentals and poor valuation in the stock market, hurting their ability to raise funds for growth. This, again, means insufficient capital to make additional loans

In comparison, private-sector banks seem to have done a much better job of managing risks. Private-sector lenders operate in the same space under the same economic factors as the public sector banks. Emulating their risk-management practices would appear to be top priority for government banks.

Way forward:

[] Taking various steps for quicker recognition and resolution of stressed assets.[] Banks should carry out lending on the basis of objective and due diligence without being unduly conservative, in a completely transparent manner without fear or favour.[] Taking initiatives like, constituting a Board level Committee for monitoring of recovery, appointment of Nodal officers for recovery at the Head / Zonal Office / for each DRT, conducting special drives for recovery of loss assets, putting in place guidelines for early warning system, designating ARCs as



Authorised Officers.[] Tightened norms to Asset Reconstruction Companies, increasing the minimum investment in security receipts to 15% from 5%.[] Early passing of Bankruptcy law.[] Name and shame policy of will full defaulters.[] Ruling of courts/Debt recovery tribunal should be implemented very quickly.

Banks Board Bureau & Bad Debt

Banks Board Bureau chief Vinod Rai said little progress has been made on resolving bad loans as managements are reluctant to take hard decisions on recasting debt despite concerns that the rising burden of non-performing assets (NPAs) is holding back the economy.

Rai, said he now sees signs of recovery in the economy. But banks need to push sluggish credit expansion to spark private investment, which has been lagging behind, in order to boost growth to required levels. The lack of enthusiasm on the part of bank executives to resolve bad debts stems from fear that they may subsequently be accused of favouring big corporate borrowers and face corruption charges.

BBB has roped in two of the country's top anti-corruption authorities — the Central Vigilance Commission and Central Bureau of Investigation — to ease worries about undue scrutiny over rescheduling bad loans. A two member overseeing



committee (OC) to help banks deal with bad loans was set up after consultations with the Reserve Bank of India and the agencies mentioned above.

Gross NPAs of public sector banks surged to Rs 4.76 lakh crore in FY16 from Rs 2.67 lakh crore in the year before. As many as 13 of 21 public sector banks — State Bank of India and its associates were counted as one entity — posted losses in FY16 and half of them could do so again this fiscal.

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Impact of Demonetization: A Summarised View

Immediate impact: Is expected to be negative all round:

[] In the short term it will be a logistical nightmare to manage the cash replacement in banks and smooth functioning of the banking system[] Slowdown in consumer spending due to limited cash availability[] Severe liquidity issues in cash based sectors like Real Estate and Jewellery[] GDP will decline in the next 2 quarters due to reduction in overall spending

Over the next 4-5 months:

Those having legitimate income will deposit it in banks and apart from the initial hassles associated with the banking system, they will have nothing to worry about. However those having unaccounted money will face several problems as follows:

[] Those who choose to do nothing with the money, their notes will expire worthless. Every note is a liability of the Government (RBI), and thus notes becoming worthless will benefit the Government by extinguishing its liability.[] Those who declare their unaccounted money, approx 60- 70% of the money will go to the Govt in the form of taxes and penalties.[] There will be a third



category who will try to launder their money, but which will entail severe risks including penalties and prosecution. However, the money sought to be laundered will anyway enter into circulation and remain therein.

It is expected that even if 50% of the around 14 lakh crores of old notes are legitimate, the remaining 50% or around Rs 7 lakh crores of unaccounted money will see around 60 to 80 % thereof or approx Rs 5 lakh crores coming to the government in the form of extinguished RBI liability (point a above) and taxes and penalties. This Rs 5 lakh crores is enough to take care of India's entire fiscal deficit for one year or more.

Overall Economic Impact:

[] GDP growth is expected to be negative for around 6 months. However subsequent 2 years will see sharp "hockey stick" revival in growth.[] Inflation is expected to fall sharply with fall in Real Estate prices and transaction costs thereof.[] Government Deficit will see a huge windfall in the next 2 years.[] Currency is expected to strengthen as inflation drops and economy gets a boost.[] Banking System will get a boost, as around Rs 7-8 lakh crores base money (new legal money) will enter the system, which will further create around 3-4 times more money due to re-circulation.[] Real Estate and Jewellery sectors, though battered initially will stabilize in the next 6 months.



Effect on various Asset classes:

[] Bond prices will rise as interest rates drop.[] Real Estate is expected to fall by around 20 -25 % and stabilize thereafter.[]

Effect on Gold is a bit uncertain, and may be neutral/ negative.

Lower black money will depress demand, but at the same time Gold is a hedge against uncertainty and those still wanting to park black money may prefer to put it into Gold instead of cash.[]

Equity is expected to benefit the most due to three reasons. One, there will be a gradual shift from physical assets (real estate/ Gold) to financial assets. Two, the organised sector (corporates, especially listed ones) will benefit due to less cash transactions. Lastly, lower inflation and interest rates will benefit listed corporates through lower borrowing costs, thereby increasing their profitability and valuations.

Lastly, the question may arise as to whether the new Rs 2000 Rupee notes will create more black money or not.

While that is always a possibility, it should be noted that this demonetization would have created a psychological impact especially on large scale evaders who will definitely think twice before taking such action.

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Goods & Services Tax

The Good and Services Tax is the biggest indirect tax reform since 1947. This will be levied on manufacture sale and consumption of goods and services. In the words of the Finance Minister Arun Jaitley, the GST bill will lead to the economic integration of India. The main function of the GST is to transform India into a uniform market by breaking the current fiscal barrier between states. Thus the GST will facilitate a uniform tax levied on goods and services across the country.

Currently, the indirect tax system in India is complicated with overlapping taxes levied by the Centre and the State separately.

Framework of the GST will replace indirect taxes

The GST will have a 'dual' structure, which means it will have two components- the Central GST and the State GST. They will both have separate powers to legislate and administer their respective taxes. Thus equally empowering both.

Taxes such as excise duty, service, central sales tax, VAT (value added tax), entry tax or octroi will all be subsumed by the GST under a single umbrella. With passing of the GST bill, we can expect a climate of improved tax compliance.



Thus, the GST will basically have only three kinds of taxes, Central, State and another called the integrated GST to tackle inter-state transactions.

13th Finance Commission on GST

1. It should be dual levy on a common and identical base imposed concurrently by the Centre and the States but independently to promote cooperative federalism. 2. It should cover all the goods and services. Exemptions should be minimum and common to the Centre and the States. Tobacco, petroleum products and alcohol should be taxed through GST as well as an additional duty with no input credit. Real estate sector should be integrated into GST framework by subsuming the stamp duty. 3. GST should be structured as a destination based tax. Inter-State transactions should be handled through a mechanism of permitting sellers in one State to charge SGST from buyers in another State. This SGST should be credited to the consuming State. 4. Keeping in view the compliance costs, small dealers and manufacturers should be exempted from the purview of CGST and SGST. 5. It recommended earmarking \$10 bn to fund possible losses incurred by states over a period of 5 years. It also called for the subsumption of all indirect taxes, cesses and surcharges levied by the centre as well as the states into the GST. 6. No distinction being made between goods and services which would be subject to a single rate. A



minimal list of exemptions and a common threshold criterion for the centre and the states. 7. To maintain revenue neutrality, a special provision to allow for petroleum products to be subject to an additional levy, apart from GST.

These recommendations did not find favour with either the centre or the states mainly for the following reasons:

> The levy of a single rate was seen as both unrealistic as well as an attempt to crimp the fiscal autonomy of the states. > The inclusion of the real estate sector and the railways in the GST tax base was seen as not pragmatic.

115th Constitution Amendment Bill, 2011

1. It enables Parliament and state legislatures to make laws to levy GST which will be applied on all items except a negative list. It is needed to enable center to tax sales and enable states to tax production and services. It excludes items like alcohol, natural gas, crude oil, petrol diesel, ATF. 2. It sets up a GST Council comprising of FM and FM of all states. GST Council will work on consensus basis and will be a recommendatory body. Here is a clear contradiction since one of its mandate is to decide the goods where GST will not be applicable and also 6 such goods are already defined in. 3. It also sets up a dispute resolution body to oversee non-compliance of GST Council recommendations by centre and states. But here is a clear contradiction. 4. But it seeks



to define the GST in itself along with the exemption list which means that any change in future will need a amendment. Also it allows the panchayats and municipalities to continue to levy tax on entry and this is seriously going to slow down and hamper the free movement of goods.5. For GST we need uniform rates on goods and services. A 12% excise duty at manufacturing level is not the same as a 12% service tax at retail level.6. The states panel decided to keep petro products out of GST so that states could levy their own taxes on them. But this would mean double taxation since it won't be possible to claim the GST credit on the inputs and still state taxes would have to be paid. So petroleum ministry has proposed to include it in GST and allow states to levy additional taxes.

Constitution (122nd Amendment) Bill, 2014

Conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax;[]

Subsuming of various Central indirect taxes and levies such as

Central Excise Duty, Additional Excise Duties, Service Tax,

Additional Customs Duty commonly known as Countervailing

Duty, and Special Additional Duty of Customs;[] Subsuming of

State Value Added Tax/Sales Tax, Entertainment Tax (other than

the tax levied by the local bodies), Central Sales Tax (levied by the

Centre and collected by the States), Octroi and Entry tax, Purchase



Tax, Luxury tax, and Taxes on lottery, betting and gambling;[] Dispensing with the concept of 'declared goods of special importance' under the Constitution;[] Levy of Integrated Goods and Services Tax on inter-State transactions of goods and services; [] GST to be levied on all goods and services, except alcoholic liquor for human consumption. Petroleum and petroleum products shall be subject to the levy of GST on a later date notified on the recommendation of the Goods and Services Tax Council;[] Compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years;[] Creation of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, taxes, cesses and surcharges to be subsumed, exemption list and threshold limits, Model GST laws, etc. The Council shall function under the Chairmanship of the Union Finance Minister and will have all the State Governments as Members.

Benefits of GST

For business and industry

[] Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make



compliance easy and transparent.[] Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.[] Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.[] Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.[] Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

For Central and State Governments

[] Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a



robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.[] Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.[] Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

For the consumer

[] Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.[] Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

Taxes being subsumed into GST

At the Central level, the following taxes are being subsumed:



1. Central Excise Duty
2. Additional Excise Duty
3. Service Tax
4. Additional Customs Duty commonly known as Countervailing Duty
5. Special Additional Duty of Customs

At the State level, the following taxes are being subsumed:

1. Subsuming of State Value Added Tax/Sales Tax
2. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States)
3. Octroi and Entry tax
4. Purchase Tax
5. Luxury tax
6. Taxes on lottery, betting and gambling.

GST Administration

Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST).

[] Both Centre and States will simultaneously levy GST across the value chain. [] Tax will be levied on every supply of goods and services. [] Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. [] The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. [] Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. [] No cross utilization of credit would be permitted.

