

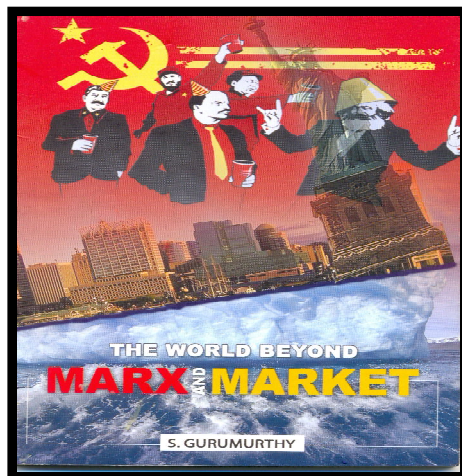
Swadeshi

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PATRIKA

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HURT SENTIMENTS

Swadeshipatrika is an important tool of Swadeshi movement. Followers of Swadeshi are waiting for patrika for both information and inspiration. It is unbelievable to think that there will be any mistakes or lapses in publications like swadeshipatrika. It is with this backdrop that I am writing with a sense of disbelief that January issue of the swadeshipatrika has deeply hurt the sentiments of thousands of activists like me. Babu Ghenu the leading light of Swadeshi who sacrificed his life for the cause of Swadeshi was miss spelt as Baba Ghenu. It is a grave mistake and we expect it will not be repeated.

I will however hasten to add that the issue in general was informative as well as attractive. Photograph on cover in particular was a treat. The historic moment of transition in SJM has been recorded for ever in the memory of those who were not able to witness it happen in Bangalore. Congratulations for the same.

Arvind Singh
Rajasthan

FOOD SECURITY

Kindly refer to the article Outsourcing Food Production by Dr. Devinder Sharma in the latest issue of the Patrika. It is a very serious issue and Dr. Sharma has in a lucid way tried to forewarn us about the events that may unfold in front of us in our own life time.

Food security is a very serious challenge for a country like India that not only has a huge population of its own to be taken care of but is also vulnerable with the type of porous borders we are having on all sides.

I am afraid the fruits of our entrepreneurship and hard work will go down the drain with illegal influx of starving population from neighboring countries. To add to the agony is the fact that our cultivable land is vanishing on account of its use for industrial and real estate purposes. I take it as a threat as serious as Jihadi terrorism, if not worst.

Jawahar Dass
Sahibabad (UP)

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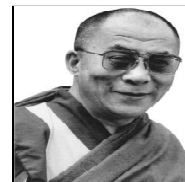
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Quote-Unquote



People today praise western music but have forgotten the treasures hidden in their country.

Pandit Hariprasad Chaurasia
Renowned Flute player



People have become selfish and materialistic, which has led to the economic slowdown.

HH. Dalai Lama



I want to tell Paris that I don't need their shelter. That there is a place for me in a vast country like India.

Taslima Nasreen
Bangladeshi Author



Pakistan should seriously consider the evidence handed over by India on the Mumbai attacks.

Nawaz Sharif
Former Prime Minister, Pakistan.

Lost Trust

There is nothing new about manipulations and irregularities in management of corporates anywhere in the world including India. But the scale, brazenness and intensity of these shameful activities that is tending to be almost a regular news now, particularly after the so called liberalization of world economy is astonishing. Satyam and Ramalinga Raju are latest and nearer-to-home names that have been added to a long list of fraudsters like WorldCom, Enron, Tyco, Madoff, so on and so forth. These are just few names that have cropped up in recent times in connection with some of the most well-known corporate or shareholder frauds. But it no longer is about Satyam or any of these names. Implications of corporate deceit are far wider than being presumed and discussed. It is the credibility, the trust in government and its ability to administrate, that has been hit hard. Corporate governance, we are told, is 'an internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity.' But that is the book not practice anymore. 'Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes', adds the book. None of these factors proved worth the paper they have been printed upon. The principal stakeholders in any corporation are the shareholders, management and the board of directors. Instead of taking care of their stakes all of them, at least in the case of Satyam, seem to have been busy in misusing their positions to create assets in different formations. Other stakeholders include customers, creditors (e.g., banks, bond holders), employees, suppliers, regulators, and the community at large are reduced to mere spectators.. It was expected that being direct stakeholders everybody will play his/her role dispassionately and reliably. But that did not happen.

Satyam fraud has taken place at a time when we have been patting our backs for escaping the devastating effects of global financial tsunami to large extent. The credit for the same is given to the sound regulatory mechanism. So one can only imagine that if a Satyam like fraud is possible in well protected and abundantly secure environment what can we expect when markets are further liberalized and de-regulated, as is being pursued by political class. Satyam is in fact a wake up call for government as well as the Indian Inc. It is in their own interest that corporate leaders must come forward and lead the campaign to clear the mess. Denial will not resolve the crisis. People at large do believe and not without reason that private business is driven by profit motive at any cost. Making profit is not a crime. But it has to be legally and morally tenable. Corporate social responsibility is not just a on paper formality. It is a serious responsibility which otherwise is going to come back to affect the business and profit itself. In that way it makes a sound business sense. Similarly abiding by the rules of law can not be convenience. Respecting law has to be habit. History substantiates the fact that innovation, entrepreneurship and advancement in any field cannot be suppressed by laws and regulations. Genuine experimentation is in fact better served by properly defined rules of the game.

Satyam sham is a wake up call for the government also. First, it is a clear and telling comment on the way things are being run. Not only does our economic intelligence gathering stand exposed, regulators like SEBI, auditors and independent directors have also lost the confidence of the people of this country. How it is possible for these institutions on which a resource poor country like India is spending a fortune, to fail in detecting the scam beforehand. People are justified in thinking that it is either incompetence or connivance. In either case it is the primary responsibility of the government to come clean and restore the confidence in regulatory institutions. To eliminate the possibilities of re-occurrence governments should not hesitate to further strengthen the regulatory apparatus. Government has to be a facilitator but that is not the only role it ought to play. Its function as an arbitrator and authority to penalize wrong actions is as fundamental as that of a catalyst. Present day rulers are incapable of performing the multiple tasks required of them. It is time to choose the right people for the right job. Will India make the right choice at the given opportunity?

Corporate Governance? What a Joke!

The Satyam issue has brought out the soft underbelly of our corporate governance model, exposing in the process the fragility of adopting imported ideas. We need to debate and perhaps comprehensively overhaul the concept of corporate governance, urges MR Venkatesh.

Copyright, interestingly, is often interpreted as a right to copy by Indians. Let me elaborate. Most Bollywood movies are in effect Hollywood hits remade, with a mother or sister character added to indigenise the same. Scrape them a little, compare them a bit or even give them a cursory glance, and you would know instantly what I mean.

This is not restricted to the world of cinema. In fact, most of our 'well researched, extensively debated and heavily studied' reports of some of the high-power committees appointed by our government are not original works. Bluntly put, they are adopted, or adapted, from reports on the same subject already published in other countries, mostly Western countries.

By now one can safely argue that there is a complete grammar, a well-defined code, for adopting such committee reports in India. This practice of somehow willingly becoming a carbon copy of others has been our Achilles heel since Independence. This has only been accentuated in the post-liberalisation era.

No wonder, in the past fifteen years, for every report of the



government that has gone on to shape and de-shape the economic policy formulations of India one can readily trace its origins to an authentic source abroad. The capital adequacy norms, the

competition law and the accounting standards belong to this genre.

The concept of 'corporate governance' is one such idea. Consequently, while we proceeded to 'adopt' the idea we failed to internally debate the various models that would be suitable to the Indian business environment. Neither did we bother to observe the external debate world over on the various models of corporate governance.

Yet, this idea was celebrated as the most original idea in our reforms process by finance

Most of our 'well researched, extensively debated and heavily studied' reports of some of the high-power committees appointed by our government are not original works.

professionals, chartered accountants and the company secretaries. In the process we never debated its origins, potency or efficacy in the Indian context. Sadly, the very idea was marketed as 'professional opportunities' by various professional bodies.

It would thus be difficult even to point out three genuine differences between the committee report that went on to prescribe the code for corporate governance in India and the original report on corporate governance in the United States — the Cadbury Report.

The context to the issue

The latest imbroglio involving one of India's largest IT companies, Satyam Computer Services, has virtually discredited the concept of corporate governance.

Satyam, as it is widely reported sought to invest into another company involving a conflict of interest for its promoters. This in turn involved a change in the fundamental character of the company and utilization of virtually its entire cash balance.

Satyam was also being accused by the World Bank for bribing its employees to get certain contracts awarded in the company's favour.

While these are allegations at this point in time, it may be noted, that the company had approached suitable independent professionals to get the necessary clearances under the extant law of the land as well as appoint independent directors. Ostensibly, the idea is to 'comply' with the code of corporate governance on paper.

What is interesting to note here is that as negative reports



about the company come out into the open, let us not forget that it won the prestigious Golden Peacock Global Award for excellence in Corporate Governance.

The company was named the winner by the World Council for Corporate Governance as recently as in September 2008!

That, in effect, is corporate governance in practice for you!

Not the idea but the model is a problem

Naturally, the debate once again arises as to the very idea of corporate governance and the model that is suitable for a country like India. The issue, let me reiterate, is not the idea per se but

the model that effectuates the idea.

Professor Jayant Rama Verma of IIM Bangalore had extensively commented on the unsuitability of the Western Code of Corporate Governance in his well researched paper on the subject titled 'Corporate Governance in India - Disciplining the dominant shareholder'. This was way back in 1997.

Pointing out to the fundamental flaw in our understanding of the concept of corporate governance in India by drawing 'heavily on the large Anglo-American literature on the subject,' he argued that the issues involving corporate governance problems in India are different, requiring different solutions.

According to him, the governance issue in the Anglo-Saxon world aims essentially at disciplining the management which has ceased to be effectively accountable to the owners. In contrast, the problem in the Indian corporate sector, he pointed out, is that of disciplining the dominant

**Satyam has
discredited the concept
of corporate
Governance.**

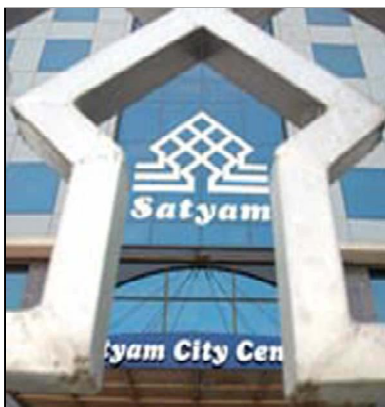
shareholder and protecting the minority shareholders, as it is vindicated in the recent Satyam case.

To understand the issues that drive the idea of corporate governance in the West, a brief reference to their arrangement is inevitable. Having successfully worked over the decades to separate ownership and management, owners, (especially, institutional owners) realised that they are unable to exercise effective control over the management or the board.

Capturing the entire issue rather succinctly, professor Verma points out, "... the management becomes self-perpetuating and the composition of the board itself is largely influenced by the likes and dislikes of the chief executive officer. Corporate governance reforms in the US and the UK have focused on making the board independent of the CEO."

Virtually concurring with professor Verma on this paradigm, Wikipedia too points out, "Perverse incentives have pervaded many corporate boards in the developed world, with board members beholden to the chief executive whose actions they are intended to oversee." It is this predicament that necessitated the very idea of corporate governance with independent directors in the West.

In contrast, the issues in India are entirely distinct — primarily due to our overall social-economic conditions. Therefore the issue in Indian corporate governance is not a 'conflict between management and owners' as elsewhere, but 'a conflict between the dominant shareholders and the minority



shareholders'.

