

# Swadeshi

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## SWADESHI ECONOMICS

As you have been publishing in Swadeshi Patrika the articles on the present day crisis in the capitalist countries, it is now well known that capitalism and its civilization are in the last phase of survival. Shri. Dattopantji Thengadi had predicted this long ago and accordingly he along with others tried to work for an alternative economic system. He was responsible for provoking Dr. M G Bokare to bring out a new economic theory as an alternative to capitalism and Marxism. This was successfully done by bringing out Hindu Economics as well as Swadeshi Economics. Swadeshi Patrika had published the full text of Swadeshi economics in many issues in the past. I feel there is a need to seriously rethink of the alternative as the collapse of capitalism is clearly visible to many leading economists of the world. Left parties across the globe are taking this as an opportunity to press for Marxist socialism as an alternative to collapsing capitalism. They are working hard to propagate this through the available media. Why are we not pushing this thought of Swadeshi economics at this crucial juncture when the world is looking for an effective and sustainable economic system together with a new civilization?

I have written down my thoughts on this issue to just start the debate on the subject. With kind regards.

- D G Bokare

--: 0 :-

Swadeshi movement seems to be the real alternative for the world going through unprecedented crisis. Swadeshi pleads a restrained lifestyle. It is OK. But the point is how many people are ready to abandon the comforts they have become used to. Swadeshi will have to find the way to make people realize the price tag of wild consumerism. Making the ideology attractive for the Genext is the real Challenge & innovation is the only way out.

- Smriti Kohli  
Faridabad

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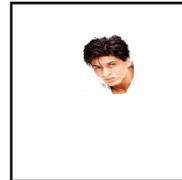
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## Quote-Unquote



Nowhere in the world has any culture looked at the inner mechanics of the being as a science, as an evolved essence of technologies, except for us.

**Sadhguru Jaggi Vasudev**



They (The terrorists) are Muslims but they don't understand Islam.

**Shah Rukh Khan**  
Bollywood actor



The forces which are trying to weaken the secular bonds in Jammu & Kashmir need to be identified and isolated.

**Farooq Abdullah**



There is no use of issuing just warnings to Pakistan. The Government should have the daring to attack it.

**Bal Thackeray**  
Shiv Sena Leader

## Cut Interest Rates to Stem the Psyche of Recession

As per the figures released by the government the rate of inflation has further come down to 6.38 percent annually in the week ending December 20, 2008. It may be noted that this figure had climbed to 13 percent hardly 4 month back. Though the benefit of lower prices at wholesale level (the basis at which inflation is calculated in India), are yet to reach the common man, but there is nothing for the government to be proud of, as the deceleration in rate of price rise has not been due to any on the part of the government. Prices have come down due to downfall of speculators and fall in demand through ours the world. At the same time there is nothing to really cheer about the same, as this fall in prices in seemingly a short term phenomenon. Prices of crude oil, metals, food grains etc. may again start rising if speculators have their way.

American crisis has also started showing its impact an Indian economy. There is a decline in on rate of growth of exports, outsourcing may also get adversely affected. Closure of giants such as general motors may also affect demand for spare parts exported from India. In fact all sectors having international embages will bear the burnt.

For quite some time demand for housing sector has also been coming down drastically, due to fast rising rates of interest and also high prices of houses. In fact high rates of interest has affected the demand at every level including investment demand. It may be important to note that period of low rates of interest in the past has also been a period of high rate of growth of the economy. But increasing rate of interest in the last few years has actually contributed to the decelerations in the rate of growth of the economy. Demand of not only houses, even household consumer durables, automobiles etc have also got adversely affected due to rising rater of interest.

Normally RBI has to adopt contractionary monetary policy during inflation, by increasing rate of interest. But now there is an opportunity to reduce rate of interest thanks to US recession on the one hand and deceleration in rate of inflation on the other. RBI has in fact released more than rupees 3 lakh crores of equity by reducing CRR, SLR and Repo rate. Though some banks have responded by lowering their rates of interest, but many are yet to follow the suit. They are trying to postpone their interest cut on one or another protect. It is very essential that RBI adopts all measures at its disposal to force banks to reduce the rates of interests. In fact people have postponed their demand for houses, consumer durable, automobiles etc and in hope of reduction in rates of interest. Any further delay in rates of interests cut will make the situation worse.

We must understand this recession is of US and not of India. Some economies such as Japan, EU and even China are more deeply integrated with US. Therefore they are more affected due to US recession. For the first time China has recorded a decline in their exports. In India it is showing some impact but it is more psychological than real. Thinking that recession is on in the world, some sectors are psychologically affected. It is true that declining prices have affected export dominated economies but in the rest of the world including India recession in more of psychological is nature. There is an urgent need to stem this psyche.

# Explain your failure: SJM asks Government

**AJAY BHARTI**

**S**wadeshi Jagaran Manch has asked the central government to explain its failure to anticipate the collapse of US financial system resulting in global meltdown. The demand was raised in the resolution passed in its seventh Rashtreeya Sabha in Bangalore, Karantaka held there from 26-28 of December 2008.

The Rashtreeya Sabha was inaugurated by Mananiya Madan Dass ji, Seh-Sarkarivah of Rashtriya Swyamsevak Sangh. Justice Rama Jois, Rajya Sabha member and Ex-governor was also present on the occasion. He was the chairman of organising committee.

Over 800 activists of SJM including around 150 women activists from different parts of the country participated in the three day Rashtreeya Sabha. All National Co-conveners Sh. Saroj Mitra, Sh. S. Guruswamy, Prof. Kumarswamy, Prof. Bhagwati Prasad Sharma, Sh. Ravi Wig and National Samanvayak Sh. Arun Ojha Ji was also present. All the members of steering committee and National working council including those from allied organisations like BMS, Vanvasi Kalyan Ashram and Sanskar Bharti also attended the meet.

Rashtreeya Sabha started in the traditional style with lighting of the



lamp followed by impressive “yaksha gan” nritya by Sh. Ravi Shankar Ji and the group. Two little girls performed the traditional dance form in an attractive way that enthralled the audience.

In his welcome speech Justice Rama Jois recalled his association with SJM from its first convention held in New Delhi, which he had attended along with Justice Krishna Aiyer. He expressed his pleasure to witness SJM emerging as a powerful movement in a short span of just 15 years.

Reminding participants the mutually complimentary role of Swadeshi and freedom movements Justice Rama Jois said that economic freedom and Swadeshi

feeling was the motto of our nation then.

But unfortunately after the British left love for foreign goods and foreign brands increased so much so that people continue to ask for education in English language even after 50 years of independence, he added. “We are our friends as well as enemies. No one from outside is going to solve our problems. We the people of India will have to develop our country,” he opined.

Recalling several quotes from different books of Mahatma Gandhi, the learned Jurist and Parliamentarian emphasized the need to develop a duty based society instead of trying to imitate

**RESOLUTION : 1****Stop Globalisation Save Nation**

The whole world in general and India in particular has been suffering from the painful experiences of Global Financial Meltdown and the resulting economic recession. The cancer spot is the reckless deregulation of financial market by US Government. 'Greed is Good' happens to be the slogan of US. This policy of greed has landed the Wall Street and the Main Street of the US into this soup. Should this be a model for India?

Indian Economy is also experiencing severe financial crunch, contraction of manufacturing and service sectors and extensive Job losses. But India is relatively less affected not because of the government, but despite the government. In this connection SJM congratulates the people of India for maintaining their basic culture, family values and saving models despite the attempts by the government to change them, adopting the US - Euro Centric Socio Economic policies.

Our PM cajoles the western capitalism as casino capitalism, but sincerely copies the same model for India.

SJM demands an explanation from our policy makers for their wrong economic policies which has resulted in the miserable economic and financial situation of the country.

Even in the thick of global financial meltdown our government is trying to raise the FDI limit in the insurance sector from 20% to 49%. Global Insurance companies such as the AIG which are themselves crying for bailout will be invited to the country for guiding our insurance sector to prosperity. The Government of India deserves to be congratulated for its foolhardiness.

Till October 2008, India was experiencing 12% inflation rate. However since then, the Govt claims that the rate of inflation has fallen to 8%. However the common man continues to reel under high prices of food grains, edible oils, fruits and vegetables. Government figures on inflation does not reflect the reality at the ground level. This is because of the defects in the calculation of inflation by the government.

While all over the world retail prices are used to measure inflation, India uses Wholesale prices which camouflages the reality.

Further Wholesale Price Index includes only the cost of commodities. Cost of services are not included at all.

Food articles are given a low weight age of only 22.

**DEMANDS:**

1. SJM demands a thorough

review of the Indian economic and financial policies of the last 15 years. Measures must be taken to prevent excessive integration with the global financial system for insulating the Indian economy against future global financial meltdowns.

2. SJM demands that all attempts to open up the financial sector - banking, insurance, stock market, commodity markets and currency markets should be put on hold and reviewed.
3. The role of the regulating agencies such as the RBI, SEBI, TRAI, IRDA should be further reviewed and strengthened.
4. The government should shift from Wholesale Price Index to Consumer Price Index for the calculation of Inflation. The weightage given to food articles should be increased and the cost of services should also be included to make inflation figures more realistic.
5. The role of excessive influx of FDI and FII into the economy in stoking up inflation should be scrutinized and measures taken to contain their role.



blindly the Western concept of rights based society. Terming the absence of duty related chapters in the original constitution as a

serious flaw, Dr. Jois asked for a change in attitudes that will ultimately lead to self sufficiency in every field of national activity.

This was the bottom line of Swadeshi movement, he explained.

Muralidhar Rao, the national convener of SJM while speaking

**RESOLUTION : 2****Save Farmer Save Agriculture**

Agriculture has been the sacrificial goat of the globalization policy of the Government of India. The percentage of GDP contributed by Agriculture has been falling rapidly and today it stands at 18%. However the percentage of population depending upon agriculture remains at about 60%. It means 60% of the people have to live with 18% of GDP. The Arjun Sengupta committee clearly states that 78% of the people in 2005 were forced to live on a daily consumption expenditure of less than Rs. Twenty and a majority of this unfortunate population belong to the rural economy of our country. Several reports including NSSO point out that about half of the farmers of the society are indebted.

The apathy of the government towards agriculture becomes clear when we note that the share of the budgeted expenditure made on agriculture has rapidly declined from about 27% to a paltry 6% in a period of 25 years. Adding insult to injury, the Government is forcibly taking prime farm lands for the development of SEZs. The share of agricultural sector in the organized credit Institutions is very low. Remunerative price for Agricultural products has been eluding the farmer continuously. As a result of all the above, farmers suicides all over the country has become a daily

phenomenon. Since farming is not at all a paying proposition, most of the youngsters from the rural population are moving away from agriculture leaving only the old and the infirm. This does not augur well for the future of agriculture in the country in general and food security in particular.

1. In the above context, SJM demands that agriculture should be given its respectful place in the Indian economy by increasing public investment in a proportionate manner.
2. High land values are forcing and tempting the farmers to sell away their lands to real estate agents and other non farming agencies. Land values are rising unnaturally in the country in the last few years mainly on account of increasing foreign investments in the real estate business. Once land becomes costly agriculture is disrupted and the entire society is severely affected. Therefore SJM demands that FDI in real estate should be totally banned.
3. For ensuring the food security for the people, imports of agricultural goods such as wheat, rice, edible oils, pulses and so on should be severely restricted by different means such as heavy tariffs.
4. At present there is a safeguard duty mechanism to protect the

Indian manufacturers affected by the unregulated import of foreign goods. A similar safeguard duty system should be developed and offered to the Indian farming community.