Use of IT in Implementation of GST

For the implementation of GST in the country, the Central and



State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders.

The key objectives of GSTN are to provide a standard and uniform interface to the taxpayers, and shared infrastructure and services to Central and State/UT governments.

[] GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc.[] All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST.[] There would no manual filing of returns.[] All taxes can also be paid online.[] All mis-matched returns would be auto-generated, and there would be no need for manual interventions.[] Most returns would be self-assessed

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Rising China in the Globalised World



China is challenging the hegemony of USA.

China became the world's second largest economy.

Being a permanent member of UN used veto eight times.

Activity of various organisation under the leadership of China.

China's relation with India.

Chinese progress in science and technology.

Rise of China cannot be ignored.

Being honest with you, it's not the 'Great Wall of China'. It's an all right wall. It's the 'All Right Wall of China'.

Karl Pilkington

China in recent time has been on zenith in every field, challenging the hegemony of USA and moving the world towards a bipolar world. In this context the 'Great Wall of China' has been rechristened by Karl Pilkington, an English television presenter, author and former radio producer, as the 'All Right Wall' signifying whatever China does cannot be questioned by the world community. China has been under constant scrutiny since its independence in mid twentieth century.

China in its short lifespan as an independent nation has witnessed the highest flow and lowest ebb in lots of fields. The story of China has remained checkered for the outside world, but for the political dispensation it has more or less been on their blueprint provided by successive leaders, except for some hiccups here and there. For



a holistic understanding of the true picture, the Chinese story can be analysed under the following heads such as economic, international relations, soft power diplomacy, sociological angle, science and technology.

China overtook Japan in 2010 as the world's second largest economy in terms of nominal gross domestic product, a position Japan has held since 1968. China keeps its economy on the track of high-speed growth by building through its own efforts, a unique economic system, namely the 'Socialist market economy'. China has also recognised the mainstream of the world trend, namely peace and development, and it sticks to the path of peaceful development.

China had become a main engine of the world economy and many developed countries had also established close economic ties with China, which meant that China's development was a boon to developing and developed countries alike. The growth of China coincided with the process of globalisation and gave China an edge over other countries.

China has been the permanent member of the United Nations Security Council (UNSC). As a permanent member China has used the veto eight times in critical decision makings. UN vetoes by China are not all guided by canons of ethical and moral propriety



but are guided by their own national interests. In the context of India's bid for membership of UNSC, China has always supported it on bilateral level. But when it comes to real floor test in UN, it has always dragged its feet. In 2015, a text for change in the membership of UNSC met through these impediments and China was on the wrong side of keeping its promise towards India.

Various international organisations under the leadership of China, BRICS, Asia Pacific Economic Cooperation (APEC), Shanghai Cooperation Organisation (SCO), East Asia Summit has wide ramifications about the world. BRICS was created to fulfill the gaps of World Bank and IMF. APEC was created to provide free trade area in the region comprising the Pacific Rim countries. China being the highly industrialised one has been the main anchor of trade in the area. To check the rise of China, USA has proposed Trans Pacific Partnership (TPP) with very wide membership that may change the pattern of world trade. China has had in the recent past many border and territorial disputes.

Notable among them are, South China Sea dispute, Sino-India border dispute on the Eastern and Western front, dispute with Japan on Senkaku or Diaoyu islands. These overtures made by China are based on its historical claims and also shows the aggressive cartographic tendencies showed by Chinese military. Occupation of Aksai Chin in India; establishing an Air Defense



Identification Zone (ADIZ) on Senkaku or Diaou island; establishing a nine dash line in South China Sea are case in point. These aggressive steps by Chinese military have irked its neighbours and have soured the relationship between the two.

In the India-China relationship, the major irritants other than border disputes have been, its constant support to Pakistan and supply of arms and nuclear technology; the recent bonhomie with Nepalese Prime Minister KP Sharma Oh; its aggressive posturing in the Indian Ocean and the theory of String of Pearls. These have been the major areas of discontent which have hindered in the actualisation of twenty first century as the 'Asian Century'.

The policy of 'Pivot to Asia' by the US has irked the Chinese and the paranoia showed by the US has added fuel to the fire. The support of North Korea in its military and nuclear pursuits has irked South Korea, USA and Japan as a nuclear flare up in the region may destabilise the entire region. In the recently concluded Paris Climate Talks CoP21, 2015, China was labelled as 'Developing Country' despite it being as the largest emitter of the greenhouse gases. It has shrugged away from its responsibilities for making the world a better place to live. China however has played a constructive role in the lifting of sanctions on Iran in the recently concluded talks.



In WTO talks also China has played a pivotal role in providing a better deal for the developing countries. The proposal of One Belt One Road Corridor and Asian Infrastructure Investment Bank has been both, a cause of concern and has brought a glimmer of hope in the participating countries. Through these initiatives China seeks to integrate Asia and neighbouring countries economically and thereby asserting its economic influence on its benefactors. In the area of soft power defined by Joseph Nye as, asserting of power by its culture, China has started to put itself on the world fore.

In the field of science and technology, China has been able to provide the world with the latest and the cheapest articles. Chinese electronics hardware has captured a lot of market in the developing countries. In space exploration, China has made great strides through Beidou (Navigation system); Tiangong (Space Station) etc. China has been under fire for reverse engineering by Western nations for stealing their intellectual property.

Inventions in defense hardware are a major case in point. Its project of fifth generation fighter aircraft with advanced stealth technology has been under scrutiny by the West. Other advancements include: Tianhe-1 the fastest supercomputer in 2011; Rare earth minerals deposits and the electronics hardware reliance on it etc have allowed China to take a quantum leap.



China has come a long way since its inception. Its transition towards a democratic nation state can go a long way in reposing the faith of its citizens and the world community. The aggressive instances and overtures made by China has been a major bone of contention for other countries. However, its contribution to world economy can never be ignored.

It is therefore, imperative that world keeps the pressure for changing the stance of China not conforming to international standards and at the same instance not take every policy of China with a pinch of salt. It can be concluded that in the present times, "China: We can't live with it, nor live without it".

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Demonetisation and Black Money: Discuss the impact of recent demonetization on black money in India.

Recently Indian government has demonetized the high value



currencies i.e currency notes of 500 and 1000 with objective to unearth the black money, and to curb the corruption, counterfeit currency as well as terror financing. This decision was considered as biggest cleanliness drive against the black money in the history of Indian economy. But there is various view of experts on demonetisation, as some argues that it will hit the black money and other argued in negative.

How it will curb black money-

In India all sections of the society are accustomed to use cash transactions, and this habit is unscrupulously misused by some bad elements of the society. Such habit resulted in even people with accounted money are started using cash transaction for high value transactions.

It is resulted into parallel economy with unaccounted money, even much stronger than regular economy. The parallel economy black money, corruption, counterfeit currency and terror financing.

These issues hampered growth and development of the economy. In this background demonetisation of Rs 500 and Rs 1,000 currency notes as a master stroke, as the move will address issues like black money and corruption and also help the economy become more digital.

The move will either unearth the black money slashed in the form of cash or forces to destroy those unaccounted currencies.

Demonetisation will curb the menace of black money and will help check stashing of funds to a large extent.

Similarly it has major impact on corruption that exists in India and



also on financing of terror activities in India. Hence it was considered as courageous step in the fight against unaccounted money.

Some argues against of it-

Currently high-value currency notes accounts for the value of 86% of the notes in circulation in India.

According to some estimates the size of the black economy in India range from 20% to 60% of GDP and more and the currency in circulation is just 12% of GDP.

Even if more than 50% of money in circulation is black money, but most of it will find its way back to the banking system one way or another, and be recycled as new notes.

According to some experts, the black money holders, tax evaders and corrupt official may not slash these money in cash in their homes due to sheer scale of logistics.

Generally many viewed that tax evaded income mostly invested in companies, real estate and these people may not be affected due to demonetization.

Hence these experts argue that, demonetisation may not yield desired results against black money, rather it creates inconvenience to the general people.

Conclusion-

Central government's recent decision to demonetise the high value currency is one of the major step towards the eradication of black money in India. The demonetization drive will affect some extent to the general public, but for larger interest of the country



such decisions are inevitable. Also it may not curb black money fully, but definitely it has major impact in curbing black money to large extent

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Positive and Negative Impact of GST (Goods and Services Tax)

GST stands for Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. The main idea behind introducing GST is to improve the economy of the nation. A single undivided Indian market would strengthen the economy and make a nation, powerful as well.



The Introduction of GST in the country has both the positive and the negative impact.

LET US FIRST FOCUS ON THE POSITIVE IMPACT OF GOODS & SERVICES TAX:

GST is a single taxation system that will reduce the number of indirect taxes. Earlier, indirect taxes were charged as central excise, VAT, service tax, etc. From now, a single taxation term would cover all of those indirect taxes.

The Prices of products and services would reduce so this system would prove to be beneficial for the people who are fed up of paying huge prices.

This would reduce the burden from the state and the central government. Presently separate taxes are levied on goods and services that you produce. With the introduction of GST, all of these indirect taxes would come under a single roof.

Market development. GST would not be charged at every point of sale like other indirect taxes so this way, market would be developed.

Corruption-free taxation system. GST would introduce corruption-free taxation system. In the present scenario, the tax is levied at the time of product release from the manufacturing site, and after that retailers also pay it.

Positive impact on the Central and the State level

According to the latest reports, the introduction of GST would help India to gain \$15 billion every year. Let us see how:

Improved exports



More opportunities for employment

Enhanced economy growth

Reduced burden on central and state government.

MOVING ON TO NEGATIVE IMPACT OF GOODS & SERVICES TAX:

According to many economists, the introduction of GST in the country would impact real estate market. This would increase new home buying price by 8% and reduce buyers' market by 12%.

GST levied by the government as CGST for central, SGST for state government are nothing but fantasy terms representing older terms Service Tax, CST, and VAT in a new way.

GST is a confusing term where double tax is charged in the name of a single taxation system.

Most of the indirect taxes would now start coming under GST. The Central excise tax is levied at the time of Manufacturing but GST is levied till the selling stage.

Most of the dealers don't pay central excise tax and cheat the government by simply paying the VAT. But all of those dealers would be forced to pay GST.

Wrapping up

There are approx. 140 countries where GST has already been implemented. Some of the popular countries being Australia, Canada, Germany, Japan, and Pakistan, to name a few.

Implementation of GST impacts a nation both ways, positively and negatively. Ignoring negative aspects, positive aspects can be



taken into consideration, in order to improve the economy of the country.

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NPA issue in India and measures.

According to RBI October to December report, the gross Non-Performing Assets (NPAs) of Public Sector Banks are just under Rs. 4 lakh crore, and they collectively account for 90% of such rotten apples in the country's banking portfolio. In terms of net NPAs,



their share is even higher - at 92% of the total bad loans reported so far in the banking system.