And Professor Verma rightly concludes, "The board cannot even in theory resolve this conflict" and that "some of the most glaring abuses of corporate governance in India have been defended on the principle of shareholder democracy since they have been sanctioned by resolutions of the general body of shareholders."

Need to re-think

By now it is increasingly obvious that the very concept of corporate governance modelled on the Western system is un-workable in a country like India. Little do we realise that such efforts are akin to taking a hair of an elephant, transplanting it on the head of a bald man and making him look like

Even public sector units that failed to appoint independent directors and violated some of the code of corporate governance, were exonerated by the Securities and Exchange Board of India under pressure from the respective ministries.

a bear.

In the West, we are talking of an ownerless, CEO-driven paradigm. In India, it is still family-controlled, owner-driven paradigm. CEOs do not matter much in the management of the company. Yet, we talk of a standard, global prescription to diverse situations.

Needless to emphasise, the solution to these problems in India lies not within the company, but outside. This is precisely what happened in the Satyam case.

The alleged infraction of law arose despite independent directors and was stopped not by such directors but by forces outside the company.

It may be noted that the very idea of independent directors is to ensure commitment to values, ethical business conduct and about making a distinction between personal and corporate funds in the management of a company.

Yet, most independent directors have become sidekicks for the management, eying their commission and fees, forgetting their very purpose of appointment. In the process, they implicitly transform into dependent directors. The billion-rupee question remains: who will monitor these independent directors and penalize them?

One may recall that it was not long ago that one of the Ambani brothers made a 500-page complaint about corporate governance violations in a company in which he himself was a director. Subsequently, nothing was heard about it.

Similarly, it is reliably learnt that even public sector units that

(Continued page 8)

Satyam Computers has been one of the major contributor to IT revolution in India. Till now a company which had been fourth largest Software Company of India came to ground on January 7, 2008 with its chairman Ramalinga Raju conceding that he has systematically fudged the accounts of the company. Cash

forbidden forthwith. Government has even ordered an enquiry into the affairs of 8 group companies of Satyam. SEBI, Company Law Board and Institute of Chartered Accountants of India have also initiated their enquiries on their own.. But this is a fact that shareholders net worth has been eroded by thousands of crores and

one of the main culprits. CEO of the company is serving 24 years of imprisonment, but at the same time auditing company Arthur Anderson has lost its existence world over after the incident. In the present scam auditing company is Price Waterhouse Cooper. Experts believe that the company could not have done a fraud of this

Satyam Fraud: Emerging Issues



Learning lesson from the present case and to avoid repetition of such incidents, there is a need to make government's audit compulsory for all big private sector companies suggests

DR. ASHWANI MAHAJAN.

and bank balance as reflected in the accounts, actually does not exist. According to a rough estimate total fraud is to the tune of around 8000 crores.

Keeping in view the interest of the investors, employees and the IT sector at large, government recently reconstituted the board of Satyam Computers, with a view to control the damage. It has even decided to give away a package to revitalize the company starving of funds to even pay the salary of its 51000 employees.

When this fraud was brought to light by Satyam's chairman himself, the price of the share tumbled by about 80 per cent in a day. In the international market, price of its ADR depreciated by 90 per cent and its trading was

51000 of workers (or may be less by 10,000) are at the verge of losing their livelihood, exchequer and the economy would be at a great loss.

ROLE OF AUDITORS

But real question is much different and pertinent. Satyam fraud may be first of its kind in India, but not the first such fraud of the world, where fraud was given effect by forging the books of accounts. Enron an American company did exactly the same. In that case auditors were named as

magnitude without the connivance of the auditors. Price Waterhouse Cooper is also escaping to speak on the issue.

Fact is that when Satyam was fudging its accounts in, the auditing company was certifying these accounts to be correct. Auditor is obliged to minutely inspect each and every transaction of a firm and certify the same to be correct and as per rules. These certified account statements are then sent to the shareholders. Thus we can say that fraud has not been committed by Ramalinga Raju alone, auditing company must also have been fully involved in the same. It is worth noting that Price Waterhouse Cooper, auditing firm of Global Trust Bank (USA) also, is facing legal proceeding in the

**Pricewater house
must have been
fully involved**

case of not only certifying fudged accounts of the bank but also giving it a good rating.

ROLE OF SEBI

Constituted under the Act of Parliament, Security Exchange Board of India (SEBI) is a regulatory body of Indian share and bond markets. It is expected from SEBI that no company or broker is allowed to act against the interests of the shareholder. In fact existence of a regulator gives a confidence amongst the stakeholders in that sector. Existence of SEBI naturally gives a confidence to the investors in the share markets. But this regulating agency has failed at various occasions. Thousands of companies vanished eating away lakhs of crores of rupees of investors and SEBI could not do any thing. Sometimes tiny cases of insider trading by companies are investigated by SEBI, fraud of lakhs of crores of rupees gets easily escaped from its scanners.

There is a need to examine the constitution and functioning of SEBI.

Recently a company made Initial Public Offer (IPO) and lakhs of crores of application money which should have gone to an independent agency went into the accounts of the company and SEBI could not even issue a clarification in this regard.

All or any information regarding all transactions of a company, issue of capital, sale-purchase of shares in either available with SEBI or it could be asked for by it. Then why SEBI could not get a clue about such a big fraud. We should not conclude that fault lies with the officers of SEBI. Perhaps constitution of SEBI as provided by the Act of the Parliament itself forbids SEBI to proactively act against defaulting

parties.

Learning lesson from the present case and to avoid repetition of such incidents, there is a need to make government's audit compulsory for all big private sector companies on lines of public sector companies. We know that strict auditing of public sector companies by Comptroller and Auditor General of India (CAG) has been reason why there has never been any big scam in public sector companies.

Secondly there is a need to examine the constitution and functioning of SEBI and make suitable changes wherever needed to enable SEBI to meaningfully discharge its duty as a regulator in the stock market.

All multinational and Indian auditing companies which are found to be indulged in fraud in any part of the world, should be placed under the scanner and their acts be investigated in India. This would be a proactive step in the interest of the nation at large. ❖

(Continued from page 6)

Corporate Governance . . .

failed to appoint independent directors and violated some of the code of corporate governance, were exonerated by the Securities and Exchange Board of India under pressure from the respective ministries.

So much for institutional efficacy, especially when it involves large corporates and PSUs.

Nevertheless, there are enough provisions in the Indian Companies Act to penalise errant directors. The problem is that most of them are in the statute book,

rarely used and mostly misused or abused.

The solution, therefore, to ensure proper corporate governance is to make these institutions and laws functional, not to merely adopt solutions of a different country and economy worked out in a different context.

With the very concept of independent directors fast becoming a mockery, we need to think of the alternatives. For starters, we need to strengthen external institutions — the

Registrar of Companies and the Sebi, especially the former — to deal with such issues.

With a turf war raging between the two on who should administer corporate governance, one wonders who will bell the cat?

The Satyam issue has suddenly brought out the soft underbelly of our corporate governance model, exposing in the process the fragility of adopting imported ideas. Obviously, we need to debate and perhaps comprehensively overhaul the concept of corporate governance. The moot point is whether we mentally prepared at least now? ❖

UPA has failed to fulfill its promises: Arun Ojha

Shree Arun Ojha visited Central Office of SJM for the first time after assuming responsibility as the National convener of Swadeshi Jagaran Manch on 10th of January 2009. He was in National Capital for a couple of days. Swadeshipatrika managed to have a chat with Sh. Arun ji on different issues. We reproduce free, frank and candid views articulated by Sh. Arun Ojha Ji in conversation with the Editor Ajay Bharti.

Q. How do you explain the change in SJM at a time when it is becoming a forceful & legitimate national voice? How will the change at top affect the working of SJM?

Arun Ojha ji: Swadeshi is an uninterrupted current that can not and will not be thwarted by the change in positions of individuals here and there. Changes, in fact, bring encouraging consequences when handled appropriately. We in SJM have the methodology of taking decisions collectively. We have jointly decided the course of direction of Swadeshi movement in accordance with the requirements of the time in past and will continue to do the same in future also. The change in responsibilities also is a collective decision. It, therefore will bring positive impact on the movement. New dimensions will be added to make the movement more strong.

Q. What are these new dimensions that you think will be added?

Arun Ojha ji: Economy has been the major area of focus of Swadeshi movement that will remain so in future also. But at the same time SJM will also undertake efforts to generate a strong Swadeshi attitude in other walks of national life. Language, Culture and Value System for example are the area's that will attract our attention. Pace of the Research and Documentation on various issues related to the economy particularly the



consequences of Globalisation on disadvantageous sections of the society like farmers, artisans, small time retailers, SSI's and unorganized sector will be accelerated and made an integral part of Swadeshi Movement.. These are the areas of our strength

which are sustaining economy, society, security and even economic growth. To comprehend the impact of rapidly changing global economic situation on these core sectors we will have a regular and well organized institutional mechanism. Security threats, both internal and external, to the economy and infrastructure have not been properly appreciated as yet. This will also be the focus area of our future activity.

Q. What are the Major Challenges that, in your opinion,





Swadeshi is facing at Present?

Arun Ojha ji: The major challenge that Swadeshi movement has been facing is the lack of attention given to real and basic problems of the nation by successive governments and other major agencies. Market has been given more than deserved importance. Market, in fact, has become the most significant factor. It is becoming all encompassing. Everything is being consumed by market. Almost everything is being sacrificed at alter of the Market. So to attract the attention towards social reconstruction and shift the undue focus away from market to other vital aspects of national life is necessary.

Up-lifting deprived sections of the society and equitable development leading to reduction of gap between haves and have-nots, is another major challenge that needs to be confronted.

All the major political parties of the country are treating fundamental national issues superficially. They pay lip service to glamorous issues and their concern is limited to growth and economic development in a restricted sense.

In such a situation it is our responsibility to make people aware and caution them against impending dangers. Also a strong united force needs to be shaped, an authority that will act as an alternative power centre and check the anti people policies of the government. It has to be a non-electoral political movement, strong enough to

**Regulatory
mechanism has not
been permitted to
evolve suitably.**

induce the government, political parties and opinion makers to change their thinking. State needs to be checked with this non-political societal force.

Q. How do you presume to do that?

Arun Ojha ji: We have declared year 2009 as Public Awareness Year. Through out the year SJM in collaboration with other like minded people and organisations will contact and mobilize common man using all the available means of awareness campaigns. People will be organised to generate a strong, powerful and effective opinion to enforce the

change in the mindset of governments and political parties. People oriented policies will have to replace the present policies pursued by government focusing on growth only. These anti people policies will have to be changed. Thrust of the government policy planning should be the overall good of the majority population and not privileged few. Swadeshi agenda is being pursued by a vast cross section of people in varied manifestations on enormous scale. We will foster relationships by co-opting/assisting and complimenting these efforts at feasible levels to accomplish the desired goal.

Q. It sounds like SJM is preparing to provide a helping hand to one particular political party in the general election year?

Arun Ojha ji: Our track record is witness to the fact that SJM does not make its policies keeping in mind one political party or the other. Our focus is the common man of this great country. Those people and parties who pursue the policies benefiting common people will get our support. It, therefore, is the policies and stand on issues that determines our line of action and not persons or parties.

Q. Corporate governance has become an important issue after Satyam episode. How do you appreciate there developments?

Arun Ojha ji: Corporate and big business sector is not being managed properly was clear for a long time now. Internal irregularities and unfair

trade practices have become almost integral part of these corporates & MNC, more so after the so called globalisation. Making profit at any cost, fairly-unfairly has become the only adage. It is bare voraciousness that guides the corporate operations. Regulatory mechanism has not been permitted to evolve suitably. Regulatory System at present is very fragile and ineffective. The latest developments have not only incapacitated the image of these individual companies but India Inc is under scanner and that is not good for a developing economy like India. There are forces out there looking for any prospects to damage the economic status of India. Such episodes provide propaganda material to them.

