



CPRG NEWSLETTER

SEPTEMBER 2019 | EDITION 2



ECONOMIC
POLICY



SOCIAL POLICY



REGIONAL
INTEGRATION



GOVERNANCE

THE INDIAN LOVE TRIANGLE- INDIA, RUSSIA AND US

Written by Mahak Mittal

On 5th September, 2019, PM Narendra Modi unveiled the “Act Far East” policy to boost India’s engagement with the Eastern most region of Russia. While praising Putin’s efforts to develop the Far Eastern Russia, PM Modi assured that India will support Moscow in this endeavor. For the same, India is to extend a \$1 Billion Line of Credit for the development of Far East Russia. PM Modi also visited the India Business Pavilion and launched an Indo-Russia platform to provide more cooperation between start-up ecosystems in the 2 nations and is expected to boost Indian investment in the region. This move comes after the JV between India and Russia to manufacture Kalashnikov assault rifles in India signed in March this year. India is a key customer of Russian arms and is interested in expanding the level of cooperation between the 2 countries. Talking about the Far East Russia, it presents a huge opportunity for exploration of Hydrocarbon reserves and benefit from cheap and clean energy sources.

India and Russia also signed 15 agreements of mutual cooperation and expressed satisfaction on the outcomes of the summit. Talking about further prospects with Russia, India can diversify its geo-political risks to trade by investing and trading with Russia. Social Development, Renewable Energy, Technology Transfer, Cultural Ties and Russian market provide an opportunity as currently, Russia is the least traded economy with India.

However, Russia is facing economic sanctions from the US (CAATSA) over Moscow’s annexation of Crimea. Further, US has been critical over India’s relationship with Russia and has criticized the arm deals between the 2. Despite this, PM Modi was seen criticizing US sanctions this Thursday while his address at the Eastern Economic Forum in Russia where he was invited as the Chief Guest.

India-Russian ties are also important at times when the world order is changing and Asian countries are gaining importance in International affairs and decisions. Russia has at times pointed out that India’s non-diligence with

Moscow, will force it to look for other venues, indicating towards Pakistan or China. India ties with Russia are important to maintain a balance in geopolitics over the Asian landmass.

Given the US attitude towards China and tariffs and the relations between US and Russia, strengthening ties with Russia may irk the American President. Trump did not spare India when it came to practising trade conflicts and removed preferential trade status (Generalized System of Preferences) of India earlier this year. Apart from this, Trump did not hesitate in accusing India of misusing the “Developing Economy” status.

USA of course is an important ally for India. India exports the most to USA and FDI's to India are among the highest from USA. Given the USA-China trade war, if played its cards well, India could be a huge beneficiary by filling the lack of Chinese imports in USA. Along with this, given the growing tensions in South-East Asia, be it Pakistan or China or Korea, India's 2+2 dialogues with USA along with the COMCASA and LEMOA agreements are issues India cannot compromise on. The importance of being a friend to the BLUE WATER NAVY NATION USA, cannot be described in an article of this sort. Indian relations to the USA define its position in the Indo-Pacific region. USA would also not want to ruin ties with India, given its huge market, strategic location and changing order of the world affairs.

USA- Russia on the other hand, have never really been friendly. With USA withdrawing troops from Afghanistan and Russia showing utmost interest in the matters of the State, India stands in a position required to improve ties with Russia, given huge investments in the Afghanistan and the importance of its location in movement along Asia and Europe.

India has been called a GLOBAL SWINGING STATE at various points in the history wherein it tries to maintain cooperation at the neighbourhood without annoying the West. Given Prime Minister's friendly associations with all the conflicting nations discussed above, it will be interesting to see how India maintains ties with the old friend (Russia) along with developing important and stronger ties with new friends who are in opposition with each other.

IS THE MODI GOVERNMENT READY FOR RECESSION?

Written by Mahak Mittal

On 6th September, the Modi 2.0 government completed 100 days of coming into power. As the global economy moves towards a recession, here's how Modi government has performed and how India stands in terms of being equipped against the recessionary pressures from around the globe.

In the 100 days of NDA's second tenure, several political reforms have been seen. Be it the scrapping of Article 370 from Jammu and Kashmir, Triple Talaq bill, POSCO act or amending the IBC. Both the houses have performed their record best since 16 years. Rajya Sabha has performed with a productivity level of 104% and around 40 bills have been passed since then. Almost all the laws and concerns mentioned in the BJP manifesto during elections have either been passed as bills by both the houses or are under consideration.

Along with this, PM Modi has been on his knees when it came to international relations. Members of SAARC attended his swearing ceremony on 2014, whereas this year, it was the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic cooperation) who were present. PM has been visiting neighbourhood countries and attending summits with the superpowers. He met world leaders at the G7 and G10 summits, along with managing bilateral meetings with Trump, Putin and others simultaneously. Indian Diplomatic relations have become stronger given the fact that India was able to move UN and convinced the members that it is a bilateral India-Pak issue.