What is NPA?

- The assets of the banks which don't perform (that is - don't bring any return) are called Non Performing Assets (NPA) or bad loans. Bank's assets are the loans and advances given to customers. If customers don't pay either interest or part of principal or both, the loan turns into bad loan.
- According to RBI, terms loans on which interest or installment of principal remain overdue for a period of more than 90 days from the end of a particular quarter is called a Non-performing Asset.
- However, in terms of Agriculture / Farm Loans; the NPA is defined as under-For short duration crop agriculture loans such as paddy, Jowar, Bajra etc. if the loan (installment / interest) is not paid for 2 crop seasons, it would be termed as a NPA. For Long Duration Crops, the above would be 1 Crop season from the due date.

Reasons for the rise in NPA in recent years

- GDP slowdown -Between early 2000's and 2008 Indian economy were in the boom phase. During this period Banks especially Public sector banks lent extensively to corporate. However, the profits of most of the corporate dwindled due to slowdown in the global economy, the ban in mining projects, and delay in environmental related permits affecting power, iron and steel sector, volatility in prices of raw material and the shortage in availability of. This has affected their ability to pay back loans and



is the most important reason behind increase in NPA of public sector banks.

- One of the main reasons of rising NPA is the relaxed lending norms especially for corporate honchos when their financial status and credit rating is not analyzed properly. Also, to face competition banks are hugely selling unsecured loans which attributes to the level of NPAs.
- 5 sectors Textile, aviation, mining, Infrastructure contributes to most of the NPA, since most of the loan given in these sector are by PSB, They account for most of the NPA.
- Public Sector banks provide around 80% of the credit to industries and it is this part of the credit distribution that forms a great chunk of NPA. Last year, when kingfisher was marred in financial crisis, SBI provided it huge amount of loan which it is not able to recover from it.
- There is a myth that main reason for rise in NPA in Public sector banks was Priority sector lending, However according to the findings of Standing Committee on Finance NPAs in the corporate sector are far higher than those in the priority or agriculture sector. However, even the PSL sector has contributed substantially to the NPAs. As per the latest estimates by the SBI, education loans constitute 20% of its NPAs.
- The Lack of Bankruptcy code in India and sluggish legal system make it difficult for banks to recover these loans from both corporate and non-corporate.

Other factors



- Banks did not conducted adequate contingency planning, especially for mitigating project risk. They did not factor eventualities like failure of gas projects to ensure supply of gas or failure of land acquisition process for highways.
- Restructuring of loan facility was extended to companies that were facing larger problems of over-leverage & inadequate profitability. This problem was more in the Public sector banks.
- Companies with dwindling debt repayment capacity were raising more & more debt from the system.

Steps taken by RBI and Government in last few years to curb NPA:

- Government has launched 'Mission Indradhanush' to make the working of public sector bank more transparent and professional in order to curb the menace of NPA in future.
- Government has also proposed to introduce Bankruptcy code.
- RBI introduced number of measures in last few years which include tightening the Corporate Debt Restructuring (CDR) mechanism, setting up a Joint Lenders' Forum, prodding banks to disclose the real picture of bad loans, asking them to increase provisioning for stressed assets, introducing a 5:25 scheme where loans are to be amortized over 25 years with refinancing option after every 5 years, and empowering them to take majority control in defaulting companies under the Strategic Debt Restructuring (SDR) scheme.

How to curb the menace of Public Sector Banks (PSB)

(a) Short Term measures



- Review of NPA'S/Restructured advances- We need to assess the viability case by case. Viable accounts need to be given more finance for turnaround and unviable accounts should either be given to Asset Reconstruction Company or Management/ownership restructuring or permitting banks to take over the units.
- Bankruptcy code should be passed as soon as possible. Bankruptcy code will make it easier for banks to recover loans from unviable enterprises.
- Government should establish Asset Reconstruction Company (ARC) with equity contribution from the government and the Reserve Bank of India (RBI). The established ARC should take the tumor (of non-performing assets or NPAs) out of the banking system. An ARC acquires bad loans from banks and financial institutions, usually at a discount, and works to recover them through a variety of measures, including sale of assets or a turnaround steered by professional management. Relieved of their NPA burden, the banks can focus on their core activity of lending.

(b) Long term Measures

- Improving credit risk management- This includes credit appraisal, credit monitoring and efficient system of fixing accountability and analyzing trends in group leverage to which the borrowing firm belongs to:
- Sources/structure of equity capital-Banks need to see that promoter's contribution is funded through equity and not debt.



- Banks should conduct necessary sensitivity analysis and contingency planning while appraising the projects and it should built adequate safeguards against such external factors.
- Strengthen credit monitoring-Develop an early warning mechanism and comprehensive MIS(Management Information System) can play an important role in it. MIS must enable timely detection of problem accounts, flag early signs of delinquencies and facilitate timely information to management on these aspects.
- Enforce accountability- Till now lower ring officials considered accountable even though loaning decisions are taken at higher level. Thus sanction official should also share the burden of responsibility.
- Restructured accounts should treated as non performing and technical write offs where Banks remove NPA'S from their balance sheets Permanently should be dispensed with.
- Address corporate governance issues in PSB. This include explicit fit and proper criteria for appointment of top executives and instituting system of an open market wide search for Chairman.

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The Cost of Unemployment to the Economy

Unemployment is universally recognized as a bad thing. While economists and academics make convincing arguments that there is a certain natural level of unemployment that cannot be erased, elevated unemployment imposes significant costs on the individual, the society and the country. Worse yet, most of the costs are of the dead loss variety where there are no offsetting gains to the costs that everyone must bear. (Depending on how it's measured, the unemployment rate is open to interpretation.

The Costs to the Individual

The costs of unemployment to the individual are not hard to imagine. When a person loses his or her job, there is often an



immediate impact to that person's standard of living. Prior to the Great Recession, the average savings rate in the U.S. had been drifting down towards zero (and sometimes below), and there are anecdotal reports that the average person is only a few weeks away from serious financial trouble without a paying job.

Even for those eligible for unemployment benefits and other forms of government assistance (like food assistance), it is often the case that these benefits replace 50% or less of their regular income. That means these people are consuming far less than usual. The economic consequences can go beyond just less consumption, though. Many people will turn to retirement savings in a pinch and draining these savings has long-term ramifications. Prolonged unemployment can lead to an erosion of skills, basically robbing the economy of otherwise useful talents. At the same time, the experience of unemployment (either direct or indirect) can alter how workers plan for their futures — prolonged unemployment can lead to greater skepticism and pessimism about the value of education and training and lead to workers being less willing to invest in the long years of training some jobs require. On a similar note, the absence of income created by unemployment can force families to deny educational opportunities to their children and deprive the economy of those future skills.

Last but not least, there are other costs to the individual. Studies have shown that prolonged unemployment harms the mental



health of workers, and can actually worsen physical health and shorten lifespans.

Costs to Society

The social costs of unemployment are difficult to calculate, but no less real. When unemployment becomes a pervasive problem, there are often increased calls for protectionism and severe restrictions on immigration. Protectionism can not only lead to destructive tit-for-tat retaliation among countries, but reductions in trade harm the economic well-being of all trading partners.

Other social costs include how people interact with each other. Studies have shown that times of elevated unemployment often correlate both with less volunteerism and higher crime. Elevated crime makes sense because absent a wage-paying job people may turn to crime to meet their economic needs or simply to alleviate boredom. The volunteerism decline does not have an obvious explanation, but could perhaps be tied to the negative psychological impacts of being jobless or perhaps even resentment at those who do not have a job.

Costs to the Country

The economic costs of unemployment are probably more obvious when viewed through the lens of the national checkbook.

Unemployment leads to higher payments from state and federal governments for unemployment benefits (\$2.96 billion worth of benefits were paid out in February 2017), food assistance, and Medicaid. At the same time, those governments are no longer collecting the same levels of income tax as before - forcing the



government to borrow money (which defers the costs and impacts of unemployment into the future) or cut back on other spending (perhaps exacerbating the bad economic situation).

Unemployment is also a dangerous state for the U.S. economy. Over 70% of what the U.S. economy produces goes to personal consumption and unemployed workers. Even those getting government support cannot spend at prior levels. The production of those workers leaves the economy which reduces the GDP and moves the country away from the efficient allocation of its resources. For those who subscribe to Jean-Baptiste Say's theory that "products are paid for by products," that is a serious issue.

It is also worth noting that companies pay a price for high unemployment as well. Unemployment benefits are financed largely by taxes assessed on businesses. When unemployment is high, states will often look to replenish their coffers by increasing their taxation on businesses - counter-intuitively discouraging companies from hiring more workers. Not only do companies face less demand for their products, it is also more expensive for them to retain or hire workers.

The Bottom Line

Governments rightly fret about the consequences of inflation, but unemployment is likewise a serious issue. Apart from the social unrest and disgruntlement that unemployment can produce in the electorate, high unemployment can have a self-perpetuating negative impact on businesses and the economic health of the country.



Worse still, some of the worst effects of unemployment are both subtle and very long-lasting - consumer and business confidence are key to economic recoveries and workers must feel confident in their future to invest in developing the skills (and building the savings) that the economy needs to grow in the future. The costs of unemployment go far beyond the accumulated sums handed out as unemployment insurance benefits.

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Women empowerment across the world.

Marxists and liberal thinkers of the 19th and 20th Century raised their voice against the long standing harassment of women and advocated equality for women, it took long for these ideas to fructify in legislation. Women were given right to vote in 1921 in the imperialist England.

The first half of the Twentieth Century saw the emergence of a series of protest movements in many countries of the world aimed at securing equality for women. In Europe and United States, women obtained legal equality. The Communist regimes of U.S.S.R. and China were committed to liberation of women and assigned greater role for them in ushering in an egalitarian society. Women's participation in the labour force registered impressive



increases. But the phenomena of emancipation of women | passed by many conservative countries of Asia and Africa.

Of late, a new way of thinking has emerged in many democratic countries of the world seeking a more effective role for the woman in society. The accent of feminine movements has undergone a qualitative shift from the strategy of securing emancipation of women to facilitating empowerment of women.

Mere equality for women is not sufficient. Since most of the institutions of society are dominated by man, the concept of legal equality of women has not been able to demolish the traditional prejudices nurtured by man regarding unsuitability of women to hold top positions in Industry, business, politics, and scientific establishments and even in academics and arts the physiologists and psychologists have repeatedly demonstrated through scientific tests and experiments that women are not inferior to men in intellectual capacity or emotional stability and can perform as well as men in social and economic activities. Since the life and career of most women is still guided by men, they are not able to direct their lives and make sufficient efforts for impressive achievements.