It is time to take remedial measures without any further delay. Regulatory System needs to be strengthened legally as well institutionally. Regulators also must be accountable & transparent. All these steps should be taken to restore the faith of people in the system. The faith right now is shaken. There is no or very little trust left.

Q. Does Government have no responsibility?

Arun Ojha ji: Government off course is fully responsible for Satyam like issues. It is the government that has to ensure compliance of laws of the land. It is also government that is responsible for the protection of common people who have been investing in these companies. Government as a catalyst is duty bound to provide facilities for entrepreneurship, but it is equally responsible for prohibiting the abuse of these amenities. Present government has failed on all these accounts.

Q. What is the status of 'Swadeshi Movement' and SJM as an organization at present and how do you intend to proceed further?

Arun Ojha ji: SJM, as is accepted by even our opponents, has emerged as a strong and legitimate nationalist voice in economic field. It is not a mere anti-



WTO, protesting group. It has evolved as a serious mobilization on all aspects of Indian economy. Though we are satisfied with the progress made so far, at the same time we are not complacent. We recognize that there is still a lot to be done. Two pronged strategy to strengthen the organisation and intensify agitation is the way forward. SJM units will be constituted where they do not exist at present. New faces from amongst the active people in society will be inducted. Even if a single person is affected by any wrong policy of the government people will be mobilized to resist such policies.

Swadeshi as an alternative economic thought process has also reached a stage where it is no more ridiculed as a retrograde and anti innovation thinking. On the contrary people through out the world have started taking note of the elements Swadeshi was emphasizing all these years. Swadeshi movement will have to widen itself to graduate into a position capable of providing solutions to the global economy under threat at present. An environment to experiment without the fear of failure will be encouraged to achieve the desired objective.

Q. How are you going to attract youth towards SJM?

Arun Ojha ji: SJM is a youthful organisation full of young and dynamic leaders at different levels. Average age of our members at national level is below 50. That is the best average for any forceful





and dynamic organisation like SJM. Because of this we are able to attract a lot of youngsters to Swadeshi movement. We also take up issues related to younger generation particularly questions related to employment and quality life with freedom to utilise their talent for the development of the nation.

We have decided to organise youth conferences focusing on the challenges they face. Cultural degenerate will be also important aspect of these conferences and these will be held at district levels throughout the nation. Youngsters will be given opportunity to understand the difference between modernization and westernization. They will be encouraged to discuss and come up with solutions. Genext has to realize that we ourselves have to solve the problems faced by this country preferably by our own resources. Our interaction with rest of the world must be on the basis of equality and mutual respect. We no more can allow others to exploit our country to sustain their expensive lifestyles.

Q. Arun Ji, How do you evaluate 5 year rule of UPA.

Arun Ojha ji: The Common Minimum Programme (CMP) issued by the UPA government

appeared to disseminate the message that the government was serious about welfare of farmers, artisans, workers and weaker sections of society. CMP made, "a solemn pledge to the people of our country: to provide a government that is corruption-free, transparent and accountable at all times, to provide an administration that is responsible and responsive at all times". SJM at that point of time had welcomed it with the hope that the Government will translate the promise made about constructing a new and unique frame work where agriculture, SSI, unorganised sector and generating employment become central along with economic growth.

After five years it is clear to all that the government has failed on all these accounts. In place of an 'assured of a safe and viable livelihood', people are losing the jobs they had. Trends of large scale dislocation from villages, pathetic condition of rural as well as urban poor, farmer suicides and reducing availability of nutritional intake besides the widening gap between privileged few and disadvantaged masses have further strengthened over last five years. Again CMP had promised 'to enhance the welfare and well-being of farmers,

Swadeshi Jagaran Manch is a youthful organisation full of young and dynamic leaders

farm labour and workers, particularly those in the unorganized sector and assure a secure future for their families in every respect'. Today when we look at the reports of the agencies of this very government we find that none of these promises has been kept. The life of farmers and people dependent on agriculture has in fact worsened. Suicides by farmers

of Maharashtra alone, the state ruled by UPA, crossed the 4,000-mark in 2007, for the third time in four years, according to the National Crime Records Bureau (NCRB). It is the similar story in every field. Five years of UPA have proved to be dismal and devastating for the country. ❖

Genext has to realize that we ourselves have to solve the problems faced by this country preferably by our own resources.

The Government has made a huge fiscal package to pull the economy out of recession. Increased demand from Government-funded schemes will make up for the decline in private demand. This policy is based on the experience of America during the Great Depression of the 1930s. The American economy was buoyant during the twenties. Share markets were in a bull run and the Government was following the policy of balanced budget. This is the same advice given to us during the last 15 years of economic reforms - Government expenditures must be kept low so that confidence of private investors is secured and economy continues to move along.

The events of 1929 did not lead to such a happy result, however. The share market collapsed suddenly and factories downed their shutters. Economists proposed two contrary solutions to this crash. The mainstream advised the Government to hold on to the policy of balanced budget. They said that lower prices will soon generate new demand and the economy will revive. The deepening recession led to lesser revenues for the American Government which continued to reduce its expenditures in tandem. This policy led to further deepening of the recession. Lower prices in the market did not revive private demand and reduced Government expenditures did not help. The recession continued to get worse as a result.

Famed economist John Maynard Keynes suggested an exactly opposite policy. He reasoned that consumers were caught in a psychology of fear and

Getting the best out of the fiscal package



Free market has led to bad distribution of income and reduced demands in the market. The fiscal package announced by the government will succeed only if the money reaches common man and not to the coffers of corporates and contractors says **Dr. Bharat Jhunjunwala**

were unwilling to increase spending. In normal conditions the expenditure of one person becomes income of another. The expenditure on purchase of potatoes by the homemaker becomes income for the farmer. Expenditure by the farmer for purchase of seeds becomes income for the seed companies. This virtuous circle of expenditure and income has got broken because people are not spending their income. The farmer is keeping his

income in steel safe and not buying new seed leading to less demand and recession. Keynes suggested that reduced Government expenditures were only making matters worse. The Government must instead increase expenditures by incurring fiscal deficit. Just as the mechanic pours water into the pump to prime it, and then the pump lifts much larger amounts of water, similarly the Government must 'pump-prime' the economy by jumpstarting the virtuous cycle



of expenditure and income. Keynes said that it was okay for the Government to balance its budget in times of high growth. The opposite policy must be followed in times of recession. President Truman listened to Keynes' advice. He undertook massive investments in the Interstate Highway system. At the same time a huge demand for armaments was created though Government expenditures for the Second World War. Economists are generally welcoming the fiscal stimulus packages being made by governments across the globe on the basis of this happy experience.

The American people are not keeping their earning in the safes, rather they have no earnings.

This policy will not deliver for the developed countries like America in present circumstances in my reckoning. Instead it will push them into deeper darkness. The basis of this policy is that for some unknown reasons the consumers have developed a psychology of fear and are unwilling to make expenditures despite having the income. They are stacking their earned currency notes in the safes instead of going out and buying cars and TVs. But this is not the case in America at present. The American people are not keeping their earning in the safes, rather they have no earnings. Jobs of American workers are being lost to factories in China and BPO outfits in India. American people are being forced to live in cardboard boxes or back seats of their cars. Increased expenditures in building of infrastructure like airports will not bring about a virtuous cycle of expenditure and income in this situation. Instead the expenditures will simply go

// The recession is due to fleeing of foreign capital and due to contraction of our export markets. //

down like water in a dry well. There is no underlying demand in the economy which can be jumpstarted by such expenditures.

Question arises why a similar stimulus package was successful in pulling America out of recession in the thirties? My understanding is that the Great Depression was broken not by the fiscal stimulus package advocated by Keynes but by the expenditures made by the U.S. Government towards the Second World War. Military expenditures went into an overdrive in 1939. The fiscal stimulus package of 1937 onwards had a limited role of covering the bad patch of two or three years. Its role was like the UPS that keeps the computer going for a short period of power outage. These military expenditures made up for the loss of demand, which, truly speaking, came from bad distribution of income. The twenties saw the play of unbridled free market. Distribution of income became perverse. A handful of companies made huge profits while income of the masses remained stagnant. The correct solution was to repair this bad distribution of income. This was done indirectly by increase in war expenditures. It was like the American people consuming war instead of bread. The true story

of the American recession, therefore, was like this. The free market led to bad distribution of income and reduced demand in the market. This lack of demand was broken by military expenditures. The fiscal stimulus package had a small positive role towards the beginning of the war. The fiscal package did not cure the main disease of bad distribution of income and was not truly responsible for pulling America out of recession.

India's situation today is different than America in the thirties or now. The recession in our country is not due to lack of domestic expenditures. There is no fear phobia among our consumers. The recession is due to fleeing of

foreign capital and due to contraction of our export markets. This reduction of external demand can surely be made up by increase in Government expenditures provided the external demand bounces back in a short while. The fiscal package made by the Government of India is like a UPS system that can run the computer for a short while. A UPS cannot run the computer for days. Similarly the fiscal stimulus package can generate demand in the economy for a short while. Fortunately, there is a good chance that such a revival of foreign demand will indeed take place. Oil exporting countries may invest their petrodollars here. American companies may undertake more

outsourcing to India in their effort to lower their cost of production. Wages in India are near the global minimum hence our products will continue to retain their competitive edge. The fiscal package announced by the Government, therefore, stands on sound footing. But there is a need for caution. The success of the package will depend upon restarting the virtuous cycle of expenditure and income. In other words the money should reach the common man. It will not do to make more highways if the demand from the common man is not revived. Thus the Government will do well to place more money in the hands of the common man than in the hands of highway contractors. ❖

SWADESHI PATRIKA

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Need of Swadeshi Civilization

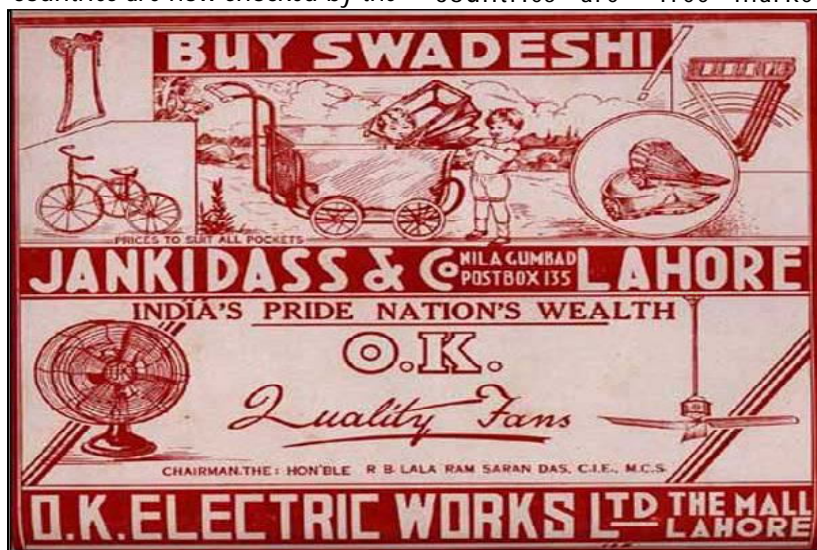
It is matter of time when Capitalism collapses. The question before us is that shall we wait till its collapse, or should we, on the other hand, hasten the process? Shall we not build up our blue print of economic development in the right earnest? We are fortunate to have an option of new economic model in the form of Swadeshi. This benefit is not available to others. Many thinkers are expecting riots, civil wars, hunger, and increase in poverty and political chaos across the globe. They are also sure that the present attempts to save the capitalist economic systems are not of permanent nature. This should make us wise to move faster in our thought process and efforts in shaping a new Swadeshi civilization says SH. D G BOKARE. Swadeshi Patrika invites its readers to comment on the views expressed. If you think Swadeshi model is the future model share your views with us. Even if you believe it is not so tell us why you think so. Let us debate the issue contribute in our way to the emerging economic model.