5. Transfer of agricultural lands for non agricultural purposes including SEZs should be totally banned forthwith.
6. SJM demands that more and more agricultural families should be included in the credit delivery system and the farmers be provided with timely and adequate credit at minimal rate of interest.
7. There is an increasing attempt by the Govt under pressure from agri business companies to corporatise Indian agriculture. This will be highly detrimental to the agricultural economy of the country as well as the agro based social structure. SJM demands a halt on all governmental attempts to corporatise Indian Agriculture.
8. The bane of Indian Agriculture has been the increasing gap between the cost of inputs and the price of farm products. The government should take immediate steps to fix remunerative prices on the basis of the actual cost of production . ❖

on the occasion termed the seventh Rashtriya Sabha as both vital and different. Explaining the

importance of the Sabha, held under the deteriorating, security concerns in view of Mumbai

attacks, Murali Ji said that the stand espoused by SJM from its very inception is being accepted by the

**RESOLUTION : 3****Halt the Free Trade Agreements (FTAs) Negotiation with Developed Countries**

It is a well known fact that WTO negotiations have come to a grinding halt due to hard positions taken by developed countries especially with regard to agricultural subsidies. Developed countries are therefore conspiring to bypass the WTO route and concluding FTAs with individual developing countries such as India to achieve their ulterior motives in gaining market access for their products, technology and services.

In the recent years Government of India is actively involved in negotiations to conclude free trade agreements with various countries. India has already concluded FTAs with developing Countries and is also in process of concluding FTAs with newly industrialized developing Countries like Korea and ASEAN Countries. These FTAs are said to have major implications for livelihood of Indian farmers and labours the manufacturing sector. There is need to assess the Socio-economic impacts of these FTAs to Indian economy.

At the same time India has initiated FTA negotiations with three developed Countries/ developed country groups viz. Japan, European Union and European Free Trade Association (EFTA). These FTAs are unacceptable for the following reasons.

Developed country FTAs include not only massive tariff reductions on a reciprocal basis for market access in trade in goods but also WTO plus provisions

with regard to services and intellectual property protection. Hence, conclusion of the FTA with EU considerably reduces if not eliminate India's bargaining power at WTO.

Along with the above mentioned areas FTA negotiations with these countries are also focusing on government procurement, investment and competition policy. These three issues in trade negotiations are known as Singapore Issues. For instance, EU was the main demander of these issues WTO. However, it was agreed to remove these three issues from the ongoing negotiations due to resistance from developing countries including India. Developing countries opposed these issues primarily citing the loss of policy space. Hence inclusion of these issues within FTAs is a matter of grave concern.

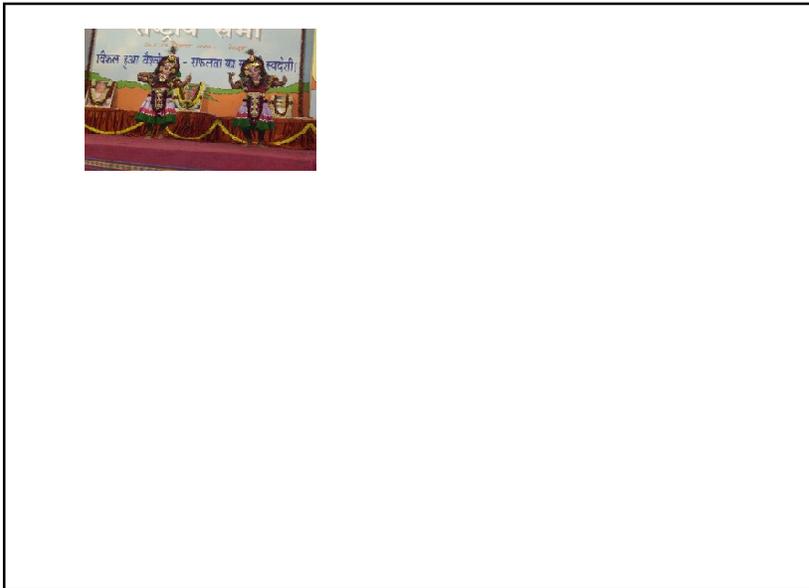
All the developed country FTAs contain Most Favoured Nation (MFN) treatment need to be provided. Under this clause any better treatment provided by other party to any other country in areas covered under the FTA with any country should be automatically extended to others. Such Clauses would seriously undermine India's strategic positioning in future trade negotiations especially with other developing countries.

India's FTA negotiations seriously undermine India's industrial development. The steep tariff reduction would result in import surge and would result in large scale job loss and closure of

manufacturing units especially in the small and medium scale industry. Though India's growth rate has been between 8-10% in recent years, India continues to hold the largest number of the World's poor. FTAs with developed countries would worsen the situation. Further, this level of tariff reduction levels India with little policy space to charter future industrialization and accommodation of sensitive sectors. It has been well-documented fact that tariff played a crucial role in the industrialization of developed countries.

All the developed country FTAs contain service liberalization provisions especially liberalisation of financial sector. It is well known fact that unregulated financial sector is the root cause for the present global economic crisis. Such FTAs will take away the limited existing policy space for Indian government.

Against this background this Rashtriya Sabha of SJM demands immediate halt to the FTA negotiations with developed countries. Further SJM demands an independent expert group study on the socio-economic impacts of India's existing FTAs and potential FTAs with ASEAN and Korea. Lastly, SJM call upon the Government to be transparent in their approach to FTAs and inform the parliament on FTAs and provide information to people to have an informed debate on the issue. ❖



people all over the globe now.

That Indian economic sphere was very large and stock markets can't reflect our economic reality was assertion of SJM, he added. Now cabinet Ministers in the Union Government are saying same thing in different manner. These were the people who used to project the BSE index with a sense of achievement, he recalled. This U-turn was not limited to stock market only but has been visible in case of inflation, terrorism and almost every other aspects of socio political activity.

Price rise, P. Chidambaram would say, was due to extraneous factors, out of government control but the same man rushes to claim credit for decrease in inflation. This double standard must stop, Murali Ji affirmed.

This practice was not restricted. When P Chidambaram asked OPEC countries to increase production of crude oil after prices shoot up to \$147 per barrel, OPEC nations retorted by saying that they were not responsible. Consultancy agencies at that time blamed India

and China for disproportionate energy demands that in turn led to increase in crude prices. If we were actually culpable for increase then who is responsible for fall in prices from \$147 to \$33 per barrel, he inquired? Has demand in India and China decreased so suddenly, he queried. Shifting stance by so called responsible Ministers in case of food grain prices is a similar story, when South Indians were blamed for shortage of wheat and poor were accused of eating meals twice a day to be at the root of rice shortage leading to price rise.

"This reveals the fact that we are not getting the leadership we deserve" pronounced Murali Ji. Leadership has yet to arrive, he

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**Swadeshi Jagran  
Manch has  
to be a  
path developer  
and find new way  
for the world**

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added further. Speaking about Terrorism and Mumbai attacks, Murali Ji invited the attention of his audience towards the inability of the government to find out the sources of money coming to India through participatory notes. Have we evolved any mechanism to rule out the possibility of Terrorists using PN route for money laundering. If not then why has this provision been allowed in first place, he asked? Referring to the failure of intelligence agencies to collect information about Mumbai attacks, Murali Ji accused Finance Minister of failure to detect the collapse of US financial system. Inability of the government to inform people of India in advance about financial Tsunami coupled with constantly changing statements of both the Prime Minister and the Finance Minister reveals either their bankruptcy or deliberate attempt to mislead the nation. Lamenting lack of accountability, Murali Ji stressed the need to have a new leader with a vision. Describing globalisation based on the concept of undermining nationalism as yet another form of imperialism Murali Ji opined that Globalisation respecting national interests was the only way forward. He further supplemented that Swadeshi Model of economy was more relevant than ever even in present times.

SJM has to be a path developer. We will have to find new way for the world going through crisis; he declared. Savings, family orientation, entrepreneurship to create wealth are the tools to save the people, he asserted.

Speaking in the inaugural

session sh. Arun Ojha, Rashtreeya Samanvayak reported the activities of the SJM after its Rashtreeya Sammeelan held in Indore last year. He said that SJM activists through out the country were able to raise the issues related to the disadvantageous groups of the society like Women, Farmers and people connected with retail trade. Arun ji also presented the account of Azadi Bachao Yatra taken out in different parts of the country.

Sh Arun ji advised SJM activists to pull up their socks as it is they who have to shoulder the responsibility to write the new chapter of the global economic architecture based on renewed social order.

Three books were also released on the occasion. These include the World Beyond Marx and Market by Shri S. Gurumurthy the well known CA and highly reputed corporate advisor. The other two books are based on the lectures delivered by

sh., Jagmohan, the ex- Governor of J&K and Dr. BHagwati Prakash Sharma, the all India co-convenor of SJM in D.B. Thengadi Memorial Lecture series respectively in the year 2007 and 2008. Vaishvik Aarthik Sankat; Karan va Samadhan by Dr. BP Sharma has been published by Swdaeshi Jagaran Manch; the Crisis of Environment & Climate Change By Sh Jagmohn has been published by Allied Publishers Pvt. Ltd.

## Change of Guard in SJM Movement continues uninterrupted

murli ji  
picture  
(separate)



Shri P. Muralidhar Rao, the outgoing National Convener

Shri Arun Ojha, the incumbent National Convener

**C**hange and continuity may be an ancient philosophical conundrum that also is at the root of the most pressing questions of our times, but not so in Swadeshi Jagaran Manch. Change and continuity, the clashing opposites for rest of the world walk hand in

hand with each other in this family. Bangalore was witness to this historic fact when past embraced future smilingly to ensure continuity. Yes it was the change of guard at top level. National convener Sh Muralidhar Rao who led SJM from an protesting fringe

to important voice during his tenure, handed over the charge to dynamic Arun Ojha from Bihar. The transition was quiet, smooth and noiseless. In fact every one present though emotional, appreciated and enjoyed gestures by both out going and incumbent

leaders.

For more than fifteen years Muralidhar Rao and SJM had become synonymous tantamounting to believe that Swadeshi Jagaran Manch Means Murali Dhar Rao and vice versa. Not so any more. the era of Murali ji came to an end in Rashtreeya Sabha Bangalore. He relinquished office of the national convener but will continue to be part of the Swadeshi Jagaran Manch and Swadeshi movement. This decision was announced by Man. Madan Das Ji in Central Working Committee and in the inaugural session of Rashtreeya Sabha by Sh. S. Gurumurthy. Terming Murali ji a multi faceted personality whose various skills helped SJM become a legitimate national voice.

He in particular mentioned the team building capability of Murali ji and oratory skills. Introducing Arun Ojha, the incumbent national convener as an ideal example of disciplined behavior, Sh. Gurumurthy anticipated elevation of Swadeshi movement to a newer and higher pedestal. Shift from South to Bihar, the heartthrob of socio-political movements of India, he hoped, will usher a new era not only in the life of SJM but that of the country as well. Dr. Mahesh Chander Sharma also spoke on occasion. Thanking all the people present, Murali ji termed the period in SJM as the best part of his life. Outer challenges never bothered him because of the gifted team of associates, who never brought my limitations to front, Murali ji added. He also mentioned the unconditional support provided by sister organizations like BMS, Kssan Sangh, ABVP as the

real reason for the success SJM has achieved. Murali ji assured delegates that the next chapter will be more glorious.

An emotional Arun Ojha refused to accept the change as an end of any era. He said that it is a continuous flow that is going on and the chapter has yet to close. The writing of the chapter that started in 1925 will close only after several left over pages are written and we will have to do that together, he emphasized.

Arun Ojha, the incumbent national convener it may be noted was born on 20<sup>th</sup> of June 1958 in Jehanabad Bihar. He started his public life in early school days and after completing his masters Degree with Botany as the subject, Arun ji became the head of the youth wing of VHP in Bihar state and held that position from 1976 to 1980. From 1980 to 1991 he was the state secretary of BMS and was associated with several trade unions in Bihar. For a short stint he also was Bhoudik Pramukh of Bihar Rashtriya Swyamsewak Sangh.

Arun Ji remained an integral part of SJM from its very inception and headed Sangarsh Vahini before becoming the Rashtreeya Smanvayak, the position he held before he took charge as national convener.

Parallel sessions were also held in the Sabha. Five subjects were chosen to be discussed by delegates. They had choice to join any of the groups based on their interest. The subject of the parallel sessions was (1) Agriculture, (2) Education, (3) Women and family, (4) Indian System of Medicine and WTO.

In the first session after inaugural session representatives from different states reported in brief some of the major activities they had undertaken during the last year. Prof. Kanak Sabapati moved the resolution on 'falling status of Agriculture' and asked delegates to carefully study the resolutions and suggest amendments where ever they feel necessary and ensure its unanimous adoption. Prof. Satish Mahajan from Punjab read out the Hindi translation of the resolution.