The empowerment of women aims at giving women power to exercise auto no over their destiny. They will refuse to submit to the conventions that bind them to four walls of the house and to a subservient role in the bringing up of the family. The will seek a more active role in the bringing up of the family.



They will seek active role in the shaping and grooming of the children than the current role of cooking food for them and giving them emotional sustenance by their unconditional love and affection. For playing a greater role in the family and society, they have to shapeup their personality through education. Moreover, economic self sufficiency is precondition for empowerment of women.

Women should seek careers for earning money as well as for recognition, growth and self-actualisation. They will not aim merely supplementing the income of their husbands. They must make a fuller use their talents and skills to secure for themselves and their children the best of nutrition; education and cultural life. The social position of women is determined by their economic position. Inspite of extensive legislation providing equal inheritance to women in the paternal property most property still remains in the constructive as well as legal control of men.

Vigorous efforts should be made to transfer the property in name of women who rightfully own the land. Effective monitoring of the progress in this regard can accelerate the process; the title of women to land should be publicly displayed in the offices of Panchayati bodies so that effective intervention can be made if their rights are encroached upon. Notions of women's inferiority thrive on ignorance. Achievements made by women in the field of science, academics, public services, literature and politics should be widely publicised to mould public perception.



Their practical sense, aesthetic taste and capacity to love and care should be appreciated by the society.

When women face discrimination on ground of getting lower wages or denial of educational opportunity, they have to organise themselves and demand equality. They may also seek legal aid and fight for restoration of their rights. They can enlist the Support of existing organisation in this cause or may set up their own legal aid groups.

A more active role in local bodies and state politics will accelerate the process of empowerment of women. In India, reservation of 30% seats for women in Panchayati bodies has already been made. This provision, if fully utilised, can offer them an enhanced role in village affairs and will add to their strength in fighting against sexual discrimination.

In South-Asian countries women's role in agriculture operation has been crucial particularly in paddy-transplanting and harvesting. Moreover, the dairy, fishery, poultry and piggery depend heavily on women's labour.

Seeing that credit institutions have generally passed them by, women in Bangladesh have effectively organised themselves into co-operatives and secured substantial financial assistance from the Gramin Banks there. They have improved their economic condition and have become a source of strength to their children. The Bangladesh experiment can be replicated in countries like India with profit.



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Terrorism

Terrorism means the destructive activities taken recourse to by a group of people to coerce a government to yield to their demands. Terrorists engage themselves to violent activities. They use deadly arms and ammunition.

errorism is mostly used as a lever to achieve a political aim. It is the biggest menace faced by the inter-national community today.

There was a terrorist attack on the Parliament of India on 13th December, 2001. Our security forces fought bravely and killed all the terrorists. Since then, there were several terrorist bomb attacks at Delhi, Mumbai, Varanasi, Pune and other major towns of India. There was another series of bomb attacks at Pune on 1st August, 2012. All this clearly points out the immense strength of hard core terrorist groups and their powerful networks.



Terrorism made its ugly appearance in the West Asian political dispute between Palestine and Israel. The massacre of sportsmen in the Munich Olympic village shook the whole world. Incidents of indiscriminate killing took place in Ireland, Afghanistan, Burma. In the Indian subcontinent, terrorism in the worst form was witnessed in Sri Lanka causing loss of innumerable lives and properties.

In India evil forces with abetment from outside indulge in acts of violent terrorism in Jammu and Kashmir, Punjab and Assam. The aim is to create a chaos in the country with ulterior political motives. Our late Prime Ministers Indira Gandhi and Rajib Gandhi and army general Baidya fell a prey to the extreme acts of terrorism. Hijacking of planes, blowing up of railways and bridges and bus full of passengers all are instances of terrorist activities that killed hundreds of innocent lives. The memories of the explosion of the Air India aircraft "Kanishka" in the mid air still haunt us. The Indian Airlines Flight 814 was hijacked on 24th December, 1999 while flying from Kathmandu. One passenger was killed. Other passengers were released after long negotiation.

Kidnapping, hijacking of planes, cross-border terrorism, cyber-terrorism are growing day-by-day. The terrorists use terror as a weapon to fulfill their demands. The effect of terrorism in all cases is killing of innocent people or a large scale massacre of property. Such unwanted killings and destruction cause irreparable damage to the country. Terrorism should be dealt with ruthlessly with undaunted courage and determination. A group of senseless



people cannot be allowed hold the country to ransom. Adherence to strictness only will bring back a stable political and economic environment

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Jallikattu - its historical and cultural relevance

Jalli in #Jallikattu means gold coins tied to the bulls' horns. Kettu means to tie.

Brave matadors were eligible bachelors in the olden days. This is the reason why men used to display dare devilry.

The Spanish bullfighting is a mostly a cowardly version, where the bull has a ZILCH chance. In Jallikattu, the bull does NOT die, nor is it injured.

The Supreme Court has imposed a blanket ban on all traditional cultural practices and rural sports all over India, that involved 'bulls', including Jallikattu, Manjuvirattu, Vadam, Eruthukattum Thiruvizha, Rekla and Bullock-cart races of Tamilnadu, Sethali,



Kaalapoottu in Kerala, Bailgada in Maharashtra and bullock-cart races all over India.

In one sweeping order, the Supreme Court has brought to an end thousands of years of evolution of the Indian Native Cattle, the farmer's best friend ever since it was domesticated by man. We should understand that these breeds have evolved according to the terrain, climate, locally available feed, and have co-existed peacefully with humans who reared them and took care of them as his/her own kin. The cattle, in return, helped man with his farm work, providing the much-required muscle power, and dung, urine.

This is a special relationship that every farmer understands, which, unfortunately, the Supreme Court seems have no clue of, even after a decade after the Jallikattu case entered the Supreme Court.

One of the observations made by the Supreme Court was that Jallikattu is an 'entertainment sport' and 'why should you not play a video game of Jallikattu?'

Is Jallikattu a mere entertainment sport? Jallikattu is NOT an entertainment sport and cannot be conducted for entertainment. A Jallikattu can be organised only once a year in a village and that too ONLY during the annual village temple festival. It is organised by the Village Temple Committee and not by any



sports/entertainment club. There are no tournaments for Jallikattu. Unlike other sports that are organised for entertainment, there is no first place, second place winner. For each and every bull that enters the arena, either the sportsman is declared the winner if he successfully embraces the bull or the bull is declared the winner. Jallikattu is no sport at all; it is a cattle-show to showcase the magnificence of the village stud bulls.

Although Jallikattu is widely known only as a bull-embracing sport, it is actually an ancient cattle show and a stage for the village youth to demonstrate their valour, all rolled into one. In fact, it is an exemplary example of ancient Indian wisdom of cattle breeding science, branding and marketing.

Jallikattu involves selection of the best of the breed, improvement of cattle breeds, cattle shows, creating a brand value for the cattle of the village/region and then marketing the same, thus commanding high prices for their produce (cattle). This exceptional system developed by Tamils thousands of years ago is still in vogue in Tamilnadu. It has continued non-stop even under Muslim rulers and the British Raj, except during times of great famine and epidemics like plague when the people voluntarily suspended it.

To understand how Jallikattu is a part and parcel of Hindu Religion, we should understand the ancient 'Temple Bull System' which is still in vogue in Tamilnadu.



The Temple bull is not restrained in any manner. It is allowed to roam around the village and does not even have a nose rope. It has the right to walk into any field and graze. Superstitions were created around the Temple bull, so that people collectively care for it. For example, people believe that if the temple bull grazes from one's farm, then that family would have a bountiful harvest. If the temple bull visits one's house seeking water or feed, then that household would receive some good news etc. The whole village pampers the temple bull; its only task is to provide free stud service to the village cows.

Jallikattu is all about an unarmed man embracing the bull by its hump for a maximum of 30 seconds! And that is all there is to it. Just 30 seconds of embracing the bull by its hump.

For a bull, an unarmed human is like a pin in a bowling game. Yet the bull does not chase a sportsman down and attack him. Not a single fatality has been recorded in the Jallikattu arena post - 2009.

Jallikattu has been a part and parcel of the Hindu traditional practices of Tamils for thousands of years. It is conducted as a thanks-giving to the local village deity to which the village bulls are betrothed. The occasion is used to honour bulls belonging to the temple and the village.



If you travel around Tamilnadu, you can see statues of Jallikattu bulls and Temple bulls, erected inside temples. Pujas are performed for the bulls along with the puja for the deity. In fact, the statues of the Temple bulls sport the real horn of the bull. The temple bull services the village cows during its youth and when it is old, the village lovingly cares for the bull till its last breath. When a temple or Jallikattu bull passes away, it is given a grand ceremonial burial after performing its last rites similar to that of the village head. It is usually buried in the temple grounds or farm of the owner. After one year, the horns are exhumed and placed on the statue built in the village Temple. The Temple bull is considered sacred during its lifetime and considered as a village Guardian God (grama devata) after its death. Daily pujas are conducted for the Temple bull statue along with the puja for the deity.

For Tamils, Jallikattu is a symbol of the wisdom of their civilization; an inseparable part of their culture.

Tamils would not give up their traditional practice of Jallikattu.

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Why India Needs to Abolish 'Triple Talaq'

One of the ongoing debates in India is why the government is reluctant to bring Muslim marriages under the uniform civil code. Hindus, who constitute the majority, were brought under the Hindu Code in 1955. Prior to that, Hindu personal laws covered all matters relating to marriage, inheritance, and guardianship of children. The code faced strong opposition from religious leaders, who accused the government of discriminating against Hindus by bringing only them under the ambit of the code, and exempting Muslims, Parsis, and Christians.

In fact, by excluding Muslims and other religious denominations from the coverage of the code, a grave injustice has been done to these communities. Muslim women instead are bound by Muslim personal law, which is heavily loaded in favor of men. In particular, Muslim law allows men to divorce their wives on flimsy grounds, simply by invoking *talaq* (oral divorce) three times in one session. The matter has reached to such a ridiculous height that the Muslim men are increasingly taking [to social media](#)



platforms such as Facebook, Twitter, WhatsApp, and even email, to divorce their spouses.

The practice has faced challenges before. In 1978, Shah Bano, a 60-year-old Muslim women, took her husband to court for divorcing her in an arbitrary manner, and also refusing to pay her alimony. The apex court of India, while upholding the judgment of the trial court and the high court, ruled the case in her favor, and directed her husband to pay alimony for the rest of her life, or until she remarried. The court relied on the Quran and came to the conclusion that the holy book imposed an obligation on a Muslim husband to make provisions for or to provide maintenance for the divorced wife.