Global economic and financial crisis that we witness today is not unknown. It was expected by many unbiased economists across the world and more particularly from India. Shri Dattopantji Thengadi and Dr. M G Bokare were more emphatic in this regard. Economists from the developed countries are now shocked by the

meltdown in their economies. However, they were quite aware about internal contradictions within capitalism. They have been telling half-truth about market economy. Professors in the West, despite knowing the difference between competition and monopoly, have been teaching that economies of the developed countries are "free market

economies". J.K. Galbraith has disclosed in *The Industrial State* that monopoly in capitalist world and bureaucracy in management in former USSR are not different.

The West has been eulogizing all the time that *laissez faire* has no alternative for smooth economic activities. The state should not intervene in private sector's activities for making the economy most competitive and achieving continuous economic growth. They, however, have ignored the aspect of economic equality among all the players of the economy. What we witness today in the developed countries is that big hundreds of corporations, financial institutions and banks are standing in a queue to beg financial 'bailout' for their own survival. Many of them have been bundled out from the scene, as they never worked for people's welfare. They were allowed natural death by their



own governments. They instead worked for themselves by committing huge frauds. The general Motors and other two automobile companies of the USA were arrogantly saying that the image of one of their companies was representing the image of the USA itself. Today they are pleading the Congress for help with a begging bowl.

History of capitalism has blessed some people who are in minority when compared to the entire population of the world. This history, however, is tainted with warfares, oppressions and injustices, holocaust, racism, colonialism, slavery, exploitation of all kind, economic equality, pollution of water, air, food and cultures, homelessness, poverty etc. When big corporations control our finances, media and legislators, our freedom, democracy and the well-preserved civilization will be only an illusion.

The USA model was marketed as the ideal capitalist model for others to emulate for removing poverty and achieve all round prosperity. The USA and other developed countries have used many tactics and coercive forces on developing economies for opening their economies and become a part of global world for sharing the gains of 'free market' economies. The bureaucrats as well as some top political leaders in our national government have been trained in the West and as such never contested the so-called claims of economists of the West. Rather they willingly surrendered to this kind of pressure and joined the monopoly capitalist groups. Globalization has become an



iconic model of capitalist economics for our West-trained economists and political leaders.

The present crises in the developed economies have exposed the economists from the West and also our bureaucrats who have been eulogizing the capitalist economic model all the years. It was known that the Western economies were on the verge of collapse due to concentration of economic powers in the hands of few speculators and gamblers. Stock market is the epitome of this monopolistic capitalism. All efforts are being made to save the stock markets instead of main market economies of these so-called 'developed' countries. We are also trying to copy the same mindset. There is a definite shift from real economy to speculative economy

across the globe due to built-in contradiction of capitalism. A Japanese commentator says, "How much speculative money is moving around the world? According to Mitsubishi UFJ Securities analysis, the size of the global 'real economy' in which goods and services are produced and traded, is estimated at \$48.1 trillions. On the other hand, the size of the global 'financial economy' the total amount of stocks, securities and deposits add up to \$151.8 trillions. The financial economy has thus swollen to more than thrice of real economy, growing especially rapidly during the past two decades. This is heading to an exploitative and speculative civilization. Unfortunately India has accepted this path since 1990-91.

Signs of collapse of US economy were clearly seen right from 1987 when stock markets of America and Europe collapsed in October that year. Coincidentally, a report of Treadway Commission was released in the same month on large scale fraudulent practices adopted by the corporate sector of the USA. The name of the report

Actual impact of the present scam is yet not known to the bureaucrats and economists.

(Report of the National Commission on Fraudulent Financial Reporting) is enough to understand the gravity of the economic affairs of that country. The Commission was a private initiative and had James C. Treadway Jr. as its Chairman. We should not therefore get surprised about the timing of the economic and financial crises the capitalist world is presently facing. Present attempts by the US government to inject phenomenal public funds (taxes) to reestablish the security of speculative and fraudulent financial systems gives enough indication about the scale of duplicity of the economists of that country. It is amusing indeed. This is being done to save the capitalism from collapse at any cost. This way, profits are privatized and losses are socialized! Russia and China too are in deep trouble due to copying this monopolistic capitalist economic model. They too will be sinking along with the West. China may call it market-socialism, but it is nothing other than monopolistic capitalism.

During post-1987, we have seen many frauds and scams in that economy. Basically these include dotcom scams, corporate frauds, stock market manipulations, Enron scandal, siphoning of workers' pension and welfare funds, and the present sub-prime-mortgage scam running into trillions of dollars. Let us be clear that the actual impact of the present scam is yet not known to the bureaucrats and economists. Let us also be



clear that best of brains of other economies, more particularly from developing economies, have migrated to the USA during the past five decades. They were thinking that the USA was haven for their own skills and benefits. They would get ample scope to use their skills and education. Also, the highest number of Noble laureates in economics and social sciences is staying in that country. Despite this, they could not save capitalism.

A few political leaders from the capitalist world have the courage to accept the failure of capitalism, which is full of greed and exploitation. The President of France and the present chairman of European Union has recently accepted the failure of crony capitalism. He says, "The financial turmoil has highlighted the need to re-invent capitalism with a strong

**There is a definite shift
from real economy to
speculative economy
across the globe**

dose of morality, as well as to put in place a better regulatory system. ***Laissez faire is finished. The all powerful market that always been eulogized is finished....*** This system that allows the ones responsible for a disaster to leave with a golden parachute of having increased inequality, demoralized the middle classes and market speculation." (emphasis is added).

Let us be clear about the bad effects of present day capitalism. To implement the present day capitalist model based on growth of the real economy and unnecessary and extravagant consumption attached to it has become first time in the human history a real threat for the future of our human civilization and the planet itself. The present day capitalist model is designed to forbid the access to the world's natural resources for the planet's majority of population i.e. people of the South. Earlier, the people from emerging economies could access to the world's natural resources without raising any questions on the consumption by the rich countries. They were contended with limited requirements for their decent living. Today it is not so. The people from the affluent countries representing hardly fifteen percent of the world's population have been monopolizing the use of eighty-five percent of the world's natural resources for own consumption. They never used to like people from South

to share this exclusive use of natural resources. They have developed arrogance of a kind. The USA has developed military powers over time to guard an exclusive use of these resources. Any aspiring persons or countries simply trying to share the natural resources, they were summarily eliminated from this world. Iraq's example is the latest one to be remembered by us.

Marxian economy has collapsed in early 1990s. It had some of the contradictions what we see in present day capitalism. It was nothing but the 'state capitalism'. Monopoly of all economic activities was centralized in the state. On the other hand, capitalism has allowed by design monopolies in few hand of private people. Both systems have created and eulogized classes of people. Rich, poor, industrial workers, capitalist, bureaucrats, farmers and farm labourforce, etc. are some major divisions of population. Marx himself says, "Laws that divide people are unnatural. What is unnatural is immoral. What is immoral is not immortal". But he miserably failed to practice his own philosophy. Marxism has collapsed due to this contradiction. Now is the turn of capitalism to collapse. Signals of collapse of capitalism are now clearly visible across the world. The collapse is not going to be restricted to developed countries, but it would take the developing countries like India along with.

At the time of importing



monopoly and exploitative capitalism in to our country around 1990s, there was quite a resistance from some of our experts against the very capitalistic economic model. This model was imported without taking the Parliament and the people of this great country into confidence. Many experts were instead arguing the case for Swadeshi economics. Swadeshi Jagran Manch was established for propagating the Swadeshi concept of economic welfare of all. This model was econ-friendly as well as non-exploitative. The opposition to Swadeshi model of economics was coming from those who believed in and also taught to their followers and students in colleges the concept of western capitalism. Whatever from the West was good enough for these 'experts'. This was the slave mentality. It is still

Capitalism has done more irreparable damage to human beings and natural resources.

continuing among the so-called experts. Some of them also sarcastically called Swadeshi approach a 'reaction' to the capitalism and Marxism. Some even expressed as 'backward steps' in the development. This was more prominent particularly after the collapse of erstwhile USSR. Steadily, a large number of essays have come to apprehend that something bad is likely to

happen in the economic life of the people and their nation. They are now keeping silence when the West is facing a historical economic crisis.

It is quite clear from the events taking place across the world on the issue of capitalist economic systems. This system was in practice for over two hundred years when the first industrial revolution had taken place. During this long period, capitalism has done more irreparable damage to human beings and natural resources. The planet itself is now in danger of survival. Water, air, ecology, human health and cultural values have suffered serious damages. All this is happening due to greedy minds of some people in the West who believe in material satisfaction. By damaging natural resources they feel that they are the most 'developed' people and their nations. Their civilization has no moral values, ethics, love and concern for others who live along with them in the same world. Those who do not believe in such materialistic pleasure but pursue the path of spiritualism are being called 'backward' or poor people.

Now the question has come up before us whether we should continue such menace of consumerism and lose our civilization's identity forever. I must say that this time around the Western social leaders have realized that their civilization is in the process of demolition as they have reached the plateau of materialistic happiness. It may be difficult for us to change the attitude and objective of these so called 'developed' people. But we certainly can stay away from them by aggressively adopting our own

The complexity cannot be solved by just importing a readymade package from the West. Our culture and civilizational issues are quite different than those of materialistic world. We strongly believed that after defeating the British in 1947, we would be able to follow the path guided by seers and statesmen like Lord Buddha, Lord Mahaveera, Aurobindo, Vivekanand, Mahatma Gandhi et al. However, our western-influenced leaders had thwarted this thought process. We believed

present civilization of the West is irrelevant for those Indians who believe in strong cultural and moral values. There is definitely a need to change the Western model of economics for the survival of the society in general.

Dr. M. G. Bokare, the National Convener of Swadeshi Jagran Manch, had pose some questions for our debate. He says, "We should possess the broad framework within which the fellows of Swadeshi ideology belonging to different faiths will

Swadeshi is a God-given opportunity to freshly look at better economic model.

values and retaining our thousands of years old Civilization.

Swadeshi civilization - an option.

Swadeshi is a God-given opportunity to freshly look at better economic model for the welfare of large population not of India but also of other nations. It has universal application for mankind. India has distinctly different economic, social and cultural issues as compared to the so-called developed nations. Our issues are more complex in nature.



in the transition period the economic model brought in by Pandit Nehru was good enough. This was relevant till Rajiv Gandhi's death. We however wanted altogether a new economic model for the welfare of our people subsequent to this period. Swadeshi was found as an alternative economic model. It has different civilizational values. Capitalists of our country had the power to influence the political decisions, and as such we had been forced to adopt the exploitative economic model of the West. The

move for study and action. Some questions are illustrative in the framework:

1. Should internationalization of our life and living govern the national values and development?
2. Is the ratio of our foreign trade to national economy the index of development of our economy?

Such questions will be answered by different people who know economics. The debate on Swadeshi has to attend to such questions.