Reporting about Azadi Bacho Yatra in Jharkhand Sh. Sachindra informed the house that starting from November 9 the yatra in the state went through all the 22 districts covering 2675 kms and contacted 522 places in which 76 small and medium and 24 large meetings were conducted. 350 SJM activists engaged in yatra distributed more than 50,000 hand bills.

Yatra in Uttar Pradesh began on Sept 28 touched 48 places and covered 11 districts before its conclusion on October 5 in Muradabad reported Sh. Vipin Kumar. Choudhary Krishan Bir and Choudhary Mahender Singh Tikait were prominent farmer leaders who joined the yatra. Visit to the birth place of Choudhary Charan Singh and Pt. Deen Dayal Upadaya is another important aspect of this yatra, he added.

10 days yatra in Punjab started from Jallian Wallan Bagh on 25<sup>th</sup> September and concluded on 2<sup>nd</sup> October after 44 places in which a large number of people including women participates it was reported.

Shri Sunil Desh Pandey of Karigar Panchayat also reported

the activities they undertook. He informed the delegates about a unique yatra they took on a rickshaw having mechanism to change gears by pulling a rope. This yatra covered 2000 kms in 27 days and contacted more than 1000 artisans, he added. Encouraging people to use terracotta Ganeshas during Ganeshotsava festivals was another of their major activity. AP unit reported the agitation they waged in support of Turmeric and Chilli farmers.

On 27<sup>th</sup> October a talk by Prof. Vaidyanathan and Shri S. Gurumurthy and an impressive Shoba Yatra in traditional dressed of different states was the major highlight. In late evening a highly inspiring and emotive cultural presentation was made.

Prof. Vaidyanathji was another attraction of the Sabha. He delivered a lucid talk on the informal sector. Thanking SJM for giving him an opportunity to interact with delegates from all parts of the country, the learned professor started his talk by referring to engines of Indian growth and the nature of this growth.

Speaking about 1950s & 60s when the growth rate of India was inadequate and was ridiculed as Hindu rate of growth that actually was Nehruvian rate resulting from the induced curtailment of entrepreneurship, Prof Vaidyanath said that for rest of world the example of the 'vicious cycle of poverty' was India that was doomed to fail. Experts suggested pumping of funds from outside, lest a lot of people will die, he added.

Liberation of

entrepreneurship from government control in 1990's, changed the scene. Contribution of Agriculture sector decreased to about 20%, though 60% of population continued to depend upon it. But service sector grew exponentially and contrary to popular belief IT sector is only 4% of this sector. Though the contribution of IT can't be undermined the major component of services sector remains construction, dhaba's, restaurants, whole sale and retail trade, transport and large number of other self employed people, he added 35% of our work force is self employed growing @ 10% annually he informed.

Shoba Yatra passed through different markets and localities forcing people to stop and take notice. They were very appreciative of the disciplined way in which SJM activists were marching without causing any disruption or inconvenience to the daily commuters. Yatra concluded in a Public meeting that was attended by a large number of Bangaloreans. Prof Kumar Swamy of Shivmoga addressed the people in chaste Kannada explaining to them dangerous consequences of mindless globalisation. He cited figures from different agencies of government to highlight the status of majority of Indians including the children Shri R.K. Misra of BMS and Shri Gurumurthy also addressed the gathering. Shri Misra reiterated the unconditional support to SJM which in his words was the Gurubhai of BMS. He was very critical of the government policy on labour and employment. He warned these anti poor policies will create a serious trouble in

coming days and will not be allowed to continue.

### Gurumurthy on Swadeshi

"Financial crisis all over the world is dominating public discourse these days several people are saying now that the crisis had actually begun in the year 2006. But when ever anyone tried to point this out, there was a atrocious attempt to first ridicule and later deny it altogether. In 2007 some people started accepting the problem as a small slowdown. But these people used to hasten to suggest not to worry as US economy was very strong and capable of facing such minor issues. Even in the beginning of 2008 "don't worry" song was sung repeatedly. But in March 2008 the American financial system shacked with the collapse of the company that had its head office in its self owned building valued to be of about 2.50 billion dollars. This overnight collapse of such a huge company forced the people to admit that some thing was seriously wrong. And by the end of September 2008 it became very clear that American economy was in serious Trouble. These views were expressed by Sh Gurumurth in his address to the delegates and public. In spite of all this no one is ready to go to the root cause of the problem. One has to accept that most of the people do not actually know what the problem was? It is clear by a discussion conducted by news week in which five noble prize winning economists were asked to underline the cause of the problem and suggest possible solutions. But no one amongst them talked about

these pointed questions terming the ongoing crisis as insurmountable, he added. The National co-convenor of SJM recalled how SJM was warning people in general and academia, intellectuals and policy makers in particular about the inherent dangers of following US model blindly, since its inception in 1991. Terming decrease in savings and decline in family as an institutions as the root cause of the collapse of US economy, Shri Gurumurthy described the crisis as the worst ever thing, worse than great depression that has happened. He cited figures to substantiate his claim. Explaining the point further he compared the situation now and than with figures to prove how present economic trouble is much beyond 'slow down', 'recession' or a 'temporary phenomenon'. He said further that it simply is not an economic crisis alone, but in reality is a social crisis a civilizational crisis combined together in a vicious cricle.

Shri Gurumurthy elaborated his view with ample evidence quoting published articles in leading newspapers where in people in west have started accepting that what they did 10-15 years earlier was wrong. In his opinion the process of 'nationalising' family in the name of social security and privatising government" caused the fall of US economy and very opposite happened in India and other societies that value family and relation based economic model. He cited the example of enlarging que's in front of SBI to deposit around 1000 crore/day at a time

when Anglo-Saxon west was facing cash crunch to prove that Indian economy was, not only strong but actually a way forward for the world to emulate.



Shri Kashmirilal Ji Rashtriya Sangathak

He congratulated, among thunderous applauses from audience, the women of India for singing the songs enticing them to spend mere but refusing to actually spend the money.

### Conclulsion

On the concluding day that is on the 28<sup>th</sup> of December in the session proceeding last one, Sh. Kashmirilal Ji declared programmes to be taken up by SJM in the coming year. In his usual humorous way Kashmirilal Ji asked delegates to prepare the 5 year appraisal report of UPA government and highlight the same at district level in seminars, group discussions and in any other way they feel better. Kashmirilal Ji also spoke about his experiences with the Azadi Bachoo Yatra and suggested to continue with the yatra till it reaches the places it has not touched till now. Declaring year 2009 to be the Public Awareness Campaign Kashmirilal Ji said that

Swadeshi message will be taken to every household in the country.

In the concluding session the new National convener summed up the deliberations of the Sabha. He also announced the new responsibilities given to leaders at different levels. Some of these are as follows:

Sh. Kashmiri Lal Ji who till now was looking after the SJM activities in north India as the Sangathak will now be the Akhil Bhartiya Sangathak responsible to take care of the activities through out the country. All the co-conveners have been given specific areas to focus on.

Besides that Sh. Annada Shankar Panigrahi will now be the Kshetra Sangathak of Orrisa and West Bengal. Sh. K Biju will be zonal co-convenor of Kerala and Tamil Nadu, Shri Apala Prasad Ji will be conener of cultural cell at national level and Shri Deepak Sharma Pardeep will be incharge of central office and will also hold the additional charge of National Prabandh Pramukh.

In his manage to activists Arun Ji reminded them that India was not a indebted nation at the time of Independence. It was the wrong policies of rulers like the first Prime Ministere Pt. Nehru who accepted conditions imposed by US President Truman. Arun Ji recalled the message of Late Dettopant Thengadi who used to say that best must suffer so that rest prosper.

Declaring that our struggle is against big corporates and government he prayed.

**God we enter our last fights,  
Thou Knowest that our cause is right,  
Make us march in thy light  
On to Victory** ❖

**A** fall out of the Jihadi attack on Mumbai is huge outrage. While this anger is understandable given the way the present ruling politicians have handled the issue of national security, what is intriguing is the hate campaign is directed against the politicians as a whole and as a class. Most English TV channels are ceaselessly and systematically feeding this hate. It is 'Page Three' personalities particularly in Mumbai who star in this campaign. Most Indians would not even know what 'Page Three' personalities means. They are the partying type, mostly found in restaurants in Five Star hotels. They are so called because, a decade earlier, their pictures and their parties used to appear in page three of newspapers. Now they are all over the media, with most media sometimes celebrating them with the front page positions.

When in the past several terror attacks had taken place and hundreds of people had died, there was public outcry against terror. But the media never ceaselessly telecast or print their outrage like they do now. What is the difference this time? This time around Page Three celebrities are the protestors. This class had never imagined that terror would ever touch them. In the past they had seen the terror blowing the commuters by train and bus to pieces, tearing down ordinary men and women in crowded vegetable and general markets. Most in this class do not travel by trains or buses nor go to crowded markets. Now the abode of this class, the Star hotels, is hit, it is terribly angry. How is this class positioned in our polity? It talks

# Blame the rulers, not democracy

*The 'Page Three' personalities and the media is Generating hate against the political class as a whole. This risks dangerous consequences and bails out the real culprits. The rulers must pay for their fault. They should not be allowed to escape punishment for their mistakes by joining the crowd of hated politicians, suggests S. GURUMURTHY*



about democracy but does not vote. It talks against corruption, but would not fight it. It talks of high values but follows a lifestyle that hardly support those values. Now they are the ones anchoring the national debate on the right and wrong of politicians. Examine how dangerous this is.

Politicians are the products of elections. And elections do not yield quality leadership. For example, a Ramakrishna Paramahansa could not have

found a Vivekananda in a Narendra through ballots from his co-disciples. It cannot be that democracy is good, but elections are bad, as there can be no democracy without elections. Elected politicians are the backbone of democracy. If they manipulate the people, it is the duty of the elite to educate the people to be vigilant. How many Page Three characters have taken to educating the people to make right choices? So their anger against

politicians is because their undisturbed fun and frolic have been disturbed. If they feel so outraged now what were they doing when trains after trains and market after markets were being targeted by terrorists in which the ordinary people were maimed and killed?

Now come to their targets, the politicians. Politicians are the easiest target of the elite. But in this country they are the only ones who are open to scrutiny – as to what they say or do. No one can scrutinize, say, the judges. The scrutinizer will go to jail. No one in his senses can talk against the media. Only politicians are easy subjects for cartoon or hate. But this time around, the campaign that is on after the Mumbai terror strike is not just the eruption of pent up apathy towards the politicians. It is something more. The Mumbai terror has exposed the ruling parties in the centre and at the state, like no other act of terror has done. The reason is self-evident. It has touched the very class, the chatteratti, that is the backbone of the secular class. The anger of this class cannot be directed against the secular political groups that run the country today as that would shift balance of advantage to the unsecular opposition. So the present rulers need to be protected. Result, the anger is intentionally directed against the political class as a whole.

Thus, this campaign against the political class as a whole conceals the real intent behind it, namely to protect the secular governments at the centre and at the state which had had all intelligence input about the sea side terror attack that was coming on

Mumbai and on Mumbai hotels specifically, but did nothing to act on them, whatever the reason for their inaction. The present government at the centre and in Maharashtra have been so callous about national security that over 1000 innocent persons have been killed in Mumbai by terror strikes in the year 2008 alone! Seeing the entire political class as hate objects protects the ruling parties against public retribution. The present rulers had repealed the anti-terror law in India when the whole democratic world was enacting such laws against terrorism. The

**It cannot be that  
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terror attacks multiplied in numbers under the rule of the present government. So blaming the entire political spectrum bails out the culprits ruling India today. The Page Three icons and the media seem to be on this joint enterprise to wash off the sins of the ruling party and its leadership by targeting the political class as a whole.