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The All India Muslim Personal Law Board (AIMPLB), however, viewed the judgment as interference in the Sharia law of Islam, which according to them is not open to interpretation by any court of law. Muslims, enraged with the court order, took to the streets protesting against the verdict. The Indian government buckled under the pressure, as Muslims constituted a major vote bank for the ruling Congress party at the time. They, to assuage the feelings of Muslims, passed a law called “The Muslim Women (Protection of Rights on Divorce) Act, 1986” that nullified the Supreme Court’s judgment in the *Shah Bano* case, and limited the husband’s responsibility for supporting a divorced



woman to the 90 day period of iddat (the waiting period of divorce).

The opposition parties in India accused the government of succumbing to pressure as they were not willing to offend the sentiments of Muslims for obvious political reasons. They also contended that when the majority community is bound by section 125 of the Criminal Procedure Code, which requires husbands to pay maintenance to their wives after divorce, but people belonging to other religious denominations were excluded from the uniform civil code.

In 2001, Shah Bano's lawyer again approached the apex court to argue that their earlier decision was not being followed and, more importantly, that the Muslim Women Act should be declared as unconstitutional. The apex court, while ruling in favor of Muslim women, did not declare the Muslim Women (Protection and Right of Divorce) Act, 1986 as *ultra vires*. But unfortunately, Muslim personal law still continues to govern in the matter of divorce and maintenance.

Recently, a Muslim woman, backed by female activists, filed a public interest litigation in the Supreme Court of India, asking the court to declare triple *talaq* unconstitutional. She also urged the court to declare the Muslim Women (Protection and Rights) Act, 1986, which ironically discriminates against Muslim women, to be declared unconstitutional. Like in the *Shah Bano* case, the AIMPLB has filed an affidavit in response to the petition arguing that, as



Sharia law grants husbands the right to divorce through triple *talaq*, as per the provisions enshrined in the Holy Quran, the matter is not open to interpretation by any court of law.

In their affidavit, the AIMPLB has taken a bizarre stance in defending the validity of triple *talaq* before the Supreme Court. At one point, the affidavit argues that if the practice is discontinued, a man might murder or burn his wife alive to get rid of her. The board also said that polygamy was a “social need” and a “blessing” for women because “an unlawful mistress is more harmful for social fabric than a lawful second wife.” The affidavit argued that since women outnumber men, not permitting polygamy would force women “into leading a spinster’s life.” The AIMPLB’s stand is totally out of sync with modern liberal values. The court has asked the Indian government to file its response.

Ironically, India is out of step with much of the Muslim world in allowing the practice to continue. As many as 21 other countries, including Pakistan and Bangladesh, have already abolished triple *talaq* either explicitly or implicitly. Other Islamic countries like Turkey, Tunisia, Syria, Egypt, Morocco, Iran, Iraq, Malaysia, and Indonesia have either reformed the law completely or involve legally stringent preventive measures in this area.

Pakistan introduced a Muslim Family Law Ordinance 1961, making it mandatory for the husband to give notice to the chairman of the union council regarding his intentions of divorce. Moreover, there



is a cooling period of 90 days before giving effect to a divorce. Unlike India, divorce in Pakistan can't be done in one session.

In view of the progressive measures taken by majority Muslim countries in protecting the rights of women, the Supreme Court should declare the pernicious practice of triple *talaq* as illegal and unconstitutional. The court should also direct the government to amend the Muslim Marriages Act so that divorce can be granted only when *talaq* is invoked in three different sessions over a period of three months, as is the case in other Muslim countries. The court, by relying on the reforms in Muslim countries, should dismiss the contention of AIMPLB that the triple *talaq* flows from the Sharia law of Islam and, therefore, can't be adjudicated by any court of law.

It is to the credit of Muslim female activists that more and more women are raising their voice against injustice, gender inequality, and subjugation. It is time for reforms to protect their rights of Muslim women in view of changing societal values. Let us not allow fundamentalist forces to hold the country hostage.

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HIV/AIDS Bill 2016: A Giant Step

The Union Cabinet passed the HIV and AIDS (Prevention and Control) Bill, 2016. This comes after the government revived the bill to look into its flaws in July 2016. The Bill was first introduced in Parliament by the UPA government in its last days in 2014 and aimed to make anti-retroviral treatment a legal right of HIV/AIDS patients.

What are the Provisions in the Bill

The bill is considered to be an important step to address problems related HIV/AIDS in India. Here are some important provisions in the bill:

1. Anti- Retroviral Therapy

The bill states that central and state governments are obliged to provide for anti-retroviral therapy (ART) and management of opportunistic infections. The opportunistic infections are



infections that take advantage of weakness in the immune system and occur frequently.

2. Discrimination and confidentiality

The bill forbids specific acts of discrimination by the state, or any other person, against HIV-positive people, or those living with such people.

The protection from any kind of discrimination mandated in the Bill extends to the fields of healthcare services, employment, educational services, public facilities, holding public office, property rights, and insurance. The bill also provides for confidentiality of HIV-related information and makes it mandatory to get informed consent for undertaking medical treatment, HIV tests, and research.

3. Ombudsman

The HIV/AIDS Bill, 2016 includes the role of an ombudsman. The provision related to the ombudsman says an ombudsman shall be appointed by each state government to scrutinize the complaints pertaining to the violation of the Act and the provision of health care services.

The ombudsman is required to submit a report to the state government in every six months. In the report s/he will be stating the number and nature of complaints received, the actions were taken and orders passed. In case, when violations are found, punitive actions of



discriminators would be taken against the violators which include jail terms of up to 2 years and possibly even significant fines.

4. Guardianship Provision

In this bill, the provisions related to guardianship are specified. A person between the age of 12 to 18 years who has sufficient maturity in managing and understanding the issues of his HIV or AIDS-affected family shall be competent to act as a guardian of another sibling below 18 years of age. The guardianship will be applied in matters pertaining to admission to operating bank accounts, educational establishments, care and treatment, managing property, and amongst others.

5. Secrecy of Patient Record in legal cases

The bill states that patient records are now required to adopt stringent data protection methods. In legal cases relating to HIV-positive persons shall be dealt in the court on a priority basis. In any legal proceeding, if an HIV affected or infected person is a party, the court may pass orders that the proceedings be conducted (a) by not revealing the identity of the person, in camera and to prohibit any person from publishing information that leaks the identity of the applicant.

Data on HIV in India

The National AIDS Control Program in India is trying to prohibit cases of new infections as part of its target of ending the epidemic by 2030.



The current data shows that about 2,170,000 people are living with HIV in India. It is estimated that around 6.54 percent of them are children under the age of 15.

In India, testing is still not at 100 percent. Testing with high-risk groups is still having significant room for improved testing rates. The testing rate for female sex workers, it is at 72 percent, for gay males at about 70 percent and for drug users, it is at 71 percent.

Issues with the bill

An earlier version of the Bill stated the need to strengthen injection safety program as Injecting Drug Users (IDUs) can significantly lower their risk of getting and transmitting HIV, viral hepatitis and other blood borne infections by using a sterile needle for every injection. But, Clause 22 of the new Bill simply states the words 'injection safety requirements' without specifying the rules.

If a volunteer gives sterile needles and takes back used needles from a patient, he could be picked up for aiding and abetting unlawful use of drugs. Provision of sterile needles is seen as a crime and this Bill was expected to clarify the needles safety guidelines. What we have now instead clarified is completely open to interpretation.

The Clause 14(1) of the Bill relating to prevention of the spread of the virus includes a phrase 'as far as possible.' The loophole makes the right to access life-saving anti-retroviral therapy weak and subject to interpretation. The critics have argued that the clause is seeking to limit the right



to treatment of the patients
The HIV community in India objected to the long awaited HIV/AIDS Bill in its present form and demanded a removal of the phrase “as far as possible” from the proposed legislation.

Conclusion

The commitment to authentically respond and communicate to the demands of HIV/AIDS affected people is a testimony to the unique effort in the history of law-making in India. In India, it is a fact that the vast majority of people affected by HIV come from relatively poor and marginalized communities. This exacerbates their disparities. In the final analysis, this bill is a victory of these sections that reflects and reassures us that vibrant democratic processes are possible in India. The current version of the bill that has been put in public domain shows that the Bill has been amended to state that governments are required to focus on prevention that too, as far as possible. Above all, the bill is a giant step in eradicating rampant discrimination against people living with HIV and AIDS in India. The hope is that the bill will set the foundation for weeding out the prevalence of these conditions entirely from Indian soil. Apart from it, it should be hoped that implications of this bill will open the doors for the LGBTQI community so that they can also be properly analyzed and set free from any stigma and discrimination once this bill is in place.



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Features of Real Estate Regulation Act (RERA)?

The Real Estate (Regulation and Development) Act 2016, that became fully effective from May 1, 2017 (some of the provisions came into effect from 1st May 2016) is a national regulation and promotion regime for the real estate sector. As per the Act, each state and union territory shall have its own Real Estate Regulatory Authority.

What are the objectives of RERA?

Overall objective of RERA is to create a regulatory regime and to undertake consumer protection firm regulation and speedy redressal of disputes related to the sector with the participation of states and UTs. The Act protects the interest of the home buyers by promoting accountability and transparency in real estate deals especially from the part of the developers. Besides the promoters and allottees (buyers), the Act covers the real estate brokers also. Following are the main features of the Act.

Important Features

The salient features of the Bill are the following:



1. Formation of Real Estate Regulatory Authority: A Real Estate Regulatory Authority shall be formed by the Centre and States to oversee the activities of the sector. The responsibility of Authorities is to consider the complaints of buyers and sellers (developers) in a stipulated time (60 days).
2. Real Estate registrations from May 1, 2017 will come under the purview of RERA.
 1. Registration with the Regulatory Authority: The promoter of the project has to register his project (both residential and commercial) with the Real Estate Regulatory Authority before booking, selling or offering apartments for sale in such projects.
 2. Small projects that doesn't exceeded 500 square meters or there are less than eight apartments needed no register with the Authority.
 3. Renovation and repair works also need not be registered with the Authority.
 4. A strong disclosure about the promoter and project should accompany the registration of the project.

RERA instructs that developers should not ask more than 10 per cent of the property's cost as advance payment before signing the registered sale agreement. The regulator will have the power to fine and punish cheating builders.

Implementation of the Act demands strong participation from states. Besides creating Real Estate Regulatory Authorities for their own areas, they have to frame the necessary rules and procedures for the implementation of the Act



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Ransomware – A New Threat to Deal with

A massive ransomware attack showed the vulnerability of the world against cyber attack. Its over-reliance on the digital world and artificial intelligence has made its defence fragile and exposed to data thefts. The seeds of the massive cyber attack were sown by a mysterious hacking group “ Shadow Brokers “ in April when it leaked a hacking tool called “ Eternal Blue “ developed by the US National Security Agency(NSA).

Ransomware is a type of malware that essentially takes over a computer and prevents users from accessing data on the computer until a ransom is paid. In most cases, the software infects computers through links or attachments in malicious messages known as phishing emails. Once the user clicks on the link or opens the document, their computer is infected and the software takes over. It demands users pay \$300 worth of cryptocurrency Bitcoin to retrieve their files.