However, India's GDP growth rate has been falling continuously since last few quarters and concerns about recession are glooming. India has recorded lowest GDP growth rate since March 2013.

While the major cause behind this growth slump is US-China Trade war as cited by all, India still needs to be cautious in its approach towards blaming it entirely on international factors.

While India was well equipped during the 2008 recession, with huge forex reserves and lower corporate debts, present scenario is a complete different picture. With the default of IL&FS, an NBFC crisis similar to Lehman Brothers is looming over the Indian Economy. An acute liquidity crunch, low consumer spending, falling investments and corporates laying off works and reducing prices increase the vulnerability of India. In a scenario where monetary policy easing is not working, one looks upto fiscal policies to solve the problems the economy is facing.

Finance Minister Nirmala Sitharaman, has announced several policy measures in order to revive the economy even if it was doing against the proposals of the budget. Removal of surcharge tax in FPI's, scrapping of Angel tax, merger of 10 Public sector banks, cheaper home and auto loans, easier GST refunds for MSME's, codifying the labour laws. It has also revamped the IBC, recapitalised the psbs with a whopping amount of Rs. 70000 crores and underwent disinvestments. Modi Govt. has also decided to inject a hefty sum of Rs. 10000 crores into infrastructure over the coming 5 years. However, all these measures will take time to show results.

Major sectors of the economy are hit and have been struggling to maintain growth. Be it auto-mobile sector, FMCG or banking, demand is slumping, prices are falling and workers are being laid off. What government needs to do is bring in policy which are sector specific. The NPA problem in India is well known to all, but little do they know that it is the 5 sectors, namely, Textile, aviation, power, infrastructure and mining, are contributing to the same. Needless to say, these are among the sectors that keep an economy going. This sector suffer from structural diseases that require policy action at the earliest.

This was the supply side dynamics. However, due to the shortage of liquidity, unemployment and lower rural income prevailing in the economy, demand side is also sluggish. The upcoming festive season presents an opportunity to draw demand and it will be interesting to see how the Indian Government helps the supply side to exploit the same.

It can be very well concluded that although Modi and his people have been good in taking control over the politics of the Nation, what will actually test their efficacy in the upcoming days is how they take care of the structural challenges and bring the economy back to recovery.

THE WITHDRAWAL OF THE HONGKONG PROTESTS

Written by Divya Gupta

The decision by the Hong Kong leader, Carrie Lam, to withdraw the extradition bill that provoked months of turmoil represents a major and unexpected concession from Beijing, but is almost certainly too little, and too late, to end the protests. In June when millions first took to streets in peaceful protest, a promise to ditch the law might well have muted the burgeoning popular uprising. But Lam is only acting after months of police brutality, thug attacks on protesters, mass arrests, and veiled threats from mainland China. Over the last three months, a movement born out of concerns over one law has morphed into something much broader. The bill hasn't been on most protesters' minds instead it's the government's response to the protests, the way they tried to silence and suppress the protesters – by using teargas, inappropriate levels of force, arresting people for protesting etc – that is at the heart of the ongoing protests. The protests began peacefully but rapidly deteriorated into violence and vandalism over the afternoon, after police appeared to arrest a number of people in the busy Central subway station, thus it got fueled by irresponsibility of the government to retrace the aftermath of protests. Protest organizers say millions of people have taken to the streets of Hong Kong since early June, in protests which evolved from objections to the planned extradition bill into wider calls for greater democracy and civil rights. They have drawn up a list of five key demands, including a public inquiry into police violence, amnesty for arrested protesters and democratic reforms to bring universal suffrage. On Wednesday, Chief Executive Carrie Lam announced one of the protesters' demands would be met by withdrawing the extradition bill from the local parliament. But so far, the government has refused to meet any of the other demands. Despite the withdrawal by Lam, there have been clashes between police and protesters every night in the past week. Many protesters saw Beijing's concession as meeting only the easiest and cheapest of their five demands. The extradition law that would have allowed any resident or visitor of Hong Kong to be sent to mainland China to face trial in opaque, politically controlled courts, in effect destroying the legal framework that undermines Hong Kong's economy and its political freedoms, has stirred an unprecedented debates by both who are politically aware and also those who tend to steer out of politics and saw it as an existential threat to their way of living. The decision to renounce the bill also brings into notice both political and economic implications. Hong Kong forms an immense part and is deeply embedded in the Chinese economy, as it creates a bridge for the international trade for the whole mainland with the rest of the world.

The Centre of Policy Research and Governance (CPRG), India strongly believes that in the 21st century an India deprived of gainful opportunities, necessary for the flourishing of a young and emergent India, will prove to be an impediment in the development of human capital and preservation of global security. CPRG thus works towards providing gainful opportunities in an effort to promote the involvement of young people in policy making and politics.



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