Swadeshi movement has to be a civilisational change. Our civilization promoted on the knowledge of Vedic books has to be placed in the forum of international discussions and debates. Its superiority has to be argued. Globalization of our civilization has to be sustained by 'nationalization' of the thoughts in India. Swadeshi ought to have its own philosophical canvas. Hence Vivekanand and Aurobindo again become relevant for organizing the work of studies and worldwide communication. This is inescapable conclusion to be followed in a civilizational change. Swadeshi is not an ad-hoc activity. It has to connect the past with the future. In this process, many of our people may experience a convulsive change. The westernized mindset has done great harm to India, especially her cultural values, her history and her store of knowledge. We have to liberate ourselves from some of the Westernized thoughts, which have ramified all corners of our mind."

He further says, "This discussion leads to some fundamentals of Swadeshi philosophy. They are as under:

1. The sovereignty of our nation shall not be compromised in any discussion of globalization.
2. The power of our military should not be weakened.
3. Self-reliance of our technological development should not be compromised.
4. Poverty reduction programmes should not be discarded in our efforts.
5. Actual employment, including self-employment, in India

should not be thrown overboard.

6. By following the propositions as detailed in my thesis of Hindu economics, we will be able to create a new civilization and offering a welfare state for all our citizens. Its benefits can be spread across the globe.
7. Ecology of economic activities must be protected all the time.
8. Cultural values of the brotherhood of Indian people including Muslims and Christians should not be disturbed in our attempts to



Swadeshi is not an ad-hoc activity.

develop our planning for a new civilization.

9. Dangerous inroads to destroy the unity of India will not be tolerated.
10. Righteous values of life in all religions existing in India should not be transformed into vainglorious values of life in the process of our development."

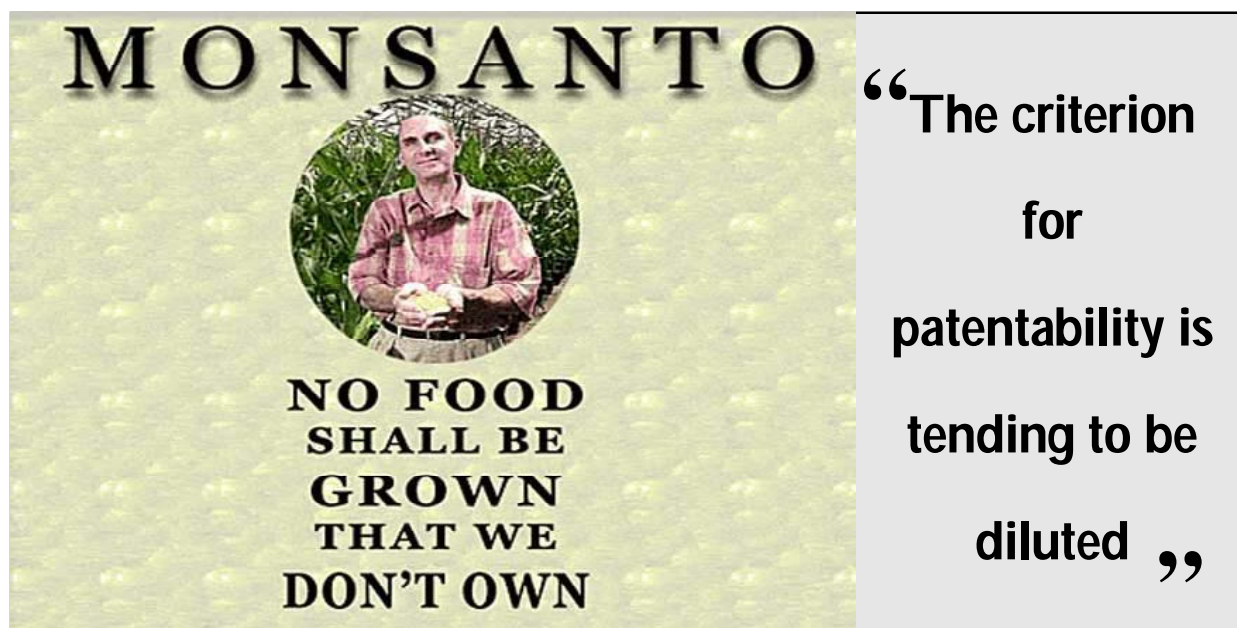
Such values should be spelled out in our approach. Each guideline in favour of

internationalization should be scrutinized on the litmus tests listed above. He further said, "Globalization of Swadeshi economic thoughts deduced from our Vedic books should be on our agenda in all countries. ... All these years, we have studied Westernized thoughts. Swadeshi thoughts now should also be placed in Western forums, for their enlightenment".

Capitalism is on its last journey as said earlier. It is matter of time when it collapses. The question before us: Shall we wait till its collapse before we take our actions for implementation of Swadeshi economics? Should we, on the other hand, hasten the process of the collapse of capitalism? Shall we not develop our blue print of economic development in the right earnest? It is known to all that a new economic system needs long time to become effective. We are fortunate to have an option of new economic model in the form of Swadeshi economics. This benefit is not available to other countries in the world. Many social thinkers are rather worried about the future of mankind after the collapse of the capitalist economic systems. They are foreseeing anarchy and chaos in the world after such collapse. They are expecting riots, civil wars, hunger, and increase in poverty and political chaos in many developing as well as developed countries. They are also sure that the present attempts to save the capitalist economic systems are not of permanent cure, but only a time-gaining game. This should make us wise to move faster in our thought process and efforts in shaping a new Swadeshi civilization in our country. ❖

Patent system Abuse and National Health Policy Goals

Indian Patent System is being abused for narrow commercial advantage. Review of important stipulations post audit of patents granted and safeguarding sanctity of system needed to bring discipline and sanctity in system, urges Sh. B.K. Keayla



The patent system, that has acquired a unique position in the industrial economy, is being misused and abused for narrow commercial advantages. In order to be patentable, the invention ought to meet strict criteria of novelty (previously unknown to the public), non-obviousness (containing sufficient innovativeness to merit protection) and industrial applicability (usefulness). The strict interpretation/application of the criteria for patentability would mean that only 'basic inventions' and 'chemical and medical molecules' should be patented in the pharmaceuticals field and for other industrial sectors. The inventions should be really basic and unknown. Over a period in practice, the criterion for patentability is tending to be diluted and is being applied in a liberal and flexible manner.

Patent holders enjoy exclusive rights and that too for 20 years on the products, its production, using,

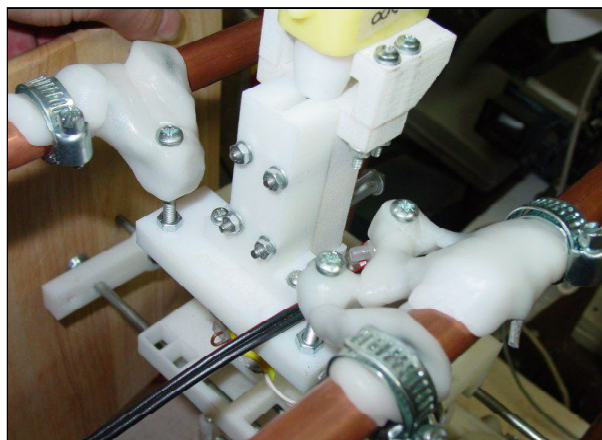
offering for sale, selling on importing and also similar rights on process patent. These kinds of rights should therefore be allowed only on such products and processes which fully satisfy the strict criteria of patentability.

INDIAN PATENTS ACT 1970

The Indian Patents Act 1970 that has been brought in line with the provisions of the TRIPS Agreement has not done full justice in formulating some of the important and crucial Sections. The three important stipulations of the 'scope of patentability' which have remained unresolved so far are as follows:

- (i) Definition of patentable invention;
- (ii) Definition of patentable pharmaceutical substance; and
- (iii) Patentability of micro-organism.

The above issues were debated in Parliament at



The Report of Technical expert group was plagiarized from a paper supported by the MNCs.

the time of enacting the final Patents (Amendment) Bill 2005. The senior Members of Parliament criticized the stipulations on these issues. The Minister for Commerce and Industry gave an assurance on the floor of the House to refer the issues at (ii) and (iii) above to a Technical Expert Group for examination. The Ministry established a senior level Group headed by Dr R.A. Mashelkar, the then Director General of CSIR.. The Group submitted its Report to the government in December, 2006. However, the issues dealt with in the Report by the Group were messed up and also the Report Technical expert group was plagiarized from a paper supported by the MNCs. The report was severely criticized all over the country by the stakeholders. Government has yet to announce their decision on these issues. The assurance given on the floor of the Lok Sabha about 4 years ago is still unfulfilled. Now it is understood that the Ministry of Commerce and Industry have requested again Dr Mashelkar to correct certain technical mistakes which crept up in the Report. No one can appreciate this decision of the Ministry from the public interest angle. Once the Group and its Chairman lost their credibility, the Government should not have approached the same team to rectify the blunders. The issues also must not be allowed to linger on.

In the meantime, the stipulations about the patentability are being freely abused to the extent that trivial/unusual patents are being issued by the Patent Offices. Some of the examples are as follows:

Frivolous Patents :

- (i) Patenting of a Cigarette comprising with a tobacco rod. Patent No. 193777 granted to Philip Morris Products INC. A US Company on January 13, 2006.
- (ii) Process for the preparation of novel composition useful for making Parontas (fried chapattis). Patent No. 195187 granted to CSIR a semi government organization on 7.3.2002.
- (iii) Sanitary napkin, Patent No. 195410 granted to UNI-Charm Corporation on 11.4.2005.
- (iv) Broom : Patent No. 195912 granted to Jatin Tarachand Gala on 29.7.2005.
- (v) Process of Making Fried Masala Banana Chips, Patent No. 198069 granted to M. Veeresh on July 7, 2006.
- (vi) Toilet Seat Cover, Patent No. 198000 granted to Dr. P.I. Mohandas on 23.2.2007.

The above are the general type of so-called inventions for which patents have been granted. In the recent past, even in the field of pharmaceuticals certain companies have allegedly benefited from the current scope of patentability and from the provisions in the Section 3(d) of the Patents Act, 1970 and obtained the following questionable patents* :

Sl. No.	Patent No.	Holder	Drug substance
(i)	204325	Pfizer Inc.	Eletriptan hydrobromide monohydrate
(ii)	204343	Pfizer Inc.	Polymorph of azacyopentadecan
(iii)	201140	Pfizer Inc.	Novel crystalline forms of microlide antibiotic.
(iv)	202128	Schering Corp.	Stable crystalline polymorph of diffuropheny.
(v)	201649	Wyeth	Novel succinate salt of O-desmethylenlafaxine.
(vi)	204126	Sun Pharma	Piperziny derivatives.
(vii)	204151	Glaxo	Substituted oxazoles and thiazoles
(viii)	204158	Astra Zeneca	Imidazo pyridine derivatives

*Source : Mint – 10.12.2008

Thus in addition to the three issues of 'scope of patentability' referred to earlier, there is also a need to re-examine the ambiguity arising from the formulation

of Section 3 (d).

The situation which is emerging from the grant of questionable patents will soon result in a joke of our patent system where the subject matter which ought to be protected by the 'Trade Marks Law' or the 'process patents' are being protected by product patents to perpetuate monopoly. The patent system is thus being misused for commercial advantages inflicting serious impact on the National Health Policy goals and Universal Declaration of the Human Rights due to charging of enormously high prices on such trivial protected products. Patents Law has to have co-relation with the National Health Policy in the national interest.