Take this process to its logical conclusion. The hate against the ruling parties is being universalized thus as anger against the entire political class. Compare this anger against the politicians with how the ordinary people raised patriotic

slogans, 'Vande Mataram' and 'Bharat Mata Ki Jai' when the NSG and Army commandos successfully vanquished the terrorists and again when the funeral of the slain ATS, NSG and Army fighters was taking place. Admiration for the army coupled with hate for political class as a whole is dangerous to democracy. In a democracy, it is necessary to let the public anger correct the ruling party that is at fault. The rulers must pay for their fault. They should not be allowed to escape punishment for their mistakes by joining the crowd of hated politicians. There is a lesson for the opposition also; that is if they come to power, they would be treated no differently. Imagine the political class is hated, and the army is admired, the legitimacy will be with the army, not with the political leadership. This is what made the army in Pakistan ambitious to become, and it became, the ruler. Yet, now, the Pakistan army is as hated as politicians in that country. So generating hate against the political class as a whole risks dangerous consequences. The media should not help douse the public anger against the rulers at fault. That is what democracy is all about. The mistakes of the ruling party becomes the talking point for the opposition. This forces power to shift between the ruling and opposition parties.

So the media should educate the people to punish the rulers at fault, not bail them out by blaming all of the political class, as that undermines the political class as a whole, for ever. It should not allow the rulers to escape punishment. Is any one listening? ❖

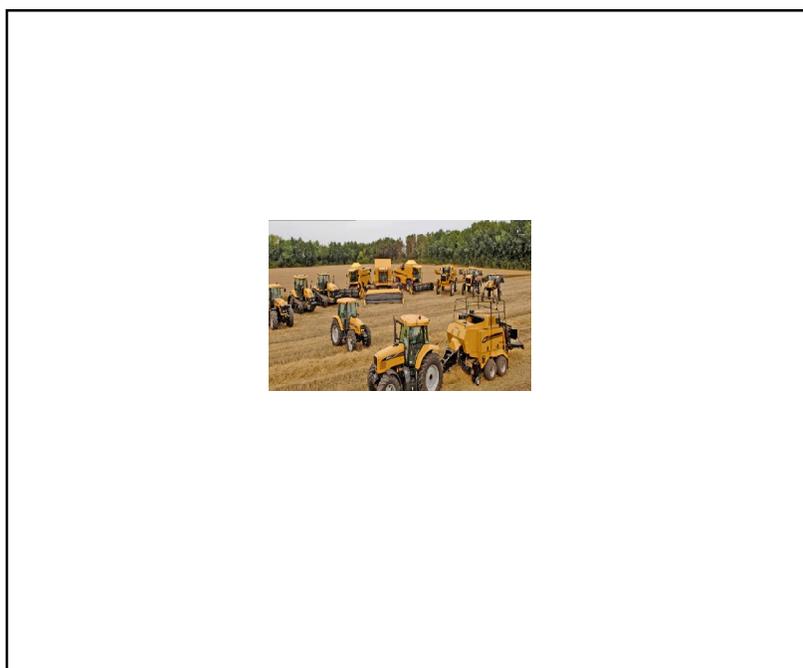
## TRADE IN AGRICULTURE

# Outsourcing food production

*With large populations being displaced world over from land takeovers, and with World Bank aggressively promoting it, control over the food chain is increasingly being passed into the hands of private investment. The political economy of food is certainly being rewritten, with grave implications cautions* **DR. DEVINDER SHARMA.**

**A**t the 150<sup>th</sup> commemoration of the Irish Famine held at Cork, Ireland, I vividly recall the mayor of the city telling the audience: "How barbarian was the society then that at a time when people were dying of hunger and starvation, corn was being loaded in ships for export to neighbouring Britain." Nearly 160 years after that great tragedy, the world is preparing a fertile ground for yet another, more sinister and barbaric act. This time, the world is witnessing a race to invest in overseas farmlands and turn them into food estates.

In the name of food security, what is worrisome is that the global food production and distribution channel is actually getting into the hands of a few international agribusiness companies with ties to hedge funds. With large populations being displaced world over from such land takeovers, and with World Bank aggressively promoting it, control over the food chain is increasingly being passed into the hands of private investment. Many of the food and financial companies investing in farmlands around the world are also bringing in their own farm



workers, production technology and equipment.

It is happening around the world. In India, Karnataka is preparing to lift restrictions on purchase of farm land in what appears to be a misguided attempt to attract investments. Meanwhile, about 15 companies, led by the public-sector State Trading Corporation (STC), and including Gujarat Ambuja, Ruchi Soya industries and Jhunjhunwala Vanaspati Ltd., are in the process of leasing 10,000 hectares of productive farmlands in Paraguay,

Uruguay and Brazil in Latin America, mainly to cultivate soybean and oilseeds. Indian companies are also moving into Burma to undertake production of pulses, and buying palm oil plantations in Indonesia. Australia and Canada are next on the land shopping list.

National laws are being suitably amended. The Indian Ministry of Food and Agriculture is backing the outsourcing initiative. The Reserve Bank of India through the Exim Bank is contemplating a change in the

existing laws to provide loans to these companies to purchase land abroad. Not only in India, national laws are also being rewritten elsewhere — in Argentina, Mongolia, Australia, Russia, and many other nations - to facilitate the purchase of land overseas or allow foreign companies to buy land within their own borders.

In Pakistan, now in the throes of a food crisis, Prime Minister Yusuf Raza Gilani showed exuberance after his return from a state-visit to Saudi Arabia in mid-June. After all, in exchange for the desperately needed foreign investment, he had reportedly offered to sell thousands of hectares of productive farmlands. Meanwhile, Qatar is preparing to outsource its food production to Pakistan's Punjab, where nearly 25,000 villages are faced with displacement. Saudi Arabia is also planning to acquire a 1.6 million hectares food estate in Merauke in Indonesia to produce rice for export back home.

Saudi Arabia is not the only Gulf country looking for land elsewhere. A Gulf Cooperation Council (GCC) has been constituted - with membership from Saudi Arabia, Bahrain, Kuwait, Qatar, Oman, Jordan and the United Arab Emirates - scouting for overseas land in return for investments. Land deals have already been struck with Laos, Indonesia, the Philippines, Vietnam, Cambodia, Pakistan, Thailand and Burma in Asia; Ukraine, Kazakhstan, Georgia, Russia and Turkey in central Asia/Europe; and Sudan and Uganda in Africa. Realising that oil revenue alone cannot feed their



populations, as seen in the recent global food crisis when food disappeared from the supermarket shelf, Gulf countries are investing for future food security needs.

China is emerging as a major player in this land grab. After having increasingly divested its farm population from agriculture and moving them into the cities, China is now on a land buying spree. With some 30 land deals

already known to have been signed, mostly in Africa, Central Asia, Australia and the Philippines, China has also prepared an agricultural policy on outsourcing food production. Most of these deals are being executed in a hush-hush manner. Interestingly, while China is looking for land outside its territory, agribusiness companies from Japan, South Korea and America are taking control over its own agribusiness activities.

The population shift in China — pushing farmers out of agriculture and moving them into the cities — has taken a heavy toll of the social fabric, marred by social unrest, often bloody. China Daily, the official organ of the Chinese government, had reported a massive increase in rural protests - from 10,000 a year some 11 years back to over 75,000 in 2005-06, which means roughly 250 protests a day. Rapid industrialisation in the countryside had played havoc with

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a sustainable farming system, thereby necessitating the search for farmland outside the country. India too, in a blind race to catch up with China, is following the same faulty prescription.

Egypt, which recently was faced with food riots, stirred a hornet's nest, when it was divulged that a deal was underway to lease 840,000 hectares — amounting to 2.2 per cent of Uganda's farm land — for wheat and maize production to be shipped back. Ironically, at the same time, Egyptian farmers in Qena district were fighting a long-drawn battle to recover 1600 hectares of land owned by a Japanese agribusiness giant, Kobebussan. Many other countries face the same dilemma - while they are looking for land elsewhere, their own farmlands are being taken away by foreign companies.

According to a report, Seized: The 2008 Land Grab for Food and Financial Security prepared by the Barcelona-based GRAIN, food

corporates from Japan - including Asahi, Itochu, Sumitomo and Mitsubishi - have between 2006-08 leased and purchased land in China, Brazil, Africa, and central Asia for organic food production. No wonder, with Japan not allowing corporates to own farmland, these companies are looking for greener pastures everywhere. South Korea, where the government is supporting outsourcing, is buying land in pristine Mongolia, thereby threatening one of the world's naturally endowed ecosystems.

Financial companies and others have even been using bailout packages from various governments to move into this land grab. Goldman Sachs and Deutsche Bank are eyeing a takeover of China's livestock industry. Morgan Stanley has purchased 40,000 hectares in the Ukraine, where Landkom, the British investment group has also bought 100,000 hectares. The two Swedish investing firms, Black

Earth Farming and Alpcot-Agro, have purchased 331,000 hectares and 128,000 hectares of farm land in Russia, respectively. South Korean giant Daewoo has brought in the mother of all land-grabbing deals; this month it unveiled a plan to farm some 1.3 million acres in Madagascar - half the size of Belgium - to produce corn and palm oil.

The political economy of food is certainly being rewritten, with grave implications in store. The global financial meltdown had privatised the profits, and socialised the losses. Outsourcing food production will ensure food security for the investing country, and leave behind a trail of hunger, starvation and food scarcities for the native populations. Only the environmental tab of the highly intensive farming - devastated soils, dry aquifers, and an ecological system ruined by chemical infestation - will be left for the host country to pick up. ❖

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# Outsourcing irritation

M. R. VENKATESH

**A**s student of economics, let me make a frontal declaration: I favour outsourcing. However, in the Indian context, I find that it virtually absolves responsibility of both parties – one that seeks outsourcing and the other that does the actual work. Let me also hasten to add a caveat: perhaps an old man like me could be out of sync with the modern times. While cost cutting is the in thing today, cutting on services has been its unintended consequence. Here is my first hand experience with outsourcing, which could well be an exception, not the rule.

"Hello," said the sweet voice at the other end and before I could react it went on "If you want a new connection please press 1, if you want to ..." I understood. It was an automated response to the call office of my cellular service provider. As the recorder placed a plethora of options before me, I was perplexed. My range of complaints on my new cell connection meant that I virtually engaged every option. As I remained frozen in deep contemplation; the answering machine on its own diverted the call to the customer care officer. Some help for a beleaguered soul, I thought. The mellifluous music, while on hold, seemed to shorten the 17 minutes wait for the officer. "This is Mohan sir from customer care. How can I help you?" Repeated answering seems to have taken its toll as he went about in a mechanical manner. "See I have a problem with my bill and," I began elaborating. "Please ring our toll free number

1600," Mohan went on adding another 8 or 10 numbers. "Slowly let me take down," I pleaded as I reached out to a pen, which as luck would have it had run dry. The pencil was, you guessed it right, blunt. "But surely you are the service provider and I am sure you can help me," I said remonstratively. "Billing is not out focal area of our operations sir, we have outsourced it," said Mohan as he slammed down the phone. He was service personified.

After hours of trying the 24 hour toll free number, a young lady over there informed me that they were only in-charge of preparing and posting monthly bills. "Sir you need to contact the agency which gave you the connection. This issue is not our focal area of operations." After some effort, I reached out to the vendor as suggested. "What's your problem sir," enquired the person over there. As I began

indicating my problem, the person at the other end butted in "This issue does not fall within our focal area of operations. We merely process applications for new connections. We have strictly followed the guidelines issued by the service provider. I am sorry sir, but we cannot help. You need to contact the service provider. By the way who directed you here?" I was livid and felt that I was a football kicked around. All these meant firms outsource responsibilities, not processes, as I understood till date. I instructed the service provider through a fax to disconnect my connection pronto.

Disconnection gave me instant relief. Not having a cell suddenly seemed to give me some space. Oh, how good it is to return to the simple old days. Consequently my thoughts returned and I realised that I would be savings on cell bills. Why not start a recurring deposit on the bill money saved, I thought as I reached out to the neighbour bank. The PRO gave me a shock of my life. "Sir under know your customer norms prescribed by RBI, there is a number of formalities that needs to be completed. Since this is not the focal area of our operations, we have outsourced them. You call 1600.." I rushed out of the bank. By now I knew I would be sucked into a black hole. While walking back home the words "not our focal area of operations" seemed to haunt me. Is knowing ones customers and sorting out their inconvenience not the focal area of operations of business organisations? More importantly, I want to start a society for prevention of cruelty to customers by outsourcing businesses. Anyone who has been a victim of outsourcing viz., cell phones bills; credit card statements, E-tickets, E-bookings, customer loans et all can join me here. Any takers? ❖

*Whatever little safety measures were created since Independence has been deliberately eroded since 1991 era of liberalization in the name of labour reforms finds SHIVA JI SARKAR.*

**N**ew era of labour-oriented reform has to begin; ill-treated worker can't be forced to work for employer's profit

Employers' profit remains safe either when the economy is in boom or doom. It is the worker who suffers in both the cases. The productive employer is not considered important input. He is supposed to be the most dispensable and often useless of all the "ingredients". Whenever it hits profits, the employer has the easiest way of chucking the worker off.