Some of the major international institutions that were attacked by ransomware are British Health Service, Russian Banks, Ministries, German Railways, Spain's communications giant Telefonica, power firm Iberdrola, French automobile company Renault, FEDEX etc.,

At a time when ransomware is creating tremors across the global industry, the org that use pirated software are most vulnerable to cyber attacks. India's cyber security unit Computer Emergency Response Team (CERT-In) must frame safety features like a firewall for safeguarding our data and systems.

The misuse of cyber tech seems to be the latest weapon of mass debilitation, Over-dependence on digital tech has become inevitable for a world that has to use computers to run tasks big or small, Private or public, financial or admin. However advanced the tech developed may be, there is always a threat of being attacked with malware. If India has largely escaped this time, it may only be a matter of time before the next attack succeeds. Before going full throttle as far as cyber crime is concerned, India should keep in mind the havoc cyber mischief can create.

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Mobile Wallet - Advantages and Disadvantages

'Time is Money.' This is what Benjamin Franklin had said thus connecting these two quantities. And these are exactly the two quantities which the Mobile Wallet seeks to bring together i.e. save time while spending and managing money. A mobile wallet in simple terms is a system of making payments. It is just a method of paying. The difference between online payment services (like we encounter during online shopping) and mobile wallet is that you can use this wallet to make payments in a physical store too! It's just like you swiping your card in a store or giving cash to pay, but will be much easier than card or cash. So now there would be no worries of forgetting your 'wallet'! With everything new, there is excitement as well as skepticism and hesitancy.

Advantages

1. Ease of use – It's like a one click pay with no need to fill in card numbers and passwords every time. One can link their credit cards, debit cards and bank accounts and pay immediately with no hassle to enter the details each time.
2. Ease of access – There will be no need of physical wallet like we do in the case of cash or cards. Also mobile wallets are upgrading to allow you to store your documents digitally like your Driving



License, Aadhar Card, Pan Card, etc.

3. There will no issue of asking or searching for change which we have while handling cash.
4. It will be possible to make instant payments. Just like we can exchange cash at any moment, we can exchange and transfer money anytime.
5. There would synchronization of data from multiple platforms. Bank accounts, credit and debit cards, mobile accounts and bills - all will be interconnected and help in better management. It's like everything is under one roof.
6. It is extremely useful for humongous unorganized sector where cash is considered as the most suitable medium. Exchange of money through mobile wallet at chaat stalls, street vendors, small shops, etc. would remove the need to carry cash/cards at such places.

Disadvantages

1. Mobile network connectivity is the biggest impediment. Network problems and reliable and fast internet connectivity is not available in most of the developing countries.
2. More than connectivity, security issues are at the forefront



nowadays. People are always under the fear of misuse of their money by hackers and frauds. They always feel safer to have cash. Again there are also issues of identity theft that need to be addressed. Issue of pick-pocketing will be replaced by these concerns.

3. Enough support infrastructure is not available. In countries like India there is not enough financial inclusion and financial literacy. Unless that builds up, there is no use in bringing in more and more advanced technologies.

4. It also does not cater to needs of the entire population. It's an app on a smart phone. Most of them are using simple cell phones. Plastic money and m-commerce has not yet caught up completely throughout the entire nation. This is a Smartphone app. People can be skeptical enough to mention battery backup of smart phone as a reason to stay away from this.

5. India does not have a solid dispute resolution processes. Experiences of people with the customer service agents too are not encouraging.

6. There are many wallet operators and there is still no clear idea as to whether payments to other wallet operators would be possible or not. For e.g. Airtel Money should be able to pay to SBI Buddy.



7. Replacing day-to-day transactions with money is easier said than done. For e.g. in a crowded bus, buying a ticket by paying a conductor through mobile wallet does not seem a viable option. It might be possible but it's a challenging task.

In India even Rs. 5 to Rs.10 transactions take place. Such small transactions are huge in number and need to be handled carefully with no mix-ups. The companies cannot ignore these transactions as they form bulk of spending in India. It is a challenging task to make mobile wallet an integral part of the life especially Indian life. However there is hope as similar reservations were seen in case of plastic money too.

There is going to be a change and we must adapt to it and accept it. Albert Einstein said, "*The world as we have created it is a process of our thinking. It cannot be changed without changing our thinking.*" Since mobile wallets are going to be the next thing just like the plastic money were a decade back, it's important that we allay our fears, change our mindset and start adapting to such technological innovations, so as to improve our efficiency when it comes payments and money management. It's just as Elizabeth Warren says that '*Balancing your money is the key to having enough.*'

Re-privatisation of PSU banks - Pros and Cons

Facts



- The gross bad loans of government banks stood at Rs 6.15 trillion as of December 2016.
- The private sector is the contributor of 97 per cent of bad loans.
- The government is infusing Rs70,000 crore in state-owned banks over four years starting from financial year 2015-16 under the Indradhanush programme.
- Out of this fund, Rs50,000 crore is the allocation for the first two years, with the balance split between financial years 2017-18 and 2018-19.
- Last year ending March 31, 2016, public sector banks had earned operating profits of Rs 1,37,306 crore. But since the total provisions for bad loans and contingencies were Rs 1,55,297 crore, there was a net loss of Rs 17,991 crore.

RBI Deputy Governor Viral Acharya's made a statement that banks need to be re-privatised in order to get back to form which it was once in and to retain the status that it needs to maintain. The statement has been condemned by many and accepted by some.

All India Bank Employees Association is absolutely against the idea and demanded that the statement should be withdrawn in the interest of public which the nationalised banks are meant to serve. Should the idea be accepted or dumped?

Advantages



1. Clearing bad loans

Government is scurrying to clear off bad loans that have accumulated over the years. It is a big burden on the government and to be clear most of these loans are a contribution of the private sector and hence clearing them should require the involvement of the private sector.

2. Reducing government burden

Reprivatisation will reduce the amount govt has to inject as part of bank recapitalization and we know that the amount is the hard earned money of the tax payers which needs to be put to better use than to deal with the loss due to bad debts taken and forgotten by the likes of Kingfisher tycoon.

3. Fiscal discipline

The government cannot lose the hard earned fiscal discipline since once it is gone all foreign investments that have formed a large revenue system for the country will be gone too. To keep foreign investments coming, it is absolutely important that the fiscal discipline be maintained.

4. It was successful before

The earlier instances of bank privatisation were successful and



let's accept it – banks are better run by private sector (except a few bad examples) rather than the government and hence it is about time the government gets out of the fiasco and lets the private sector do its part.

Disadvantages

1. Making the poor poorer

And vice versa! Privatisation of small PSU banks will be bad news for the poor who have small loans and debts to pay. Private Banks would be ruthless to them and they will have no escape if the bank decides not to give them any loans in the future. We all know that private banks do not give off loans as easily as public banks do. That is one of the reasons why public banks have more bad loans.

2. The responsibility of the government

It is the responsibility of the government to help people and public sector banks in times of trouble. With some much loans pending, the government is looking for ways to wash its hands out of the mess which is clearly not very responsible decision.

Re-privatisation could be a cruel truth for PSU banks but it is the



need of the hour as suggested by deputy governor. There are more advantages to it and hence it should be considered.

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Mergers and Indian banks



The term merger may be defined as a mean of unification of two or more players into single entity. It may also be referred to as a process of bringing two or more separate business entities under common ownership through a series of legal and administrative measures. Bank merger is an event in which previously distinct banks are consolidated into one institution. When a merger occurs an independent bank loses its charter and becomes a part of an existing bank with one headquarters and is driven by a unified control. Mergers in Indian banking have been initiated through the recommendation of Narasimhan committee II.

To enter the global financial market and to survive in the high-risk-oriented field competing with foreign banking giants, Indian banking industry badly needs consolidation. Amongst the drivers ways to consolidate the banking industry the most commonly adopted one is 'merger'. Merger of two weak banks or merger of one weak bank with one strong bank is said to be the faster and less costly way to improve profitability than spurring internal growth. Also it is a better idea to have one big, healthy, strong and productive bank than to have several ailing and laggard banks. One more major motive behind the mergers in banking industry is to achieve economies of scale and scope. As the size increases the efficiency of the system also increases. This is because the large operations enable the banks to bring down the operative cost substantially, as the fixed cost is spread over a larger base reducing average cost, and this facilitates the banks to offer better rates to its customers.

Indian banks facing tough competition from their international



counterparts as these foreign banks with huge capital base are able to offer loans to borrowers at attractive rates that makes the Indian banks vulnerable to economic shock and political insatiability. These issues needs to be addressed through strengthening of capital base which is possible only through mergers and acquisitions. Mergers enable the banks to strengthen the capital base to comply with Base II norms also.

Mergers also help in the diversification of the products. The improvement in capital base enables the banks to take up new and diversified activities such as financing equity underwriting insurance products, issuing asset-based security providing new delivery channels etc. It thus paves the way for universal banking. Along with diversified activities mergers enable the banks to extend the business to various segments at many locations across the country and globe. Hence the risks are spread across various regions and segments that protect the banks from adverse business cycle and unexpected financial crisis.

Despite the existence of proven hypothesis that “Big banks seldom fail” and the advantage that banks enjoy due to mergers, there prevail certain drawbacks as well. In Indian banking industry the trend of mergers has so far been restricted to restructuring of weak and financially distressed banks as a bail out for weaker banks. In such case, through mergers succeed in safeguarding the interest of weak banks it , without fail, adversely affects the health of strong banks. Managing the merged entity by the management teams drawn from two different banks also a Herculean task. Improving the quality of management is yet another challenge for



banks. There are bound to be problems of corporate culture, values and approaches. interesting work forces is always a tough task, and any incompatibility in the process may result in gross Resources another sensitive issue. Mergers make some of the work force redundant and banks are forced to undertake large scale redeployment exercise for effective use of human resources. Post liberalization, there has been several mergers like merger of New bank of India with Punjab national bank, Merger of Bharat Overseas Bank with Indian Overseas Bank, Times bank with HDFC etc. in Indian banking industry driven by diverse motives like restructuring of weak banks, expansion in terms of size, achievement of universal banking etc. The characteristics of these mergers were also different. Some of them were voluntary where as some forced. The merger of State bank of Saurashtra and state bank of indore with State bank of India has unveiled the merger process among public banks, and many more may follow the suit. It is time to looks for synergy driven mergers rather than compulsive/forced mergers. Banks can reap the benefit of consolidation only when the issues such as redeployment of surplus staff, integration of technology platforms, systems and procedures and cultural issues are addressed suitably

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Smart City, a Myth or Reality

The hype over smart cities goes on fervently with no visible signs of them coming up anywhere any time soon , writes Junaid Kathju on the basis of a survey of information available on this.