NEED FOR PERIODICAL POST AUDIT OF PATENTS GRANTED :

The grant of trivial/questionable patents will lead to criticism when the public interest becomes pronounced. Some kind of check is called for. There is a study by an important USA Institution which reveals as to how the patent system is being misused in that country. The National Institute of Health Care Management Research and Educational Foundation in their Report (2002) on "Changing Patterns of Pharmaceutical Innovation" points out that :

"Drug manufacturers patent a wide range of inventions connected with incremental modifications of their products, including minor features such as inert ingredients, and the form, color, and scoring of tablets".

Similar reporting has also been done by the Federal Trade Commission of USA in 2003 which also revealed the shortcomings of the system in granting questionable patents.

The above reporting in USA suggests that periodical studies of patenting are important to ensure that misuse of the system is controlled. In India also there is not only a need to be exceptionally careful in providing specific subject matter which should be permitted for patentability to deal with the phenomena of trivial patents as highlighted, but also that there should be a system of periodical review of patent stipulations and post audit of patents granted. This will help to refine and discipline our patent system at

least in the initial decade.

CONCLUSION AND SAFEGUARDING THE SANCTITY OF PATENT SYSTEM :

All developing countries including India are facing health crisis on a massive scale.

Improving accessibility and affordabilities of medicines particularly for reversing the trend of high mortality and morbidity from tropical diseases is a major challenge. There is a strong need to discipline/limit the scope of patentable subject matter in our country. Otherwise we will face similar situation as in USA and China where presently lakhs of patents are being filed annually. Such protected medicines seriously affect the affordability in the poor countries. The US Federal Trade Commission in its Report of 2003 pointed out as to how the flood of patent applications are responsible for poor quality or questionable patents being granted in USA even when they have over 3000 patent examiners. Such a chaos would be totally unmanageable for the patent offices in our country. Flood of patents would result in high cost economy and sufferings for the ailing people which a welfare/democratic state can ill-afford. Government has invested several crores of rupees in creating a modern patent infrastructure and institution. Another important fact is that majority of the patents are being obtained by the MNCs. Economic Times of January 7, 2009 has reported that "a total of 35,218 patent applications were filed, 6040 from domestic and 29,178 from foreign applicants in the last fiscal". Has the Government undertaken such a huge economic burden to protect frivolous/questionable and foreign patents? Filing and examination of patent claims, facing of patents opposition, facing of cases in the courts, protecting of infringement of patents and controlling of the prices and availability particularly of the pharma protected products involves a huge economic burden. A serious consideration is needed by the Government to review the patentability in our country and also do the post auditing of patents granted to bring in discipline and sanctity in the system. We should practice only a patent system which is not abused in any way and that it really stipulates the objectives of public health in the country. ❖

**Patents Law
has to have
co-relation with
the National
Health Policy**



Defence is too serious a matter to be subject to governmental dithering and procrastination

Forces under his/her command and be reassured about the ability of these forces to defend the Nation. The forces in turn reiterate their loyalty to the elected government of the Republic and their Supreme Commander. While doing so the might of the nation

Nation must provide before Soldier is compelled to Demand

*There is no point in having mammoth establishments like the Ministry of Defence supported by headquarters of the three services sitting on prime land in new Delhi while the soldier on ground is suffering pangs due to bad equipment, inadequate pay and pathetic living conditions, complains JASBIR SARAI**

The country has just culminated the joyous celebrations of its 60th Republic Day. The tradition of holding the Republic Day Parade every year has been subject to a lot of debate and articulation over the years. There is a strong lobby that advocates abrogation of the tradition since it involves an

avoidable expenditure apart from causing inconvenience to the general public. In order to understand the need for continuing with this tradition it is necessary to dwell on the reasons for holding it in the first place. The Parade is held so that the President, as Supreme Commander, gets an opportunity to review the Armed

is also exhibited to the world, the national heroes are awarded and homage is paid to the martyrs.

In essence the whole ceremony is all about generating a feeling of nationalism. The most moving part is the honour that the grateful Nation bestows upon its gallant soldiers who have won laurels with their feats of bravery

*The author is a Chandigarh based security and defence expert and analyst.



and in some cases have sacrificed their lives to uphold the national spirit. This year all personnel who lost their lives killed in the horrendous terrorist attack at Mumbai on November, 26, were awarded with the Ashok Chakra, the highest award for gallantry in operations other than War. Eleven Ashok Chakra's have been awarded to our brave soldiers from the Army, the Para Military Forces and the Police.

Undoubtedly the feats of the brave soldiers were deserving of the award but a true spirit of nationalism demands that the sacrifice of all sons of India be measured in equal terms. To elaborate, the Nation must never forget that apart from these brave martyrs there are many in this year and before who have made similar sacrifices for the country. 70 brave soldiers of the Indian Army have

embraced martyrdom in 2008. The War Memorial in the Udhampur based Northern Command alone holds the names of 10,000 plus martyrs. The pain that is being felt by the families of these fallen heroes is as great as the pain being felt by say the father of Major Sandeep Unnikrishnan, the NSG officer who died fighting terrorists in Mumbai.

I have two simple questions; would young Sandeep's father have received same attention if his son

**The government
should not be
allowed to hide its
inadequacies
behind a veil of a
self proclaimed
need for secrecy.**

had been awarded the Ashok Chakra while fighting militancy in Kashmir. My second question; is the loss suffered by Rattan Tata due to the action in the Taj Mahal Hotel at Mumbai any greater than the loss suffered by a poor man in Kashmir whose house has been bought down due to an encounter with militants and who, unlike Rattan Tata, does not have the means to ever reconstruct the same.

The Nation should be more sober, understated, reticent and equitable while showing its respect for those who have taken upon themselves the mantle of security. Moreover, consciousness of their contribution to the national cause has to be ongoing rather than event and ceremony based. Every Indian should exhibit this feeling from within and all actions required to uphold the respect, morale and

fighting capability of the soldiers should form part of the national cause. Ceremonies and theatrics should not be allowed to replace real time respect for the Indian soldier.

Even as the heroes are being felicitated the Armed Forces are embroiled in a debilitating and humiliating bureaucratic spat over the award of the sixth pay commission. This apart, the defence procurement procedures have been made so complex that the forces are reeling under the pressure of being badly /under equipped. The matter is further aggravated by knee jerk measures that are adopted as reactions to incidents of security breaches as and when they occur. The NSG can requisition an aircraft at will but only after India has suffered the humiliation of the 26/11 incident. Guided Missiles are purchased off the shelf only when a military face off with a foreign power becomes eminent. A national and governmental attitude of this nature does nothing to build the morale of the soldier or give him confidence about his relationship with the State; it leads to avoidable cynicism amongst those who need to maintain a high threshold of ideology, whereby, all the affection showered by the nation gets negated.

Defence is too serious a matter to be subject to governmental dithering and procrastination. The leaders must be firm and decisive in all matters related to security and decisions must be well considered and above all timely. There is no



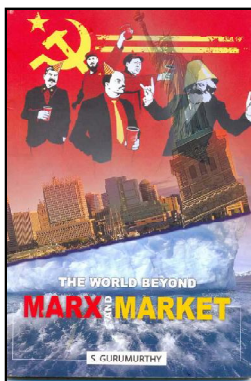
scope for bureaucratic red tape in such matters. If the government feels that it can motivate its nationals to sacrifice their lives for a salary of Rs 1000/ per month by all means give no more; If we feel that we can do without advanced weaponry then the government should call upon the youth to join the national Armed Forces and fight with bows and arrows. It is not for the soldier to demand, it is for the Nation to provide. There is no point in having mammoth establishments like the Ministry of Defence supported by Headquarters of the three services

Defence procurement procedures have been made so complex that the forces are reeling under the pressure of being badly /under equipped.

sitting on prime land in New Delhi while the soldier on ground is suffering pangs due to bad equipment, inadequate pay and pathetic living conditions.

The issue of accountability and the transparency is also of prime importance in matters relating to defence and security? Timely decisions with the public kept in the information loop are of utmost importance. The government should not be allowed to hide its inadequacies behind a veil of a self proclaimed need for secrecy. Furthermore, if the forces feel that they are not ready for war they should come out openly with their apprehensions. In fact, Defence policy should form part of the election manifesto of all political parties and the general public should debate the same as is done in the US.. If we are true nationals then we need to go beyond mere ceremonies and be honest with our soldiers, failing which, the chances are bright that on one crucial day the soldier will fail us. ❖

AN INTEGRAL MECHANISM IS THE FUTURE: GURUMURTHY



Title: THE WORLD BEYOND MARX AND MARKET”

Author: S.Gurumurthy

Year of Publication: December,2008

Publishers: Swadeshi Jagaran Manch Tamil Nadu

The real-estate crisis that exploded in America and engulfed mortgages, rendering debtors unable to pay their loans has already developed into worst ever international financial crisis. It has rightly been termed as a financial tsunami.

Banks, non bank financial institutions, services and manufacturing sector is not the only casualty of the global meltdown. Worst is the fact that the belief that capitalism was the best of all possible systems, with apparent confirmation being supplied by the fall of the Soviet Union is shattered. This worst ever financial crisis that has stunned the entire world has shaken the very foundation of Market Capitalism.

People, economists, politicians and administrators world over are discussing the future of economic order in voyage for about three centuries; unsure of the direction they must take. There are plenty of people who believe that Capitalism has now taken the plunge and headed for where it belongs- the abyss. Capitalism is reinventing itself, argue others. So what is the

G. RAINA

reality? Who better is a person other than Sh S. Gurumurthy, the celebrated CA and corporate consultant to explain the emerging scenario in a simple uncomplicated manner? And this is what exactly he has done for us in his latest book, “THE WORLD BEYOND MARX AND MARKET”.

“This critique of Marx and Market is essentially from the perspective of that part of the world – the non-Western world and particularly, its non-Anglo-Saxon part – which has not been experienced, understood or factored in by Karl Marx or his adherents or by Adam Smith or other free market thinkers,” writes the author.

Sh. S. Gurumurthy, we know, is an ardent observer of economic order and has been a leading activist against the Globalisation. He has not only mastered his subject but has evolved a distinctive style of expressing the difficult subject in an easy to understand

manner. This is visible clearly in the book under review. Even a lay man will feel, while reading the book, that he is acquainted with the subject adequately.

Those of us who are not so familiar with the convictions of the author will appreciate the clarity of thoughts and adore his style of going straight into the heart of the topic. We should understand, says Gurumurthy ‘that it is partly historical and partly futuristic. It prognosticates a world that is not only “post-Marx” and but also “post-Market.”

Summarizing briefly important aspects of the historic journey of both communism and capitalism the author tells us that ‘Marxism stormed the West over hundred years ago as a part of the continuing and painful socio-religious and socio-political and socio-economic melting process within the Christendom.’ “The inherent contradictions within the communist philosophy and practice”, he adds “began to emerge and finally ensured its collapse.”

While talking about free

market capitalism, the learned author opines, "the very notion of free market model, the Anglo-Saxon free market capitalism based on individualism as the core and globalisation as drive now seems to be a thing of past, after the financial meltdown hit the US."

Gurumurthy in this very useful and very valuable book explains that "communism and capitalism are not opposites; they are founded on the same materialist philosophy and thought. Both look at the world as exclusively materialist. And, both implicitly and explicitly rejected the idea of God and divinity. Both had concluded that human beings were just a bundle of wants and desires and the only question was how to fulfil such wants and desires.

He does not stop at critical analyses of these thoughts but moves forward to suggest the solution. Based on the historic experience of India and endorsed by eminent people from varied backgrounds the author concludes that 'It has now become evident that not the contract –based life model and style that is common to free market capitalism and communism, but relation-based market model, which will be the sustainable socio-economic and political model for the world.'