Neither the industry nor the government has taken any taken step to create insurance for job losses. Whatever little safety measures were created since Independence has been deliberately eroded since 1991 era of liberalization in the name of labour reforms without changing the law.

More of such "reforms" meant the workers basic right was trampled upon. The government as the Marxist would say coalesced with the capitalist employer. The employer's right is always protected and the worker allowed to starve if not die.

Nobody is sure how many jobs are being lost. The government has adopted an ostrich-like policy and



would like people to believe that job loss is an elusion. The industry pattern of couching such losses as lay-off – temporary job loss, or keeping the casual workers off the roaster is not officially treated as a loss of job.

The total job loss through 2008 is estimated at a modest two to three million to a staggering 10 million. Both the figures are correct. About three million jobs are being lost in the organized sector and another seven million in the unorganized sectors that depend for their survival on the organized sector.

Confederation of Indian Industry (CII) secretary general DK Nair says that over 700,000 people have already lost their jobs this year and another 500,000 more

could be laid off. According to him many mills, particularly in the textile and garment sector, are running at 75 per cent of their capacity, have reduced shifts and running three to four days a week.

Still the employer grudges that he does not have freedom to hire and fire. Hiring and firing is a rule in Indian context because the labour department despite enough legal powers does not act. The officials are less honest and get

influenced by the employer. Often the political boss also prevents them from taking action when the worker is affected. The labour courts have become a mockery. What more "reforms" an employer would like to have?

The labour department is not known to have effectively sued even an employer for default in depositing the employees'

\*The writer is senior political and economic journalist and ex-Sr Editor, The Financial Express

provident fund contribution to the Employees Provident Fund Organisation. Nor they have taken any action for default in depositing the contribution to Employees State Health Insurance Corporation. An employer with packets to distribute to officials can go scot-free. This has happened in all states including the Left Front ruled Kerala and West Bengal.

"For the world's 1.5 billion wage-earners, difficult time lie ahead", says International Labor Organisation (ILO) director general Juan Somavia. He also dispenses with the view that the era of liberalization saw wage increase. The ILO Global wage Report 2008-09 says that between 1995 and 2007, each additional 1 (one) per cent of growth per capita GDP lead to an average only a 0.75 per cent annual increase in growth of wages. As a result, in almost three-quarters of countries worldwide the labour share in GDP has declined.

The reports also says that since 1995, inequality between the highest and the lowest wages has increased in more than two-thirds of countries surveyed, including India, often reaching unsustainable levels.

The policy makers and economists have ignored this quotient. The new genre of economists, unlike the ones in 1950s of Prasant Mahalanobis school, gave the labour and their trade unions a bad name and left it to fend for itself often sustaining the worst treatment by the employers. They turned regular jobs into contract ones gave raises to lure them away from the legal security net and then fired them with impunity. All over the country

there are lakhs of such instances. No employer has been prosecuted for blatant violation of the law.

The jobs have been lost in the US too. It has reached a 16-year high to touch 542,000. But so have the cost on support system. The workers losing jobs get social security benefits to sustain their living.

India does not have any. The workers are leaving in droves from cities like Hyderabad, Mubai, Surat, Kolkata to their villages. There is similarity with them and their brothers in China. Both do not have social security benefits. The family comes to sustain them.

These workers are going back to increase the fold of farm labourers further eroding incomes

**The employers forget that work force is the potential consumer.**

in the rural areas. The agriculture employs 52 per cent in 2007-08. It is likely to go up at least to the level of 1993-94 of 61 per cent if not the level of 65 per cent in 1983-84.

Large industrial employers are responsible for this grim situation. Since independence they have not allowed any job insurance or social security benefit to be built up. Liberalisation has come as a strong tool for them to further deprive the work force.

The employers forget that work force is the potential consumer. If they are not strengthened the economy cannot be strengthened. The Indian industrialist unfortunately has been

extremely self-oriented with a feudal mindset. They do not consider the work force to be their compatriots.

Indian workers have lost during the socialistic regimes as the employers called them "bandicoots", when they fought for their rights and in the

liberalized economy though all industrialists saw their own coffers rising, the worker was forced to cut on their basic wages.

A new era of reform has to be ushered in. The government, of any shade, has to care for the workers. It has to usher in reforms keeping the labour in as the foremost priority. Sustainable growth that the Eleventh Plan aims at would remain a distant dream unless the reform process starts with increasing the benefits of the working class. Mere GDP growth cannot be the objective if it does not translate into an all-round growth and poverty alleviation.

It calls for policy re-orientation. The World Bank's pro rich and pro-stock market policies have ushered in the present doom. It has not published publication of the World Development Report that was due in September. It is recognition of its policy prescription failure. It is time a new policy formulation is created treating the labour as the prime development force and taking policy prescriptions from the ILO.

The world is looking towards India for the new prescription. If the government the present or the new one does it, it can be the beginning of a change. All that Karl Marx may have said may not be correct but all that Keynes has said is also not correct. Labour has to be given more weightage. ❖

# Protectionism, not free trade, will save the world economy

*Adoption of unrestricted free trade will lead to reduction of incomes of all the workers of the world and make the crisis deepen. Protectionism will help revive the world economy, recommends Dr Bharat Jhunjunwala*



Leaders of G-20, with Dr Man Mohan Singh in attendance, are seeking solution to present global economic crisis within the four corners of free trade. In doing so they are presenting the disease as the solution. Just as a bad doctor keeps on increasing the dose of antibiotics when the patient fails to respond and ultimately leads to his death, so the leaders are pushing the world into deeper recession by advocating more free trade.

Demand in the market basically arises from either consumption by workers or for investment in new technologies. Think of the world economy as a village. Some demand for milk and vegetables, and bricks and cement

will be created by the farmers' wanting to buy these things out of their incomes from sale of wheat and rice. In addition a demand may be created for investment in new technologies such as a welder's services being demanded for making a greenhouse. A good part of the global demand in the last century has come from investments in new technologies such as assembly line for cars, jet airplane, atomic power, personal computer and internet. These inventions were mostly made in the Western countries. These countries sold these pioneering products to rest of the world at monopoly prices and became rich. They used part of the ensuing income to import goods and part of the same

to make Foreign Investment in the developing countries. For example, Microsoft first sold the Windows XP software to Indian consumers at monopolistic prices and made huge profits. The Company paid huge salaries to its workers from this income. Employees of Microsoft, in turn, demanded Basmati rice from India and invested in India-targeted Mutual Funds. Adoption of free trade was profitable for the developed and developing countries alike in this situation. Developed countries were able to sell their advanced products like Windows XP and also import Basmati rice from India. They also got an opportunity to make foreign investments in India and make profits from the exports of Basmati rice and other commodities. On the other hand, developing countries got access to Windows software and also made some profits from export of Basmati rice.

This happy circumstance appears to have come to a standstill in the last 7-8 years. The last decisive technological invention was perhaps that of the internet. There has been no similar invention since then. For example, Windows Vista has not grabbed the market as Windows XP had.

In the result, developed countries no longer are getting huge incomes from the export of monopoly goods like Windows XP. Free trade has become an altogether different game in such a situation. Developing countries are able to sell their goods in the developed countries because their cost of production is less driven by low wages. India can supply cheap services like processing of insurance claims and China can supply cheap footwear and toys. This has two opposite impacts on the developed countries. On the plus side they get cheap goods and services. On the minus side, American workers employed in the production of these services such as processing of insurance claims are rendered unemployed. It appears the latter negative impact is more dominant at present times. This is the root cause of the present crisis.

American workers have lost their jobs in large numbers. They did not have incomes to repay the housing loans taken in anticipation of continuation of good incomes and secure jobs. American banks incurred huge losses due to these defaults. The disease has spread to the developing countries. Our exports of Basmati rice are hit.

The first solution to the crisis suggested by G-20 leaders is to enhance and deepen free trade. This will surely provide cheaper goods to the consumers of the developed countries but also take away their jobs. The wages of all the workers of the world will move towards one common level. Presently an unskilled worker in the United States earns Rs 5,000 per day while his counterpart in India

earns about Rs 200 per day. The two will move to a common level, say, between Rs 300-500 per day. This will be somewhat beneficial for advanced developing countries like India. Their workers will get higher incomes. But this will be hugely harmful for the developed countries. Their workers will face steep reduction in their incomes. Accordingly, the present West-centered global economy will falter even more by deepening of free trade.

Second solution proposed by G-20 is for all countries to increase government expenditures. In my reckoning such policies can soothe the dips in the short run if the long term demand is sound and stable. However, such expenditures cannot help create demand in the long term because present expenditures have to necessarily lead to the imposition of increased taxes later. A section of economists in the U.S. strongly opposed the \$70 billion bailout to Lehman Brothers precisely for this reason. They argued that the bailout will ultimately impose an additional burden of about \$2000 per person on American citizens who are already in distress. The increased expenditures proposed by G-20 are similar in nature. They are like drip of glucose. It is good to give a drip to the patient if he is basically responding to the medications. But one cannot treat a patient by keeping him on drip for years. The G-20 prescription has no clue about the regeneration of long term demand hence increased expenditures will lead to more pain in future even if they provide some immediate relief.

Third solution proposed by

G-20 is to make available greater amounts of money to the IMF to bailout developing countries in distress. I fail to understand how this will reduce the pressure of cheap goods on the developed countries which is the main cause of present crisis. Further, the developed countries are themselves entering into a recession. They will scarcely be able to provide huge monies to save the developing countries. A factory that has no buyers for its goods cannot be revived by giving bailout packages. Similarly developing countries cannot be saved by giving loans when there are no takers for goods produced by them. The proposed bailout packages will be, at best, like aspirin.

Protectionism will help revive the world economy, not free trade. The basic requirement is to raise wages and purchasing power of the workers. It is necessary to prevent import of cheap goods for this to happen. Countries that adopt protectionism will be able to raise incomes of their workers and, in the next cycle, import some goods from rest of the world on a calibrated and long term basis. On the other hand, adoption of unrestricted free trade will lead to reduction of incomes of all the workers of the world and make the crisis deepen. The prescriptions on G-20 fail on the basic question: Where will the long term demand come from in face of lower wages due to increased free trade? We must push for a new world order defined by protectionism and calibrated global trade instead of blindly walking the course of free-for-all globalization. ❖

**R**ural electrification in the remote northeastern region of the country, including Sikkim, poses a great challenge. Some initial efforts have been made by promoting energy generation from new and renewable sources, but more needs to be done.

So far, 708 remote villages and hamlets have been electrified through renewable sources and projects in 1,167 remote villages and hamlets are under implementation in various northeastern states. The Rural Electrification Corporation has identified 2,710 remote villages and hamlets where grid connectivity is neither feasible nor cost-effective. The state governments have been requested to prepare proposals for electrification of these villages.

A special 10% budgetary allocation has been made by the Union government for the electrification of the northeastern region under various renewable energy programmes since 1997-98. Rs 48.3 crore was allocated in 2007-08 as budgetary support. Small hydropower projects are also being developed both in grid-connected as well as decentralised mode for which a special incentive package has been developed. So far, 126 small hydropower projects with an aggregate capacity of 185 mw have been set up in the region and 77 projects aggregating 93 mw are under implementation.

In 2007-08, seven new projects of 8 mw aggregate capacity were sanctioned in Arunachal Pradesh. One existing project in Manipur, Gelnel, of 300 kw capacity has been taken up for renovation and modernisation. A number of electricity generating water mills



### **POWERING THE NORTHEAST REGION**

# **Promoting energy generation from new and renewable sources**

■ **ASHOK B SHARMA**

and pico hydro projects are being set up in villages of Nagaland, Arunachal Pradesh, Mizoram and Manipur. Assam has announced a policy for setting up small hydropower projects involving the private sector.