What is a Smart City? How it is going to look like? Well, so far there has been no quite reliable definition for it. The term encompasses a vision of a city equipped with basic infrastructure to give a decent quality of life, if you put it in a simple



language. But how this is going to be achieved, nobody knows exactly.



Soon after the Bharatiya Janata Party (BJP) came to power, Prime Minister Narendra Modi announced to set up 100 smart cities across the country. But there is a maxim “if you want to dream big, go to sleep”. And it seems that Government of India has indeed gone into slumber ever since the much hyped dream.



On May this year, government sanctioned Rs 48,000 crore to the Smart Cities mission. Each city would be given Rs 100 crore per year for the next five years.



However, if Government insiders are to be believed the project has confined to papers only. Work has started in the 98 Smart Cities announced the Narendra Modi Government in the month of August. While, Jammu and Kashmir and Uttar Pradesh have sought more time to specify the city to be listed in the mega project.



The J&K Government doesn't want to be accused of being favouritism between Jammu and Srinagar as only one slot is there for the State in the project.



As far as the 13th Uttar Pradesh city is concerned, there are two contenders with both Meerut and Rae Bareilly getting equal points. So now the State has to choose between the two.

What is a Smart City?

"Smart Cities are those that are able to attract investments and experts and professionals. Good quality infrastructure, simple and transparent online business and public services processes that make it easy to practice one's profession or to establish an enterprise and run it efficiently without any bureaucratic hassles are essential features of a citizen-centric and investor-friendly smart city," a 46-page concept note released by the Urban Development Ministry attempts to answer some of the questions about Smart City. Nobody may dispute this definition but the questions persist about its execution.



So is it possible to build 100 Smart Cities?

Nothing is impossible. But rampant endemic throughout the country has led to cynicism about the success of such a mega project. From Commonwealth Games to 2G spectrum scam to Coalgate scam to IPL and Vyapam scam shrouded in so many deaths, corruption is a major issue that adversely affects its economy and development.



People opine that there should be a committee formed to ensure that the money allocated to different States for Smart City must be utilised for its desired purpose.

Role of private investors

The ambitious Smart Cities scheme would be largely driven by private sector. The total estimate of investment requirements for providing these services is estimated to be around Rs 7.5 lakh crore over 20 years with annual requirement of Rs 35,000 crore.



The Ministry of Urban Development (MoUD) is anticipating private investments worth at least Rs 4 lakh crore till 2020 in the 100 Smart Cities. Only 20 percent of the total funding is expected to come from Central and State Governments, with each putting in Rs 48,000 crore.



Interestingly, the private sector that would invest will be allowed to get returns by levying user charges on people for providing improved services.



For instance, if people living in Smart Cities would get an uninterrupted water supply and electricity, the private companies will be allowed to recover water charges from them.

The origin



In 2008, IBM began work on a 'smarter cities' concept as part of its Smarter Planet initiative. By the beginning of 2009, the concept had captivated the imagination of various nations across the globe.



Today, Cities like Vienna, Amsterdam, Cairo, Lyon are the perfect examples that India can emulate to achieve its much hyped dream of Smart Cities.

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Fiscal Responsibility and Budget Management Act

Introduction:

The Fiscal Responsibility and Budget Management Bill, 2000 was introduced in the Lok Sabha by the then Finance Minister of India, Mr. Yashwant Sinha under the then National Democratic alliance government led by Mr. Atal Bihari Vajpayee. The prime purpose of this bill was to control the fiscal deficit both at the centre and at the level of the states through prudent utilization of the public funds and ultimately bringing fiscal deficit of the country within a



limit of 3% of the Gross Domestic Product (GDP) and revenue deficit to zero levels by March 2006. The bill had been a slow mover since the beginning. The bill was introduced in the Parliament in December 2000 but it was passed by the Parliament on August 26, 2003. Although it got the assent of the then President APJ Abdul Kalam on the very same day, yet the Fiscal Responsibility and Budget Management Act, 2003 (FRBM) was implemented w.e.f. 5th June, 2004 after official gazette notification by the United Progressive Alliance Government led by S. Manmohan Singh as Prime Minister.

Suspension of FRBM Act, 2003

In view of the international financial crisis originating in the USA under the leadership of Mr. Barack Obama, the target implementation date was initially postponed by one year to March 2008 and then again to March 2009 and ultimately the Act was suspended in 2009 by a cabinet decision taken by Manmohan Singh Government.

Targets of FRBM Act, 2003

1. Bringing down the revenue deficit to zero levels through reduction in the same @ 0.5% per annum and bringing down the fiscal deficit to 3% through reduction in the same @ 0.3%.
2. Aggregate liabilities of the Union Government must not exceed



9% of the GDP and its guarantees to the loans raised by the State Governments and Public Sector Undertakings must not exceed 0.5% of the GDP.

Committee to Review the FRBM Act, 2003

Under the existing NDA Government, the Union Finance Minister Arun Jaitley announced during the presentation of 2016-17 annual budget; the setting up of a five-member Committee to review the FRBM Act. The Committee was formed in May 2016 headed by former M.P. and former Revenue and expenditure secretary NK Singh and the Committee was named N.K. Singh Committee. The other four members of this committee were Chief Economic Advisor to the Union Finance Ministry Arvind Subramanian, former Finance Secretary Sumit Bose, the then Deputy Governor of the Reserve Bank of India Urjit Patel (now Governor) and The National Institute of Public Finance and Policy (NIPFP) Director Rathin Roy.

NK Singh Committee Report

NK Singh Committee submitted its report to the Finance Minister on 23 January, 2017. Among the main recommendations of this Committee are a fiscal deficit within the ceiling of 2.5 percent of the GDP, revenue deficit of 0.8 per cent and a combined Centre-



state debt ceiling of 60 per cent by 2022-23 i.e. within a span of six years from now.

New FRBM Act, 2017

Union Finance Ministry has sought feedback from the general public till May 5, 2017 and after the approval of the Union Finance Ministry and after being passed by the Union Cabinet, these recommendations will form the amendment to the now suspended FRBM Act and after having been passed by the Lok Sabha (Since it is a Money Matter motion, it need not be passed by the Rajya Sabha – only the presentation in Rajya Sabha is required), and after receiving the assent of the President of India, a fresh FRBM Act, 2017 may see the light of the day during the next session of the Parliament

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One Belt, One Road and the History of the Maritime Silk Route

In 2013, the People's Republic of China (PRC) announced its ambitious One Belt, One Road (OBOR) initiative. The 'Belt & Road' strategy, as it has come to be known, is an umbrella term for China's plans to re-establish both the overland Silk Route Economic Belt and the 21st Century Maritime Silk Route. This policy is designed to enhance connectivity and economic interaction between Asia, Europe and Africa. When complete, the two trade routes will traverse an area which is home to almost two thirds of the world's population and that generates almost one third of the world's Gross Domestic Product. This essay will critically assess the OBOR initiative, looking specifically at its objectives, how it is linked to history, the way territorial disputes in the South China Sea (SCS) are fostering international apprehension towards the policy and how it is destabilising China's relationship with India. Progressing in three sections, the essay will begin with an analysis of the official international and domestic objectives of the policy. In section two, it will be argued that the Belt & Road strategy proposed by China is explicitly tied to the history of the Maritime Silk Route. It will be shown that by incorporating the historically significant imagery of the Maritime Silk Route within its OBOR initiative, China is attempting to revive its maritime glory and reassert itself as a powerful middle kingdom that is central to global trade and international relations. The third section of the essay will show that despite its official objectives, other countries perceive the Belt & Road policy as a cover for China to assert economic and strategic control over the region. Moreover, this section will demonstrate how these perceptions are being fueled by China's actions regarding the ongoing territorial disputes in the SCS. Finally, the effect that the Belt & Road initiative is having on Beijing's relationship with India will be assessed.

Since the Belt & Road strategy was announced by Chinese President Xi Jinping in 2013, Beijing has been arguing that the policy is designed to achieve purely benign economic and diplomatic objectives. It is said that OBOR will establish direct road and rail corridors between East Asia and Europe, in addition to a string of sea ports linking China with Southeast Asia, South Asia, Africa, the Middle East and Europe. It is stated that once complete, this comprehensive network of trade routes will stimulate trade and exports amongst Eurasian states, driving economic development in the region (PwC 2016: 3). Beijing has said that it plans to invest Chinese economic and intellectual capital into the Eurasian region, in an effort to build infrastructure and production hubs that will benefit both China and the host nations (Till 2016: 2). In addition to the economic benefits of the strategy, Beijing argues that OBOR will also have significant diplomatic windfalls. As Premier Li Keqiang commented, the OBOR policy was developed not only to boost economic growth, but also to "deepen international cooperation and promote world peace" through sustained bilateral investment and the economic interdependence it produces (Till 2016: 2). Through the Asian Infrastructure Investment Bank (AIIB), the investment arm of the OBOR policy, China intends to promote partnerships for addressing regional development issues. Because building this shared cross-border infrastructure facilitates such extensive diplomatic negotiations and significant economic growth opportunities for partner nations, the Chinese believe the strategy will improve their regional image amongst Belt & Road partner nations (Ferdinand 2016: 950). While Beijing insists that its strategy is intended for purely benign economic and diplomatic purposes, many have questioned the real motives behind establishing the initiative. This is because the policy is said to have significant geopolitical and strategic benefits for China. These concerns about the unofficial international objectives of China's policy will be addressed later in the essay.



In addition to its official international objectives, the OBOR initiative also has a significant domestic focus. As Arase observes, “the comprehensive network of trade routes developed as part of the initiative will link China to many established and developing markets, creating significant opportunities for Chinese industries” (2015: 25). The PRC believes that opening up trade to new markets in this way will sustain the the country’s economic growth long into the future, while also raising living standards for a large portion of the Chinese population (Ferdinand 2016:43). In addition to reversing the recent decline in the country’s growth rate, the Belt & Road strategy is seen as a way of increasing levels of domestic consumption and offsetting China’s manufacturing overcapacity (PwC 2016:4). Addressing these structural issues in the state’s economy and maintaining high rates of growth is a key domestic objective for the Chinese Communist Party (CCP). This is because the regime’s legitimacy and the maintenance of social order in China rely heavily on the CCP’s ability to secure the country’s economic prosperity (Seo & Cho 2013: 306). The OBOR initiative is therefore seen as a way to ensure domestic stability and maintain the primacy of the communist party in China. This explains to a great extent why the CCP has prioritised the Belt & Road strategy and committed such significant financial and bureaucratic resources to the project.