Sh. Gurumurthy thus explains the transmutation capitalism has undergone over a period of time , 'With knowledge economy and sophisticated digital money and derivatives replacing hard assets, co-opting more and more people into the category of capitalists without capital through entrepreneurship, the character of the capitalism and the class enemy Karl Marx had set as the target of



revolution has undergone a metamorphosis.'

By making a socio-economic comparison of the US in 1929-30 (the years of great depression) and the US now, the book THE WORLD BEYOND MARX AND MARKET brings out how the US society and the US households were stronger then and weaker now. Gurumurthy believes and rightly so that Anglo-Saxon free market capitalism has robbed the people, and enriched the corporates. He hits the nail on its head when he writes, "Cultural degeneration undermines interdependence, leads to state-dependence; and an over burdened State nationalises the families and

privatises itself!"

Given the experience of the last century and particularly the last couple of decades, and more critically the last couple of years, what the world needs is an integral mechanism which allows the non-formal institutions – the family, the community and other informal mechanism of the society – their legitimate role. It means that there should be adequate space for non-formal social order within and along with the formal state, its rules and instrumentalities. So we need a market which will function along with, and not undermine or destroy, non-formal institutions and conventions. So, the only market system which will be sustainable is that which shows deference to non-formal norms and harmonizes with the society that incubates and sustains those norms, concludes the writer.

It is a very useful book not only for the followers of the Swadeshi but all the serious students of economics particularly those who want to understand causes of the present crisis and contribute to the evolution of future global economic structural design. ❖

**Sh. Gurumurthy
explains the
transmutation
capitalism has
undergone over a
period of time**



OBAMA IS THE PRESIDENT OF UNITED STATES OF AMERICA

Barak Hussein Obama is the 44th president of USA. Born on August 4, 1961, the 47 year old current president is the first African American to hold the office. He was sworn in as President on January 20, 2009 in an impressive but simple inaugural ceremony attended by unusually large crowd in chilling cold. Obama is a graduate of Columbia University and Harvard Law School, where he was the first African-American president of the Harvard Law Review.

The inaugural ceremony was the finale of an unbelievable rise of a person from a humble and disadvantageous background. In a very short span of time, he rose from a little-known 'some-one' to the nation's highest office. His election campaign was incredible and he succeeded in persuading Americans that he is the person who will deliver.

Obama announced his

candidacy on February 10, 2007 in front of the Old State Capitol building in Springfield, Illinois-the state where he was a law maker. The choice of the announcement site was symbolic because it was also where Abraham Lincoln delivered his historic "House Divided" speech in 1858. During both the primary process and the general election, Obama's campaign set numerous fundraising records, particularly in the quantity of small donations.

In his inaugural address immediately after taking oath,

**"Greatness is
never given. It
must be
earned :
Obama"**

Barak Obama accepted candidly that USA was in the midst of crisis. He said, "Our nation is at war, against a far-reaching network of violence and hatred. Our economy is badly weakened, a consequence of greed and irresponsibility on the part of some, but also our collective failure to make hard choices and prepare the nation for a new age. Homes have been lost; jobs shed; businesses shuttered. Our health care is too costly; our schools fail too many; and each day brings further evidence that the ways we use energy strengthen our adversaries and threaten our planet."

Terming all these challenges real, serious and many Barak asserted that "they will be met." In a forceful appeal to fellow Americans Obama asked them to 'begin again the work of remaking America'. Greatness is never given. It must be earned, he added further.

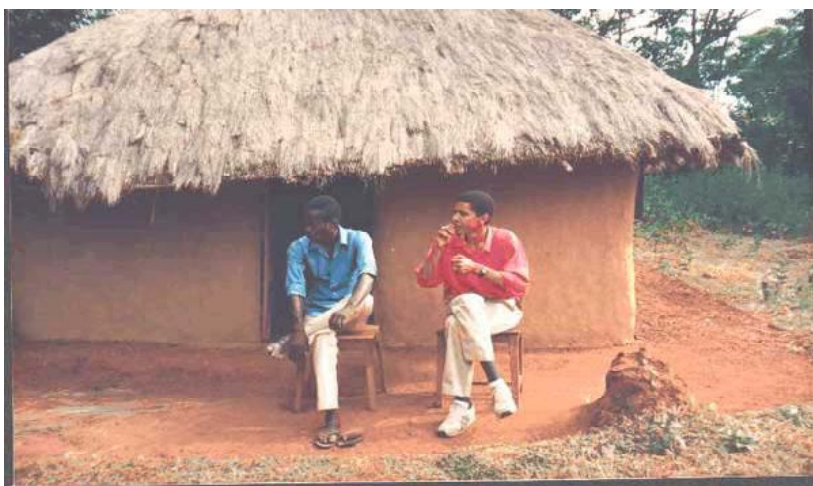
Regarding the economy and the recent turmoil including the role of regulators, president Obama was of the view that the power of the market 'to generate wealth and expand freedom is unmatched, but this crisis has reminded us that without a watchful eye, the market can spin out of control - and that a nation cannot prosper long when it favors only the prosperous. The success of our economy has always depended not just on the size of our Gross Domestic Product, but on the reach of our prosperity; on our ability to extend opportunity to every willing heart - not out of charity, but because it is the surest route to our common good.'

Addressing the Muslim world he sought a new way forward, based on mutual interest and mutual respect. But took a dig at "those leaders around the globe who seek to sow conflict, or blame their society's ills on the West - know that your people will judge you on what you can build, not what you destroy.

Conditional non-military aid to Pakistan: US

The new Obama Administration cautioned Pakistan that it would be held accountable for the security in the border regions of Afghanistan and that its performance in the fight against terrorism would be linked to the financial aid to them.

The fact is that Islamic terrorism is the manifestation of global resurgence of religious fundamentalism which is not Kashmir-centric.



"Obama and Biden will increase non-military aid to Pakistan and hold them accountable for security in the border region with Afghanistan," the White House said in its foreign policy agenda document released soon after Obama occupied the Oval office.

Biden, a known expert on Afghanistan and Pakistan, then in the capacity as the Chairman of the powerful Senate Foreign Relations Committee, had introduced legislation in the US Senate in this regard.

Co-authored jointly by the Republican Senator, Richard Lugar, the legislation proposes to triple non-military aid to Pakistan in the next five years. The legislation authorises USD 7.5 billion over five years in aid that can be used for development purposes, such as building schools, roads and clinics.

Doubtful optimism in India

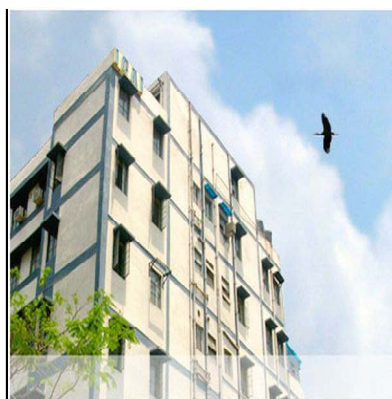
Barack Obama, widely hailed as a harbinger of change has generated optimism in India also. But there are some doubts that refuse to go. His inclination to draw a link between the situation on Pak-Afghan border and the

J&K dispute between India and Pakistan and relate terrorism with resolution of Kashmir issue has strengthened long existing suspicions about role of USA under new administration.

There are other issues also like CTBT, NPT and the stand taken by Obama on out sourcing during election campaign. Whether realism dawns on him while in office is to be seen.

These may be some irritants but overall there is optimism as India understands the limitations of USA also. In the emerging world scenario it may be possible for new administration to avoid facing some hard facts in the hope of winning over the trust of some enraged adversaries but ultimately truth has to be faced. The fact is that Islamic terrorism is the manifestation of global resurgence of religious fundamentalism which is not Kashmir-centric. Even if Kashmir and Palestine are handed over to Islamic Jihadis terrorism will continue to haunt the civilized world. It is basically a case of misplaced belief in self righteous stand taken by these 'soldiers of Allah which is a global phenomenon, be that Chechnya, Xinjiang or even Europe. ❖

ICAI against auditing work to KPMG



The chartered accountant regulator, ICAI, has written to the newly appointed Satyam Board that KPMG cannot do auditing and accounting work of the Hyderabad-based IT company.

"We have written to Satyam board that KPMG cannot be appointed auditor for Satyam as they are not our members." ICAI President Ved Jain said reporters in New Delhi. When pointed out that KPMG would be doing a restatement of financial accounts; Jain said this is an assurance service that also involves accounting and auditing. When asked whether the BSR and associates, Indian arm of KPMG can do the auditing of Satyam, he said KPMG cannot be involved in auditing directly or indirectly.

Satyam's new board has mandated KPMG and Deloitte to restate the company's financial statements. However, ICAI said KPMG cannot audit Satyam's books, even as the global auditor said it does not require to register with the regulator to restate the IT firm's accounts.

"KPMG is not allowed to practice in India... they are not registered with us," Jain said.

Govt, RBI unveil stimulus measures

The government on Friday, 2nd January; announced a fresh stimulus to reverse the economic slowdown, taking its total revenue loss to Rs 40,000 crore, through higher public spending and easier credit especially for exports, housing and small industries.

Simultaneously, RBI slashed key policy rates and ratios to pump in an additional Rs 20,000 crore into the banking system, while government asked PSU banks to



increase credit targets to ensure maximum fund disbursements at the least cost, particularly when inflation is ebbing.

Signalling a shift in focus from inflation management to growth, the package — the second in a month — is part of a process initiated by the government and RBI in October in the face of crumbling financial system and recessionary pressure in the West.

The RBI had during the period released over Rs 3,20,000 crore into the banking system to usher in a low interest regime in the economy, as prices of fuel, metals and agri commodities plunged easing inflationary pressure.

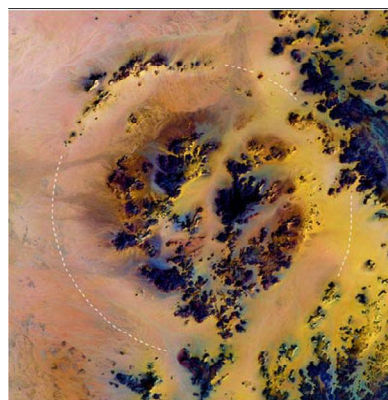
The India Infrastructure Finance Company Ltd will access an additional Rs 30,000 crore by tax-free bonds to finance projects worth Rs 75,000 crore over the next 18 months.

The IIFCL bonds would be issued soon for raising first tranche of funds.

Oldest impact structure in India discovered

One of the oldest impact structures in the world, created by an asteroid of the size of about one km in diameter about 2,500 million years ago, has been discovered by an Indian geologist in Madhya Pradesh's Shivpuri district.

The newly discovered Dhala structure, second in India after Lonar, has been named after the village near which it was discovered. It is the eroded



remnant of the an impact structure with an estimated present day diameter of 11-km, the largest in Asia. Till date not a single confirmed impact structure has been reported from Japan and China.

It is the only confirmed structure discovered by an Indian in the subcontinent and Far East Asia. Until now, Lonar in

Maharashtra was the only confirmed structure but it was discovered by a British Scientist and confirmed by the Americans. Dhala impact structure spreads over 64 square km of area.

There are only 175 known such structures in the world and most are located in North America, Australia and Eurasia. Lonar and Dhala are the confirmed structures in Asia.

MMTC aborts SEZ JV with Maytas

Government-owned MMTC has decided to drop its joint venture SEZ plan with the two Maytas firms promoted by B Ramalinga Raju's family after surfacing of the multi-billion Satyam fraud.