Solar photovoltaic (SPV)-based home-lighting systems have found their way to the northeast. The Union government sanctioned 23 SPV power plants in Meghalaya in 2002-03 for the electrification of 24 villages. Of the SPV power plants commissioned in 2004-06, one with a capacity of 26 kw caters to two villages: Nonghali and Nongtyrklang in Mawryngkneng block of East Khasi Hills district. The village council has set up a village committee to look after the functioning of the plants. A monthly charge of Rs30 per light point is being collected, of which the village committee retains Rs 15 and the remaining amount is deposited with the Meghalaya Renewable Energy Development Authority.

Some 80% of the villages in Tripura were to be covered through grid-based electrification. However, only 55% of the population has access to electricity. In 2003-04, the Union government sanctioned two projects for basic lighting facilities in 30 villages and 488 hamlets through SPV home-lighting systems and about 12,000 home-lighting systems have been already provided.

In 2007-08, 8,100 solar home-lighting systems, 320 street-lighting systems and 32,208 solar lanterns were allocated under the SPV demonstration programme to the northeastern region. Support has been given to install six solar water heating systems of cumulative



capacity of 4,500 litre per day in Sikkim. The proposals to install 20 water heating systems in Mizoram and solar dryers of 500 kg per batch capacity for drying turmeric—one each in 20 villages in eight districts—are being considered by the Union government.

In Assam, 15 test projects in remote villages are under implementation to provide electricity through biomass gasifiers, coupled with 100% producer gas engines, cooking energy needs to improve cook stoves, cattle dung-based biogas plants and motive power through biofuel operated engines.

Three biomass gasifier systems with an aggregate capacity of 600 kwe were installed in Nagaland in

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### **Solar photovoltaic (SPV)-based home-lighting systems have found their way to the northeast.**

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2007-08 to meet electricity needs. The National Biogas & Manure Management Programme is being implemented in northeastern India and 1,719 family biogas plants have been set up in 2007-08.

The wind power programme in the region is not viable due to

low potential. Assessments for wind potential were carried out in 24 sites and 23 stations were installed in the region, of which three were closed down in Tripura and two in Assam after completing two years. All stations were found to be less windy except P Leikul in Assam.

However, in 2006-07 the Union government approved setting up 20 new stations with 50 m masts in all northeastern states, including Sikkim. Small wind energy systems, namely water pumping windmills, aero-generators and wind-solar hybrid systems are being implemented in Assam and Sikkim. Three windmills have been set up in Assam and 10 aero-generators have been set up in Sikkim. ❖

**Rural Electrification in remote areas particularly north eastern regions of the country poses a challenge.**

# Interests of the unemployed

*Will Mr Obama, a left-leaning suspect in the eyes of the conservatives, carry forward a radical programme? Can he take on the establishment in the economic sphere? Therein lies the answer to the problems we are facing today. The US as the leader of the world is both a cause of the problems and a possible source of solutions, thinks ARUN KUMAR*

**A**gainst all odds, Mr Barack Obama has won the Presidency of the US only to be confronted with extraordinary odds — incomparably greater than those faced by any recently elected US President. Economically, socially and politically, the country and the world are in a state of deep crisis. The US as the leader of the world is both a cause of the problems and a possible source of solutions. Without the US being a part of any solution, it is unlikely that the world, as it is, will be able to resolve its problems. In this sense, it is said the whole world should have a vote in the US presidential elections.

The G-20 heads met under the leadership of a lame-duck US President, Mr Bush, in a largely futile talking exercise. Our own Prime Minister made noises about how he saw the crisis coming while till the other day he was saying that there is no crisis; does credibility matter. Mr Obama did not participate, perhaps due to his irreconcilable differences with Mr Bush who only talked of the free markets. Mr Obama's presence may have given the wrong signals and made his own task more

difficult when he takes over in two months. However, this delay could be very expensive.

Not only is the economic weight of the US so large that it determines world economic events but its financial and political clout sways other countries politically

health, agenda for the environment, nature of the financial architecture, fight against terrorism and money laundering, etc, the US moulds world events.

To be able to lead in such an extraordinarily complex world on such a broad front requires



and socially as well. It draws the best in the world to its universities and think tanks and leads all others in research in almost all fields. Thus, it is able to set the agenda for the entire world in intellectual terms and also because it has lobbies pushing for its interest in almost all parts of the world. It dominates the multilateral agencies and that is another important source of its influence. From issues of poverty removal, research in

statespersonship of a high order among the leaders. This has been missing for decades. The US and, following its lead, most other governments in the world have been governed by narrowly defined short-term self-interest. One may say, what is new? But in a far more complex world, old ways will not do. Narrowness of approach is a recipe for disaster and pay-back time has now come. The world as we have known it can hardly

survive.

All the above listed problems have a common source, a belief in a narrowly defined national and individual interest, based on greed and unlimited exploitation. Thus, respect for nature and other people has been at a discount. While this was tolerated earlier, today this has serious implications, especially at the economic plane and now we are confronted with a collapse for which no one has an answer.

The governments all over the world are scrambling with packages to salvage their financial institutions and their economies. Huge sums of money are on offer (capital injection, loans, etc.) — amounting to about \$5 trillion. The financial bubble, which is in the process of collapse and is dragging down the real economy, was a result of deregulation of the financial markets and an undiluted pursuit of lucre and the resulting massive disparities in society.

The financial assets created (in hundreds of trillions of dollars) were a multiple of the size of the real world economy (around 60 trillion dollars) so that the latter does not have the resources to resolve the problems created by the former. Governments can neither replicate the markets nor their intervention is adequate to stop the financial bubble from collapsing.

The financial bubble consists of borrowings and lending by various economic entities. As the bubble deflates, while asset values decline, the liabilities remain. Hence institutions develop huge holes in their balance sheets. Since the various financial entities are interlinked through borrowing and lending, as one institution collapses

and is unable to pay its lenders, the latter runs into problems and this ricochets to yet others leading to further collapse. A vicious cycle sets in and institutions lose trust in each other and stop lending to others and instead try to accumulate capital to cover their own declining asset base. The money given by the government goes to support their own asset base with little lent to anyone else.

While the build-up of the financial bubble is gradual and systematic, its collapse is sudden and chaotic and that is why it is beyond anyone's control. Release of liquidity and cuts in interest rates do not spur investments and the economy enters a "liquidity trap". In this scenario, it appears inevitable that the financial markets would collapse and nothing in the short run can save them.

Unfortunately, businesses are inter-linked, a large number of the firms dealing in real products and services also were involved in the financial markets to invest their funds or to cover their risk (say, in foreign exchange). These firms are also suffering losses. Further, they are confronted with a slow-down in demand and a tightening of the credit markets since borrowing and lending has frozen. Thus, the growth rate of the real output which had already started declining in 2007 is now in negative territory over large parts of the advanced world.

Consequently, unemployment is rising dramatically all over the globalised world. This is going to bring real pain to a vast majority of the people while the collapse of the financial world hits only a small percentage of the rich and the

upper middle class populations. The collapse of the latter is inevitable but if the former collapses, it would be catastrophic. The choice before the governments is clear — should funds be thrown into the bottomless pit of the financial sector without any real benefits or should they be used to retrieve the real economy and keep it going?

The US government is an establishment run by various vested interests, and the financial sector interests are deeply entrenched in it — they have been running the Treasury and the Fed for long. Their interest is seen as the main interest. That is why the poor are not getting help with their houses or General Motors is not getting \$25 billion while AIG has got \$150 billion. Mr Obama would have to overcome this bias in policy and put together a radically new plan. This would require him to change his set of advisers and those in the establishment, but that is easier said than done.

Mr Obama's win was like climbing Mount Everest, but can one do so everyday? Or, having climbed it once, can that become a habit? The world needs it to be so. Will Mr Obama, a left-leaning suspect in the eyes of the conservatives, be cautious and play safe? This would be tragic since there is no option but to carry forward a radical programme. His self-imposed limits will determine his achievements or failures and those of the world in the coming years. If he could take on the establishment in the economic sphere, there would be hope that he could also do so in other aspects of life.

The Tribune, Nov. 20, 2008.

## Homages Paid to Hutatma Baba Genu

**G**lorious tributes were paid to Hutatma Baba Genu on his martyrdom day in different parts of the country. In Jamnagar Gujarat a function to the effect was held on 12 December 2008. A large number of people attended the function and paid tributes to the great martyr. State co convener Sh. Ramesh Bhai Dave and city convener sh. Gyanender Singh spoke about the life of Baba Genu.

In the central office of SJM in New Delhi an impressive function was held on 15<sup>th</sup> of December. As a part of the fuction a talk followed by question answer session on the on going Global Financial Crisis was also held.

Recalling the circumstances in which Hutatma Baba Genu sacrificed his life, Sh. Ajay Bharti, Editor Swadeshi Patrika said that only a person with unadulterated loyalty to the nation can perform such a deed. Baba Genu, he said was not from any strong economic background. He had lost his father early in his life and it was the

mother who bought up the children by taking up the menial jobs. One could only realize even today the availability of employment avenues in a small village of early twentieth century , he added.

Throwing further light on his early days, Ajay Bharti , said that Baba Genu belonged to the Mahatung Padwal village of Pune that was near to the vaillage of another revolutionary Rajguru a companion of Amar Shaheed Bhagat Singh. Poverty forced Genu to shift to Mumbai where he worked as a labour in a mill. He was highly influenced by the Swadeshi ideology propogated by Mahatma Gandhi.

On the fateful day Baba Genu had organized protest rally to stop the foreign goods being taken from shipyard to the market place. When a truckful of foreign goods was ready to move, volunteers came in front to stop its movement. Irritated police office Mr. Frazer ordered driver Balbir

Singh to drive the vehicle over the protesters. He refused flatly. British Officer himself drove the truck injuring Baba Genu badly. Baba breathed his last at around 4.30 PM. It was the determined effort of Baba Genu to stop economic exploitation of his countrymen that is inspiring and forces generations to remember this great son of nation and urges us to follow his path the speaker concluded.

Sh. Deepak Sharma Pardeep initiated the discussion on the topic "Global Meltdown and its consequences for India". He gave detailed figures to stress the speculative nature of financial crisis. Based on the introduction by sh. Pardeep ji participants raised several questions which were answered by Sh. Jagdish Shettigar. Sh. Balashankar, the Editor of Organiser concluded the discussion by summing up the proceedings. A detailed report of the discussion will be published in the next issue of the Patrika. ❖

# Massive Rally against Bangla Infiltrations

## ABVP asks Centre to stop illegal infiltration

**T**he Akhil Bharatiya Vidyarthi Parishad (ABVP) organised a massive anti-infiltration rally in Kishanganj. The rally was organised to highlight the issue of illegal infiltration of Bangladeshis into the country, especially Bihar. Over 50,000 ABVP cadre and sympathisers drawn from all-over the country had assembled in Kishanganj, where illegal infiltration has been taking place on an alarming scale.

The rally was an effort to make people aware of the illegal Bangladeshi infiltration in Kishanganj and Bihar," said the ABVP president Ram Naresh Singh. Organising secretary of ABVP B Surendran and national secretary.

More than 50,000 students assembled at the ABVP rally here today against illegal Bangladeshi infiltration at Ruidhasa Grounds demanded to completely seal the India-Bangladesh border and put a check on infiltration.

The students who came from all over the country also warned the UPA government to stop providing shelter to the infiltrators and give top priority to the national interest. Shouting slogans against the infiltrators the students stressed the need to save the eastern India today otherwise it would be difficult to save the entire country tomorrow.

The rally started by paying tribute to the people died in the recent Mumbai terrorist attacks. The rally was presided over by



ABVP national president Dr Ram Naresh Singh. ABVP general secretary Suresh Bhatt, convener of the movement against Bangladeshi infiltration Sunil Kumar Bansal, ABVP national organizing secretary Sunil Ambekar, ABVP national vice presidents Milind Marathe and Jai Kumar also shared the dais.

After the rally a high level delegation of ABVP leaders under the leadership of Shri Ram Naresh Singh met the local Collector and presented him a memorandum for the Prime Minister Dr Manmohan Singh. The memorandum urged the Prime Minister to take all possible steps to detect and deport the infiltrators.