Another important domestic objective of the Belt & Road strategy is for the initiative to address the disparity in economic growth that exists between different provinces in China. The Central and Western provinces of China have been left behind by economic policies implemented in the PRC since it ‘Opened Up’ to the global economy in the 1970s (Ferdinand 2016: 951). By connecting provinces such as Xinjiang to Central, South and West Asia through major infrastructure projects, the CCP hopes to produce rapid economic development (Summers 2016: 1633). Reducing the economic disparity between Chinese provinces is an important objective for Beijing as it is understood that the economic gains produced by the Belt & Road strategy will help to fight Islamic extremism in the region and quell separatist movements (Fallon 2015: 142). It is also understood that by physically linking Western provinces of China with those in the East through infrastructure interpersonal exchange will grow exponentially. This will help to build a greater sense of ethnic solidarity amongst the provinces, which will serve to mitigate separatist tendencies (Kam 2016). From this it is clear that although the OBOR initiative is the key foreign policy platform of President Xi Jinping, it also has significant domestic objectives that are intended to boost the nation’s economy, consolidate the CCP’s legitimacy and hold the diverse populations of the Chinese state together. While the Belt & Road strategy is a contemporary initiative that is designed to ensure China’s prosperity and growth long into the future, the strategy remains intimately tied to the long history of the Maritime Silk Route.

The Maritime Silk Route, which is also referred to as the Maritime Silk Road, was “the first official international sea-trading route in Chinese history” (Zhaoming 2014: 1231). From before the Tang dynasty through until European colonialism, Chinese silks and ceramics traversed this vital trade route which connected China with the polities of Southeast Asia and beyond into India, the Middle East and Europe (Till 2016: 2). As Zhaoming notes, “the Maritime Silk Road should be considered with the same historical importance attached to the more celebrated overland Silk Route” (2014: 1231). This is because the trading conduit made China the greatest maritime nation in the world and facilitated the economic success of several Chinese dynasties (Dooley 2012: 53). Martin Stuart-Fox argues that China’s economic pre-eminence in Southeast Asia, which emerged as a result of the Maritime Silk Road, had major political and geostrategic implications (2014: 123). The size of China’s economy allowed it to exercise a hegemonic order throughout the region that encompassed all aspects of international relations with the polities in Southeast Asia (Stuart-Fox 2014: 123). This Sinocentric world order is often referred to as the ‘tributary system’, and it existed in the region until the 19th Century (Stuart-Fox 2014: 124). The kingdoms of Southeast Asia were pragmatic and adhered to this hierarchical system, deferring to Chinese leadership in an effort to gain access to its immense markets. For China, the Maritime Silk Route, as well as the prosperity and status it produced, represents a golden era before a period of imperialism by Western



powers and Japan, which it now refers to as the 'century of humiliation'. It is this era of grandeur and Chinese regional pre-eminence that the CCP is attempting to re-establish through its OBOR initiative.

By incorporating the historically significant imagery of the ancient Maritime Silk Route within its Belt & Road strategy, China is attempting to revive its maritime glory and reassert itself as a powerful middle kingdom that is once again central to global trade and international relations. Till notes that the CCP is attempting to realise the "China Dream" of national rejuvenation by re-establishing its maritime trading and economic dominance that it lost to the imperial powers during the century of humiliation (2016: 2). As Adwita Rai argues, "China is intentionally using the term 'Silk Road' and connotations of the past in its Belt & Road strategy" (2016: 121). By linking the OBOR initiative with China's past trading success, Beijing is attempting to reassert the centrality in, and dominance over, maritime exchange that it had achieved during antiquity (Rai 2016:121). Fasslabend builds upon this notion, stating that like the first Maritime Silk Road, the OBOR initiative will allow China to gain economic supremacy in Southeast Asia and further afield into the Indian Ocean (2015: 297). As it did in the past, it is expected that this economic pre-eminence will facilitate China's political omnipotence and the re-introduction of a Sinocentric regional order that will again require states to defer to Beijing's leadership (Fasslabend 2015: 297). It is therefore, exceptionally clear that the OBOR initiative is intimately tied to the history of the Maritime Silk Route and the connotations of Chinese exceptionalism that resonate with the period that the ancient trade route was in operation. It is these strategic benefits and the potential for China to re-emerge as a regional hegemon because of the Belt & Road strategy that has made states throughout Eurasia and particularly those in Southeast Asia, suspicious about Beijing's massive infrastructure initiative.

While officially, the OBOR initiative is intended for purely economic and diplomatic purposes, many states in the region have questioned the real motives behind the policy because it is said to have significant strategic benefits for China. As Bhattacharyya notes, "countries in Southeast Asia believe that building large-scale infrastructural networks is a discrete way for China to increase its strategic footprint in the region" (2010: 54). It is feared that the roads and rail corridors proposed as part of the OBOR initiative could be used during a potential future conflict to quickly mobilise and transport troops in a similar way to which the Nazis utilized Germany's autobahn network during the Second World War (Bhattacharyya 2010: 56). Moreover, deep-water ports built as part of the 21st Century Maritime Silk Route will enable the Chinese navy to militarily secure its sea lanes of communication which are vital because the Chinese state is a net importer of energy, industrial commodities and food. Moreover, the country's economy relies heavily on manufacturing exports. In order to ensure food and energy security, as well as continued economic prosperity, the PRC believes it must secure these sea lanes of communication (Len 2015: 2). The Belt & Road strategy is perceived throughout the region as one way in which China is seeking to achieve this strategic objective. It is therefore clear that despite China's claims of the policy's benign objectives, strategic mistrust for the initiative is alive amongst many Southeast Asian states. This is because there is a hesitation to support a Chinese re-emergence that could reinstate the hierarchical and Sinocentric tributary system that was present during the era of the first Maritime Silk Road (Callahan 2015: 232). A key source of this strategic mistrust with regards to the Belt & Road policy is the current territorial disputes over the SCS.

The SCS has been a strategically significant region ever since the beginning of long distance voyaging. Not only did the region make up an integral part of the Maritime Sea Route linking China with Asia, the Middle East and Europe, it was also vital for trade between early Southeast Asian polities (Flecker 2015: 48). Even today, the SCS remains strategically significant for almost every state in the Indo-Pacific. For the six countries, including the Philippines, Malaysia, Brunei, Taiwan, Vietnam and China, who lay claim to parts of the SCS, it is no longer just access to trade routes that makes the region important as vast reserves of fish, oil and gas are believed to be under the ocean surface.



Recently, “China has instigated something of a reclamation blitzkrieg” on disputed islands and features in the SCS, which has significantly heightened tensions and strategic mistrust in the region (Flecker 2015: 1). China’s actions, which include building deep-water ports as well as airfields that can accommodate fighter jets and long range strategic bombers, has continued unabated. This, despite the Permanent Court of Arbitration in The Hague declaring China’s historical claim to the region, which is based on the ambiguous “nine-dash line” map produced in 1947, had no legal basis. In addition to the ruling by The Hague, archaeological work on shipwrecks in the SCS showed that Southeast Asian mariners were the first to dominate trading routes throughout the region (Fleck 2015: 3). Moreover, voyages by Chinese fisherman to the SCS were spasmodic and as such claims of an on-going Chinese presence in the region are historically inaccurate (Flecker 2015: 46). Combined, this archaeological evidence works to invalidate China’s ‘indisputable historic claim’ to the SCS. Yet China continues with its reclamation works in the region. These actions have heightened the concerns amongst Southeast Asian governments with regards to the OBOR initiative. This is because the Southeast Asian governments think it will enable Beijing to assert more control over the disputed islands in the SCS, all under the guise of regional economic integration (Tiezzi 2016). The mistrust towards the Belt & Road policy, which has been exacerbated by China’s assertive actions in the SCS, could potentially scuttle the 21st Century Maritime Silk Road, as regional cooperation on the project is necessary to bring it into fruition. This suspicion towards the Belt & Road strategy is not however, limited to Southeast Asia.

With the Belt & Road initiative extending past Southeast Asia and into the Indian Ocean, India, a long time rival and strategic adversary of China is also suspicious of Beijing’s intentions for the massive infrastructure project. Because the notion of the ‘China threat’ is deeply rooted in the Indian psyche, the government has been very cautious about Beijing’s proposed infrastructural network (Li 2016:22). As Raja Menon notes, New Delhi considers OBOR as part of a “grand geo-political game” (2016: 46). Cai believes this is because once completed, the OBOR initiative will provide massive economic benefits to China’s quasi-ally Pakistan, with whom India has serious border disputes and a history of major conflict (2016). Moreover, analysts in New Delhi regard OBOR as a cover for establishing the ‘String of Pearls’, which refers to a network of Chinese commercial and military bases throughout the Indian Ocean (Len 2015: 9). Dooley observes that Chinese firms are building ports in Djibouti, Myanmar, Bangladesh, Sri Lanka and Pakistan (2012: 60). Once complete, this maritime network has the capacity to dramatically reduce Indian authority throughout South Asia and the Indian Ocean, which it regards as its core sphere of influence (Len 2015: 9). These strategic implications of the OBOR initiative have further destabilised China’s already uneasy bilateral relationship with India, as New Delhi does not wish to see its position as the regional hegemon overturned. From this it is evident that geopolitical tension is a significant factor working against the successful implementation of China’s infrastructure initiative. Beijing therefore, has substantial work to do in reassuring India and its neighbours in Southeast Asia that the Belt & Road strategy has benign economic and diplomatic objectives. Until it can achieve this, the policy will continue to be hampered by the strategic mistrust of China that is prevalent throughout the Indo-Pacific region.

This essay has critically analysed the OBOR infrastructure initiative being pursued by the PRC. It has outlined the official international intentions of the policy and has shown that Beijing continues to reiterate the purely benign economic and diplomatic objectives of the project. The essay has also demonstrated that although the OBOR initiative is the key foreign policy platform of President Xi Jinping, it has significant domestic objectives that are intended to boost the China’s economy, consolidate the CCP’s legitimacy and hold the diverse populations of the Chinese state together. The essay went on to explain that by incorporating the historically significant imagery of the ancient Maritime Silk Route within the OBOR strategy, China is attempting to revive its maritime glory and reassert itself as a powerful middle kingdom that is once again central to global trade and international relations. The strategic benefits and the potential for China to re-emerge as a regional hegemon because of the Belt & Road strategy have however, made states throughout Eurasia and particularly those in Southeast Asia, suspicious about



Beijing's infrastructure initiative. This strategic mistrust has been heightened by assertive actions taken by the Chinese in the SCS to secure their claims to sovereignty over disputed islands and features in the region. Finally, the essay demonstrated how the strategic implications of the Belt & Road initiative have further destabilised China's already uneasy bilateral relationship with India, who is reluctant to loose its position as the South Asian hegemon. From this essay, it is clear that if the Belt & Road initiative is to succeed, Beijing must find more effective ways to reassure its neighbours that the Belt & Road strategy has benign objectives and that it will produce economic and diplomatic benefits for all states in the Indo-Pacific region.