Though the decision to pull out of the Rs 8,603-crore multi-services SEZ project in Tamil Nadu has been taken by the MMTC brass, the formal approval for aborting the plan is expected on January 16 from the MMTC board.

"We have sought the board's approval not to go ahead with the plan," MMTC Chairman and Managing Director Sanjiv Batra said.

The company had sought shareholders' approval through postal ballot for an equity investment of Rs 85.85 crore in the joint venture SEZ with Maytas Properties and Maytas Infra.

The minority shareholders were given time up to January 30 for giving their response.

However, the outcome of the ballot would make no difference to MMTC's decision to abandon the JV with the tainted Hyderabad firms since the government owns over 99 per cent of the trading major.

The USD five-billion PSU had proposed to pick up to five per cent equity stake in the JV.

The 8,603-crore SEZ was to have an equity component of Rs 1,717 crore and debt of Rs 3,495 crore. The balance was to be financed through lease rentals and pre-sales.

Daughter of domestic help secures admission in UK college

From a tenement in Kanjurmarg, adjusting sleeping hours to study and watching her single mother work over 12 hours a day as a

domestic help to make ends meet, 21-year-old Varlaxmi Pillai has overcome many an obstacle to secure herself admission in a UK college.

"It was difficult at times while I was growing up. My father expired when I was five-years-old and my mother had to bring up my brother and me," Varlaxmi said. Her mother Shanta initially worked in a small biscuit factory but to supplement the family's

income doubled up as a domestic help as well, she said.

"However, she always wanted both my brother and me to study and encouraged us," Varlaxmi, who will be doing her Master's in International Business and Management, said. Studying at home, a one room tenement in suburban Kanjurmarg, was never easy for Varlaxmi who had to adjust her study timings in order to accommodate other members of her family and fluctuating electricity supply.

"Electricity was a problem since whenever I wanted to study we would not have power. Also, I had the habit of studying late into



the night which was inconvenient for others so I would sometimes get up early and study outside the house," she said. Sleeping sometimes at 1 am and waking at 4 am to study, Varlaxmi, on certain occasions, spent the entire day studying in the college library.

"I had to study when there was no sound of television and other distractions. But I was always clear on what I wanted and I knew I would do whatever it took," Varlaxmi said. Among her main sources of motivation she cites are her mother, travel author Meher Moos and her college principal Dr Indu Shahani.

Britain may shut doors to foreign workers



Britain is planning to ban advertising jobs overseas due to economic meltdown, a process which could hit Indian professionals aspiring for employment opportunities in UK.

The government is mulling an idea to ensure that existing jobs go to British workers. The employers are being forced to notify vacancies in employment agencies within Britain to prioritise local candidates. Indians form the largest group of foreign professionals working in Britain.

Every day, thousands of jobs are being cut across the sectors in Britain. Official figures suggest that unemployment figure is reaching the 2 million mark, for the first time since the mid-1990s.

Jacqui Smith, the home secretary, has announced plans to force thousands of nursing, primary teaching, hotel management and other 'skilled migrant' jobs to be advertised in employment agencies such as Jobcentre Plus.

Smith said "When it comes to immigration, in difficult economic times, I believe we need a tough system that offers British workers the first crack of the whip for jobs here."

Loan sharks intimidating women

Loan sharks in Birmingham are forcing vulnerable women into having sex with them to pay off debts as more people find it difficult to make ends meet due to job losses and credit crunch.

According to Birmingham's Stop Loan Sharks project, some women, particularly single mothers, are contacting them for



help and advice to deal with their inability to make loan repayments.

Other borrowers of the illegal loans are reportedly beaten up or threatened with violence, while some loan sharks hold people to ransom by keeping their bank cards, Post Office books or even turn to their friends or relatives to pay the debt.

A spokeswoman for the government-funded Stop Loan Sharks project, said: "Loan sharks prey on the most vulnerable members of society and are often engaged in a wider web of illegal or dangerous activity.

"We have unearthed crimes including kidnapping, counterfeiting, assault, wounding, blackmail and sexual intimidation. They work within a community, often starting out as a 'friend',

offering to help with someone in financial trouble, and then becoming aggressive when that person can't pay.

Carbon cost of Googling revealed

The research found a google search produced 7g of carbon dioxide. Two search requests on the internet website Google produce as much carbon dioxide as boiling a kettle, according to a Harvard University academic. US physicist Alex Wissner-Gross has conducted research into the environmental impact of "googling".

Environmental physicists are worried about the environmental impact of information technology. A recent study estimated the global IT sector generated as much greenhouse gas as the world's



airlines put together. Mr Wissner-Gross's study found a typical Google search on a desktop computer produces about 7g (0.25oz) of carbon dioxide.

The Harvard academic argues that these carbon emissions stem from the electricity used by the computer terminal and by the power consumed by the large data centres operated by Google around the world.

World Bank bans Wipro, Megasoft, Satyam

Even before the dust settled on the controversy involving Satyam's debarment, the World Bank revealed that action has been taken against a total of five entities in India, including Wipro Technologies, and an individual.

The action was initiated against these entities and individual as they were found to have "violated the fraud and corruption provisions of the Procurement Guidelines or the Consultant Guidelines," besides offering improper benefits to Bank staff.

Megasoft became the third Indian software vendor to have attracted the Bank's ire, while Nestor Pharmaceuticals and Gap International were non-IT entities. An individual Surendra Singh was barred from doing business with the Bank for violating guidelines.

While Wipro was barred for four years beginning June 2007 for

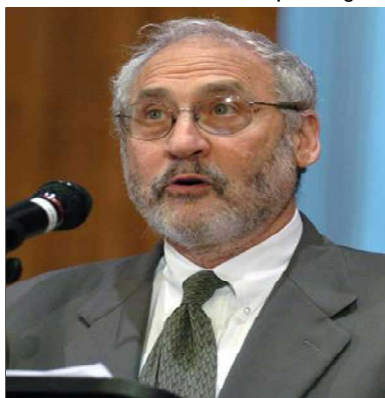
the names of all the companies that have been debarred from receiving direct contracts from the Bank group under its corporate procurement programme.

"This change was made in the interest of fairness and transparency... From now on the Bank group would publicly list names of companies debarred from its corporate procurement."

Need to design a new global system

U.S. exporting recession to the world, says Stiglitz Every successful economy is a market economy

Nobel laureate Joseph Stiglitz



at the 10th D.T. Lakdawala memorial lecture on 'Crises Today and the Future of Capitalism,' in New Delhi on Saturday.

Nobel laureate Joseph Stiglitz has urged India and China to use the G-20 forum to press for a change in the global financial architecture that has been so disastrous for the world.

Describing the developed world's decision to consult the G-20 as a positive outcome of the global meltdown, he was of the view that the two countries should also speak for the 152 countries which were not invited to the

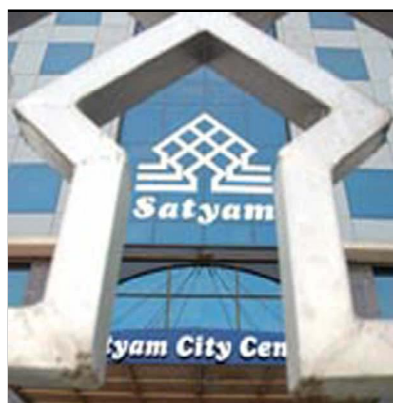
meeting.

Delivering the 10th D. T. Lakdawala memorial lecture on 'Crises Today and the Future of Capitalism,' the noted economist said the problem – essentially a U.S. export – had to be tackled globally. India and China, he added, had not suffered much from the meltdown because they did not liberalise their capital and financial markets despite U.S. nudging the two countries in this direction "just so that you could experience what we did!"

Making out a case for a global regulatory authority, he said there was a need to design a new global system to develop immunity or at least limit the consequences of failure. Failure was contagious in the present brand of globalisation as a result of which the U.S. was exporting its recession to the rest of the world.

While there was recognition of the importance of a coordinated global fiscal and monetary response, he said the required reforms went deeper, and included creating a new global reserve system and a new global financial regulatory authority. And he underlined that globalisation had to ensure the maximum good for the maximum numbers and not just the privileged few who got richer under the existing regime.

Holding forth for nearly two hours, the former chief economist of the World Bank carried the audience along right through; punctuating his lecture – organised by Institute of Social Sciences – with digs galore at the U.S., particularly the Bush administration and its response to the crisis.



"providing improper benefits to Bank staff", Megasoft barred for an identical period beginning December 2007 for "participating in a joint venture with Bank staff while also conducting business with the Bank."

In a statement, the World Bank said that it decided to "make public

New database on RTA's launched

The WTO has launched a new database on regional trade agreements (RTAs). This contains all the relevant documentation received by the WTO following notification by a WTO member that an RTA has been established.

The database, which is one of the requirements of the General Council's Transparency Decision on RTAs, contains all the notifications, links to the content of the relevant RTAs, legal provisions and information on the WTO's assessments of the RTAs.

India to drag EU to WTO

The tussle between Indian generic drug industry and western innovative pharmaceutical firms is set to get stronger as India is considering dragging the European Union to WTO on the issue.

India's \$12-billion pharmaceutical industry, gets 40% of its revenue from exports of generic drugs across the world, of which a large part goes to the EU and the US markets. However, it constantly comes under fire from large pharma companies in these region in the name of patent infringement.

"It is a very concerted move by MNCs to disrupt the growth of Indian generic industry," commerce secretary Gopal Pillai said.

Underscoring the need for unity of the developing nations on the issue he said, "we may have to take the issue to the WTO and challenge it...we would be seeking consultation with the EU."

Under the WTO rules, before a country takes another member to the Dispute Settlement Panel it gets into the process of "consultations". If the consultations do not yield into a resolution of the issues, the WTO Dispute Settlement Panel starts the proceedings.

USA hauls EU to WTO over poultry ban

The outgoing administration of U.S. President George W. Bush stepped up a last-minute trade assault on the European Union on Friday, filing a new case at the World Trade Organization over an EU ban on American poultry.

A day after escalating a 13-year beef dispute with Brussels, Washington said it had run out of patience with European restrictions on imports of poultry treated with anti-bacterial chemicals and that it had no choice but to bring the dispute to the WTO.

"The poultry treatments at issue have been widely and safely used in the United States for many years," said Susan Schwab, Bush's outgoing U.S. trade representative. "The EU's own scientists have repeatedly found these treatments not only to be safe, but effective."

Schwab said the U.S. — the world's largest poultry producer — has tried to resolve the dispute through dialogue over 11 years. But the EU has failed to offer "any legitimate, science-based reason for continuing to block our poultry," she said.

The four "pathogen-reduction treatments" in the dispute are chlorine dioxide, acidified sodium chloride, trisodium phosphate and peroxyacids. Each has been approved for poultry processing by the U.S. Food and Drug Administration and the U.S. Department of Agriculture, but the EU has blocked poultry carcasses processed with such treatments since 1997.



Setback for China in car parts case

'WTO has circulated the Appellate Body report in the case brought by the European Union (EU), US and Canada against China's taxes on imported car parts, thereby corroborating China's contravention of trade law in the car parts case.

The Appellate Body confirms the WTO panel which decided in July 2008 that the Middle Kingdom breached its WTO obligations by fostering a system of registration and taxation of imported car parts that patently promoted the use of domestic components over imported car parts.

In the system Under this system, car manufacturers in China have to fork out an additional tax over and above the normal customs duty slapped on imported auto parts, when they do not use a sufficient quantity of parts made in China.

The system so challenged by trade majors against China is part of China's "New Automobile Policy" which was adopted in 2004.