The speakers at the rally demanded strict action against the Bangladeshi infiltrators. Shri Sunil Ambekar said Bangladesh had become a hub of anti-India activities. Bangladesh has definitely become a helping place for all the terrorist activities organized by Pakistan. He said when the people are talking about terrorism, the world community has to look at the

present activities of Bangladesh and they should take strict initiatives against it.

Shri Suresh Bhatt said infiltration is not an instantaneous problem, rather it is going on for the last 30 years and the state as well as the Central governments are silent over it. He warned the state and the Central governments if the ABVP is able to gather such a massive student rally at Chicken Neck strip they should not feel that the students would spare the Parliament and the State Assemblies.

Shri Sunil Kumar Bansal said wherever there is any problem in the country the Vidyarthi Parishad does not only register its protest by organizing demonstrates but also directly reaches the place to find a reasonable solution to the problem. He said the problem of Bangladeshi infiltration is not related to any region or the community but it is a national problem and it should be treated like this. He termed it a well planned conspiracy of Bangladesh. ❖

# MAHILA KARYAKARTA SAMMELLAN

## Organized by Akhil Bhartiya Vanvasi Kalyan Ashram

Kripa Prasad Singh, Joint Gen. Sec. ABVKA



**A**n all India Mahila Karyakarta S sammellan was organized at Ranchi from 18th to 21st Dec. 2008 by Akhil Bhartiya Vanvasi Kalyan Ashram (ABVKA). 2264 delegates from all the Vanvasi populated areas and Kalyan Ashram committees participated in the conference.

A beautiful, informative and educative exhibition was inaugurated on 18<sup>th</sup> December 2008 at 11am by Srimati Jaysree Devi A gond tribe Rani of Vidarbha, Maharashtra. Sri Moren Singh Purti Vice president and Sri Kripa Prasad Singh, jt.Gen.Sec. Srimati Madhvi joshi, Mahila working in charge graced the occasion. Srimati Girja Biyani, Pushpa Patwardhan and her team managed the exhibition. Vanya souvenir was published on this occasion edited by smt. Snehalata and smt. Shasi Modi. Shasi

presented a brief report of Vanya before delegates in the conference. Conference was inaugurated by Sadhvi Maitreyi yati a famous female saint of saffron group, Haridwar, Sri Jagdeoram oraon, president ABVKA. Sri Moren Singh Purti, Smt Madhvi Joshi, Rani Jayashri Devi were present on the dais.

Sammellan started with an impressive Sangathan Mantra "sambadha dhvam,samgachha

Dhwam" and deepa prajwalan before the portrait of Bharat Mata, Lord Ram and K.A. founder Balasaheb Despande.

Sri Gunvant Singh Kothari, Gen.Sec, Sri Jagdeoram Oraon, President, Ma.Mohan Bhagawat RSS sarkaryawah, Sushri Geeta Gunde, ABVP, Pramila Tai Medhe, Sevika Samiti, Sri Jetha Nag, President, Jharkhand unit, Kumari Budhri Tanti, Baster, Shushri Nivedita Bhide, Vivekananda

Kendra, Kanyakumari and Dr.Shushma Priya, RMCH, Ranchi [Reception committee] addressed the delegates in different sessions on different issues of Women empowerment.

A beautiful Shobha Yatra was organized before the open session of the S sammellan in which 20 thousand tribal women participated on the HHC ground, Ranchi.

Very attractive tribal dances were presented on the stage by different tribal groups in the

Session. Education, health care, economic development, rural sports, preservation of forest and environment, girl child education were focused in the open session. Delegates were warned against conversion, Bangladeshi migrants, blind faith and intoxication. Resolutions were passed on tribal women economic condition, health, malnutrition, SHG promotion, and migration of tribal girls for jobs in towns like Delhi and Mumbai. Supporters like IDRF ,SPLTrust, KAT, Sewa International, Hindu Society of Canada and Jhandewalan Devi Mandir Trust were appreciated by Kalyan Ashram. president in the meeting. He mentioned that 5,42,216 patients treated by Kalyan Ashram. workers during the year and students taking education in K.A. projects are 1,20,612.

Meeting was concluded with the blessings of Sadhvi Varuna yatti and Vandematram National song. ❖

# Cow: A source of pollution or wealth?

**A**n FAO report alleges that livestock generate greenhouse gases. Antagonists of cattle allege that to produce one litre of milk, 990 litres of water are consumed. They conveniently ignore that greenhouse gases emitted by cattle are a source of wealth says Ravi Shankar.

A RECENT report of the Food and Agriculture Organisation (FAO) of the UN has given the opponents of cow a new issue to mount a propaganda campaign. In this report, the FAO has stated that livestock contribute a big chunk of the greenhouse gases to the atmosphere. The FAO report entitled 'Livestock's long shadow', states that the world's 1,530 million heads of cattle contribute more to global warming than its 900 million cars and commercial vehicles. The gas from livestock flatulence and manure is estimated to account for 27 per cent of global warming and the high methane content is reported to be 23 times more 'warming' than carbon dioxide.

According to the 17th livestock census, our country has 285 million heads of cattle accounting for over 18 per cent of the world's cattle population. Citing this as the biggest problem, antagonists of cow have started to remark that "even in the face of overwhelming evidence it is unlikely that India's politicians and administrators can muster the political will to reduce the cattle population". They are also worried about the low meat production.

It is true that cattle dung contributes to the greenhouse gases in the form of methane. But how should this problem be solved?

Should we also debate whether tax should be levied on cattle a la UK which is reportedly seriously debating levy of a 'fart tax' on all cattle and sheep to reduce their numbers? Should we place more and more emphasis on meat production by killing the cattle? However, those who support killing of cattle claim

cow picture

that the contribution of cattle to the rural economy is marginal and the production of one litre of milk consumes 990 litres of water. This makes for a very difficult moral choice as India may have to choose between the sacred cow and the holy Ganga. The facts are against them. First of all we'll take up the issue of environment.

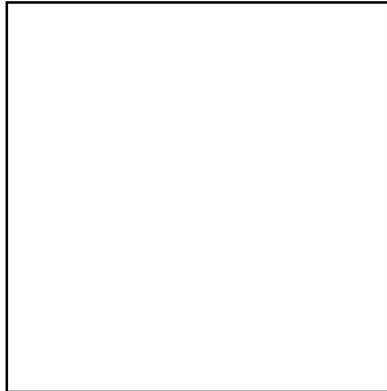
While talking about the FAO report we should not overlook the other side. Nobody is concerned about what measures are taken in other countries. Let us look at our neighbour, Nepal. It has been computed that gas generated from cattle dung in rural Nepal has lit around 140,000 kitchens, saving 400,000 tonnes of firewood, 800,000 litres of kerosene and preventing 600,000 tonnes of greenhouse gases from escaping into the atmosphere. The project, known as the Biogas Support Programme (BSP), Nepal, has been implemented in 66 of the nation's 75 districts. The scheme recently won the renowned Ashden Award of GBP 30,000 (Rs. 25,

50,000) for sustainable energy. On the international front, the BSP has been able to "sell" to industrialised countries the savings made in emission of carbon dioxide and methane gas. These nations can buy such "credits" to compensate for the extra greenhouse gases they produce over the allowances stipulated in the Kyoto Protocol, the global climate treaty. Each BSP biogas plant is said to save some 4.6 tonnes of greenhouse gases from entering the atmosphere every year.

The by-product from a plant's digester is compost and manure which contribute nothing to the greenhouse effect. The trading of greenhouse gases has been made possible by the Clean Development Mechanism established under the United Nations Framework Convention on Climate Change. In line with this mechanism, the World Bank is buying USD five million worth of greenhouse gas emissions saved by the BSP. The project is also looking at clinching more deals with other western institutions as it plans to add 200,000 biogas plants by 2009 in rural Nepal, where cattle-raising is the basic means of livelihood.

This proves that the greenhouse gases emitted by the cattle are not a source of pollution; instead they are an enormous source of wealth and prosperity. In India we are facing a major power crisis and in our rural areas power grid line is a daydream. We can overcome this situation by using our enormous livestock wealth. Like Nepal, we can also promote biogas plants and save a large amount of money as well as our atmosphere. ❖

## IRDA contemplates insurance products in vernaculars



The Insurance Regulatory and Development Authority (IRDA) said it is mulling developing insurance products in vernaculars. "It is a suggestion. Languages of the products and mechanics of the whole thing evolve through a process of interaction between the regulatory body, counsel and individual companies," IRDA Chairman J Hari Narayan told reporters here at the CII Health Insurance Summit.

At present, insurance products are sold in English. On claim settlements, the regulator said 70-75 per cent of the claims are settled in the year they have been filed. The regulator has asked third-party administrators and insurance companies to build up IT-based systems to process data quickly and efficiently, he said. "We want companies to establish their own internal systems for grievances and complaint redress and make them very robust," Hari Narayan said.

If the policyholder is not getting good service from insurance companies, he can approach the ombudsmen in different parts of the country and seek redress, he said. There are 12

ombudsmen in the country. The chairman expects the "terror pool" of insurance products to widen as "we go along". "So far no claims have been filed. I expect certain claims would be (made). And we will know whether the current pool is sufficient or not only after those claims are filed," he said.

## Reliance launches GSM mobile services

Anil Ambani-led Reliance Communications announced the



rollout of GSM mobile services, which will be available in 11,000 towns countrywide. Announcing the rollout, Mr. Ambani told reporters that the company has invested over Rs 10,000 crore in the project, which was completed six months ahead of schedule. Reliance Communications mobile users will now have a choice of both CDMA and GSM services, Ambani said, adding, "the project was completed within 15 months", six months ahead of schedule.

## Arresting power of Police striped

The eight Bills passed by Lok Sabha on December 23 without a debate in 17 minutes included a radically revamped Criminal Procedure Code, which divests the

police of the usual arrest powers in all cases where the maximum possible sentence is seven years or less. Since the CrPC amendment Bill had been cleared earlier by Rajya Sabha on December 18, it is all set to pass into law once President Pratibha Patil gives her assent.

Instead of arresting the accused, the police will now be obliged to issue him a "notice of appearance" for any offence punishable with imprisonment up to seven years, which — as it happens — is the maximum penalty prescribed under Section 124 of Indian Penal Code for assaulting a President.

Seven years or less is also the maximum penalty for a host of other offences, including attempt to commit culpable homicide (Section 308) or robbery (Section 393), voluntarily causing grievous hurt (Section 325), cheating (Section 420), outraging a woman's modesty (Section 354) and death



caused by negligence (Section 304A).

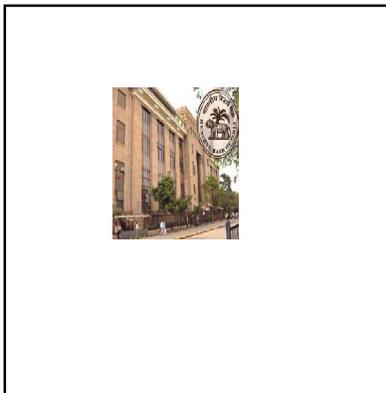
The notice of appearance casts a duty on the accused person to appear before the police and "cooperate" with the investigation. It is only if he fails to comply with the terms of the notice that the question of arresting him will arise.

Under the new law if authorities are still particular about arresting somebody in the first instance, then the police will specially have to give reasons for that in writing in court.

## Rs 1,80,000 crore in 27 Days

In just 27 days from October 11, the Reserve Bank of India (RBI) infused cash in the banking system equivalent to 3% of India's GDP estimate for this fiscal year. The liquidity infused now — Rs 1,80,000 crore — is Rs 20,000 crore more than what the central bank had mopped up. The flood of cash is around 78% of the government's total plan expenditure of Rs 2,05,100 crore for this fiscal.

The government, on the other hand, decided to spend an extra Rs 20,000 crore this fiscal, besides



concentrating on efficiently spending Rs 300,00 crore before March to stimulate growth. The decision to cut taxes and spend extra throughout the fiscal to boost the economy is equivalent to another 2% of India's GDP estimate, as per the finance ministry. The four percentage point excise duty cut cost the exchequer Rs 8,700 crore, while benefits to exporters are worth Rs 2,000 crore.

This liquidity and more has been re-introduced in the system between October 11 and November 8 by three successive rate cuts totalling 350 basis points and releasing Rs 140,000 crore in the banking system. A cut in CRR gives the banks enough headroom to lend for short and long term. CRR is now 5.5%.

## Wine in Departmental Stores

Not content with the liberalized issuance and subsequent opening of wine stores, the government is contemplating to

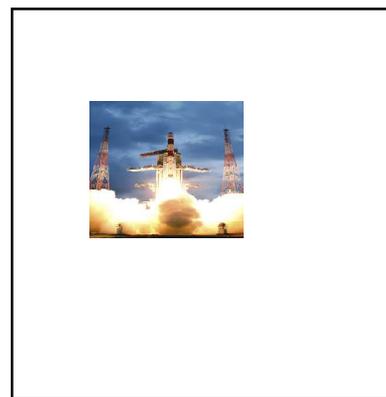


allow departmental stores to sell wines after they acquire licences from respective state governments. "We are working towards easing regulation on wine production and consumption in the country. Availability of wine would be the first step in this direction. The government is willing to spread wine culture among people and promote vineyards in the country," an official in the ministry of food processing has been quoted by medi, who wished not to be named.

To give impetus to wine production and its promotion, the food processing ministry has also set up a National Wine Board.

The ministry argues that promotion of wine culture will lead to agricultural diversification and employment generation in rural India. India's wine market, which is 1.2 million cases, has been growing at 40% this year compared with 2007, he added.

## NASA's Chandrayaan payload hits a mine field



An experiment onboard India's maiden moon mission — Chandrayaan-I — has found iron-bearing minerals in abundance on the lunar surface, initial reports suggest. Moon Mineralogy Mapper (M3) instrument of National Aeronautics and Space Administration (NASA) has beamed back images of the Orientale Basin on the western limb of the moon.

An analysis of the images indicates abundance of iron-bearing minerals such as The images were captured by the M3 during the commissioning phase of Chandrayaan-1, launched on October 22, as the spacecraft orbited the moon at an altitude of 100 km. M3 is one of the 10 instruments onboard the unmanned Chandrayaan, conducting experiments while the spacecraft orbits over the moon next two years.

## US faces deep problems, OECD



The US economy is still facing “sharp downside risks” to growth, according to the Organisation for Economic Co-operation and Development (OECD). The Paris-based organisation warns that the credit squeeze has been spreading to other forms of lending, and other financial firms could become insolvent. It says that another fiscal stimulus could be needed if things get worse. But it warns that longer term problems, including health care reform and the US budget deficit, must be tackled.

## Obama’s challenge

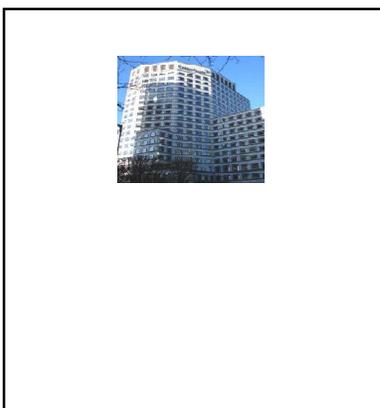
The OECD paints a grim picture of the challenges facing the incoming Obama administration, which takes office on 20 January. It says that “the US economy is going through an exceptionally difficult period” and despite major policy interventions, it is likely that “activity will get worse before it gets better”.

The OECD suggests that the weakness will continue well into 2010. It also warns that “house prices appear to have further to fall and foreclosures are widely expected to rise.”

## The real economy to decline through 2010

The decline in household wealth of about 20%, due to falls in the stock and housing markets, is likely to affect spending and household consumption.

The OECD broadly endorses the need for a further stimulus plan, saying that “macroeconomic policy should stand ready to provide a renewed stimulus”.



But it warns that, “given the underlying fiscal situation, the package should aim to be strictly temporary, timely and targeted” - an approach that appears to differ from the plan for big infrastructure projects that President-elect Obama has talked about.

And it adds that in the longer term, “the ageing of the population and other trends put the Federal budget on an unsustainable course” and says that increased tax revenue and controls on spending will be needed.

## Financial disruption

The OECD says that “resolving the financial crisis could be a long drawn-out process”, which could require substantial

government spending just as in previous banking crises.

It says that the “full effects of the forceful easing of monetary policy will only be felt after financial market conditions normalise”.

So it argues that big rate cuts by the US central bank, the Fed, “appear to be roughly appropriate in light of the adverse effect on real activity” of the credit squeeze, and says that “monetary policy should remain highly accommodative for quite some time to support the economy and the financial system”.

However, it warns that in the long run, the regulatory system needs to be fundamentally reformed, or else the rescue of troubled financial institutions “could inadvertently serve to encourage imprudent behaviour” in the future.

“A major overhaul of



regulatory and supervisory policy is necessary to remedy the deficiencies in oversight that the crisis revealed,” the report says.

It also calls for reform of the supervision of mortgage brokers, underwriters and credit agencies to protect borrowers and investors.

And it says, more controversially, that in the long-term “it would be preferable to leave the securitisation of

mortgages to the private sector," eliminating or reducing the role of the big government-sponsored agencies, Fannie Mae and Freddie Mac, which were effectively nationalised by the government earlier this year.

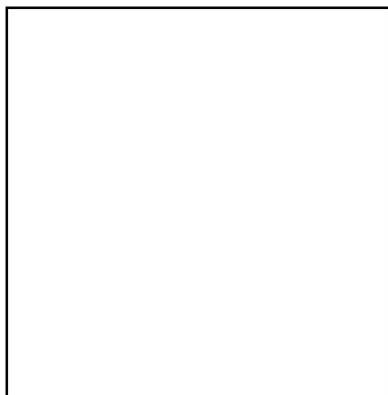
## Health care reform

The OECD report has a special chapter highlighting the problems of the US health care system, which was much debated during the recent election campaign.

It points out that, despite spending 15% of GDP, "the health status of the US population does not appear to fare well by international comparison".

The OECD endorses the goal of the Obama administration in making progress towards providing health care insurance for all Americans.

However, it appears to give support to the plan proposed by



his electoral rival, John McCain, to replace tax subsidies to employers with subsidies to individuals to choose their own health plans that would not be tied to their jobs.

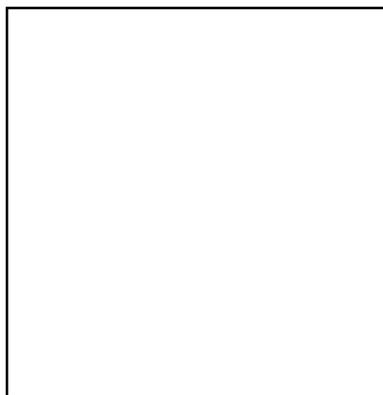
It says the current system is regressive and encourages people to buy expensive plans, as well as reducing job mobility.

But it also suggests that reforms suggested by president-elect Obama, such as a requirement to have health insurance, and regulating insurance companies more tightly so they must accept all applicants, "are likely to be necessary to expand coverage substantially".

And it warns that the government will have to take tough measures to control costs in state-run Medicare system of health insurance for older people.

## World Bank forecasts a grim 2009

The World Bank has painted a



grim picture of the global economy in 2009, with growth weakening to a crawl and trade volume falling for the first time in 26 years. In its "Global Economic Prospects" report, the multilateral institution forecast the global economy would expand a mere 0.9 per cent next year and world trade volume would fall 2.1 per cent.

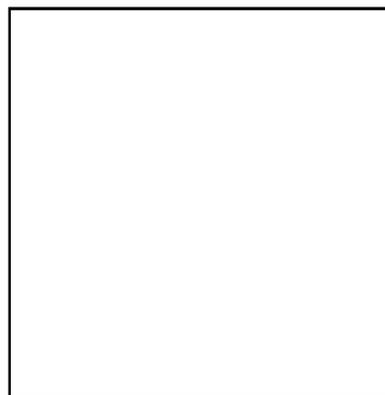
Developing countries' economies would likely expand at an annual pace of 4.5 per cent while wealthier, developed economies are expected to contract 0.1 per cent, the multilateral development lender said.

"We know that, in developing

countries, every 1.0 per cent reduction in the growth rate will mean around 20 million people lost the opportunity to get out of poverty," Lin said at a news conference at the bank's headquarters in Washington.

## 1000 workers handed marching orders by Jet

Jet quietly sacked 1000 in Sept



Much before its sack order to 1,900 employees turned into a publicity nightmare, Jet Airways had handed marching orders to 1,000 workers and even managed to keep it under wraps.

According to informed sources, Jet Airways CEO Wolfgang Prock-Schauer had told investors that the company was able to synergise better between full service Jet Airways and budget airlines JetLite after trimming its staff.

"On the staff numbers, we have reduced the headcount in September by further 1,000 entries and now able to synergise the operations between Jet and JetLite," the sources said quoting Prock-Schauer.

During September, Jet Airways had announced that JetLite offered voluntary separation scheme to 687 employees.

## WTO seeks members' views on sectoral row

The latest World Trade Organisation (WTO) draft agreement on industrial goods has failed to clear the air on whether sectoral negotiations for elimination of tariffs should be a mandatory discussion point amongst member countries. While India has held that this is "voluntary" and should be decided by individual countries, the US has been stressing on compulsory discussions by all members.

WTO director general Pascal Lamy is trying to get the reaction of individual members on the two drafts on industrial and agriculture goods, circulated recently, before he takes a call on whether a ministerial meet should be held this month. Mr Lamy wants a ministerial meeting to push the on-going Doha round of multilateral trade talks towards conclusion. Attempts are being made to reach an agreement on agricultural and industrial goods before the end of the year so that the remaining areas, which include services and rules, could be tied up next year.

India's concern about adequate protection to poor farmers in case of an import surge has also not been met by the new draft text on agriculture, a commerce ministry official told media.

"The drafts will be discussed by the Cabinet committee on WTO to finalise India's stand in the two areas," the official said.

In the discussions on non-agriculture market access (Nama) or industrial goods, a sectoral initiative was launched during the Doha round, where it was decided that members would eliminate duties on selected sectors. The areas selected include automobile & components and chemicals, which India wants to protect from indiscriminate liberalisation.

While the draft text does say that members should be allowed to participate in the sectoral talks in "good faith without pre-judging the outcome" of the talks (words which India has been asking for), it also mentions that sectorals should be part of the single undertaking of the multilateral agreement being negotiated in the on-going Doha round. "This makes the subject of whether sectorals should be compulsory or voluntary, open to interpretation," an official said.

## WTO chief postpones meeting on global trade deal

GENEVA: WTO head Pascal Lamy late on Monday postponed a ministerial meeting to nail down a long-awaited global trade deal, saying key negotiating problems remained after talks with representatives.

Lamy issued a letter to negotiators after more than two hours of talks with World Trade Organisation (WTO) representatives on compromise texts on agriculture and industrial products.

The talks snagged on issues surrounding cotton, mechanisms to protect poor farmers and proposals to make especially sharp tariff cuts to certain sectors, he said.

"Without advancing solutions to these three, we will not stabilise the modalities texts overall," Lamy said, announcing a delay in the December 13-15 talks for further consultations.

"Depending on the outcome of these consultations, a ministerial gathering could take place here in Geneva from 17 to 19 December," he added.

The World Trade Organization over the weekend published fresh texts in both the agriculture and industry components of a draft deal that were aimed at securing consensus.

But diplomats stressed that many gaps still needed to be bridged to avoid yet another failure in the process, which has been given added urgency by the

global slowdown.

"It is clear that we are closer to modalities today than last July. At the same time the risks if we do not get there are higher today than they were last July," Lamy warned.

"The potential cost of a second failure in less than six months and a deteriorating economic situation call for prudence."

Diplomats questioned after their meeting with Lamy were skeptical as to whether the ministerial meeting would take place. Many pointed the finger at the United States, India and China whose positions had hardly altered since July.

The Doha round of talks, which started at the end of 2001 in the Qatari capital, aims to boost international commerce by removing trade barriers and subsidies.

A deal has so far proved elusive as countries are reluctant to open up their markets or reduce financial support to farmers. Marathon talks in Geneva in July collapsed amid deadlock between the United States and India.

