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SWADESHI

PATRIKA

April 2009

5 years of

Un Productive Alliance



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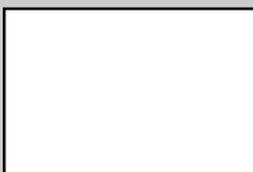
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Publish Swadeshi List

Recent issue of Swadeshi Patrika is in my hands. Improvement in contents, cover, news and overall look of the Patrika is noticeably visible. But I have a complaint. I have written several letters asking for the publication of the list of Swadeshi products and it has never been published. I don't know the reason for not publishing it.

Common people of India consider Swadeshi Movement as an assertion for national pride, self reliance economic reconstruction. Swadeshi Patrika is an important tool to achieve the objective of self reliance. Use of swadeshi items and products is very essential and relevant in present economic scenario. So please do publish the list of swadeshi items at regular intervals.

Swadeshi Jagaran Manch has declared the year 2009 as public awareness year. In this context the list becomes more essential as at common level people can be involved by asking them to refrain from using foreign goods in daily life.

Arvind Purshotam Khandekar, Bhopal

Thengadi Ji on the Issue

This issue reminds me of very enlightening comment made by Late Shri Thengadi ji. We received a letter from a karyakarta from UP, addressed to Shri Thengadi ji, asking for list of swadeshi-videshi items in each issue of patrika. Since it was addressed to Shri Thengadi ji, I went to meet him and showed this letter. He instructed me to write back that in these days when a swadeshi company becomes videshi every other day, it is not possible to keep track of each product. We can only provide names of major MNCs and any product manufactured or marketed by those MNCs should be avoided by consumers.

However, if we have to prepare a latest list, as a first step we must depute few workers from each district or zone to sit down with a local general store owner and prepare a list of items available on the shelves. Along with the names of products and category, they should also list out names under manufactured by and marketed by. A lot of MNCs outsource their manufacturing and such products are manufactured by Indians but marketed by MNCs or their agencies.

While working in Kutch region of Gujarat, I was surprised to find a lot of industrial units, which do job works for these MNCs. All workers are employed by the local industrialist, except the quality control officials who would be deputed by the MNCs. These units do earn good profits and create jobs.

Above and many such issues must also be kept in consideration.

Dr. Kuldeep Ratnoo, Former editor Swadeshi Patrika

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If you do not receive any issue of Swadeshi Patrika, kindly e-mail us immediately.

Quote-Unquote



The priceless (Gandhi) items were procured through the services of an Indian, Vijay Mallya, and his representative was in touch with us.

Ambika Soni

Union Minister for Tourism and Culture



I bid independently, I wanted to get back the items to the country. I am not sure if anyone was aware that I was bidding

Vijay Mallya

Chairman, United Breweries Group



Congress should sacrifice for secular unity.

Lalu Prasad Yadav

RJD Leader



You can't fight AIDS with the distribution of condoms. On the contrary it increases the problem.

Pope Benedict XVI

The Pontiff

Swadeshi: The Way Forward

That the world is undergoing a excruciating process, known in common parlance as "GLOBAL MELTDOWN". The root cause of the meltdown is indiscriminate liberalization in the name of GLOBALISATION particularly that of the financial sector. This financial sector induced meltdown has thrown the real economy out of gear in most parts of the world. Flow of speculative capital across the world has converted even commodities like oil and rice as an asset class with the result that their prices rose sky high making food, energy and the manufacturing sectors in peril. What apparently looked as symbols of growth like increase in derivatives and stock prices is now fully exposed and things are now at standstill. The only satisfaction in the whole issue is the relative insulation of our financial sector since we did not opt for deregulation and globalization of the financial sector mostly due to consistent pressure by nationalist organizations. Even during the midst of euphoria these organizations cautioned the nation as well as the whole world about the unsustainability of this speculative growth and even predicted the collapse of the speculative economies like American economy, years in advance. The apprehensions expressed have become true to-day.

To overcome the crisis different countries have started adopting various stands essentially to protect their own economy. With scope for international trade contracting day by day, Globalization has become a bad word. This is reflected by the stand of the various developed countries. Be that Buy American / Invest in America, employment of locals initiatives of the US government. Or for that matter the advice given by the British PM to UK banks to lend only to local industries. French President's proposed financial support to local industries to prevent MNC's take over; Chinese promoting domestic demand to compensate the loss in exports and Germany's announcement of the option to intervene in cases of acquisition of more than 25% of the pension funds and similar sensitive sectors by non-Europeans; may be described by various nomenclatures like Economic Nationalism; Economic Patriotism; Protectionism; De-Globalisation etc.. But it all amounts to just one sentiment; SWADESHI. Nomenclatures are nothing but Swadeshi clearly emphasises that point that only Swadeshi approach with the need based international trade promoting mutual interest is the enduring model. But believers and supporters of Swadeshi cannot be complacent. It is not a change of heart overnight. It is more under the compulsions of global meltdown than any convictions that governments are responding. Apologists of globalizations are still working hard to stop this process of appreciation. They continue to sing the songs of praise in support of unrestricted globalization. The role of the Swadeshi becomes even more important in such a situation. It has a responsibility to take the world in the right direction, the Swadeshi way. Swadeshi means sovereign, self-reliant, self-employed people living in their natural habitats, deriving their right livelihood from their local resources with a right to decide what could be imported or exported. It also means living in harmony with surroundings. Swadeshi avoids dependence on external market forces that make national economies vulnerable. It also avoids unnecessary, unhealthy, wasteful, and therefore environmentally destructive consumption/transportation etc.

Since it is election time and political parties are out to seek votes to capture the power at centre. They are concealing their real persona. It is exactly like Ravana who camouflaged his real self and disguised as a Rishi to take an unsuspecting innocent Sita as a hostage.

Only a vigilant, cautious and alert voter can defend his interests by understanding the real meaning of the power he has. If used diligently the Indian voter can make an appropriate choice so that the compulsive Swadeshi that is visible right now becomes Swadeshi by conviction and not only India but world as whole follows the sustainable economic model.

Responsible Voter is key to Accountable Government

G. Raina

When Sh. L.K. Advani, leader of opposition and the Prime Ministerial candidate of NDA visited Bhagvan Mahavir Hospital in National Capital Delhi to meet the Jain family that attempted collective suicide, he must have done that to drive a political message. He may be accused of politicizing poverty. Do what ever you may like to undermine BJP or its leadership, but you can't deny the fact that poverty is driving people in this country, both in remote villages as well as cosmopolitan cities including national capital of Delhi to commit suicides. Satish Jain, his wife and five daughters found consuming of poison as the only viable alternative to escape the wrath of poverty.

And mind it, we are not talking about debtridden farmers of Vidharba; Bundelkhand or West Bengal. It is one of the fast growing areas of the nation with the best possible infrastructure available for the people to improve their economic condition. Managers of the country, political and executive are stationed here. And the family

of Satish Jain belongs to one of the most enterprising communities known for its entrepreneurship and well knit community networking, always ready to help each other. If a family from such a vibrant community is forced to take extreme step of committing suicide, one can only envisage the state of affairs in secluded locales, tribal areas and in the other disadvantaged sections of the society.



So LK Advani must be applauded for taking out time from busy schedule of most important elections of his life to visit the affected family. This visit must serve the purpose of bringing the vul-

nerability of people to the centre stage of political discourse. In that sense Advani ji was very right in saying that the incident was "symptomatic of the effect of the current economic crisis on the various sections of society".

But unfortunately political debate is still focused on trivial issues of one up-manship. It is clearer than ever that political class is interested in capturing power only and there is hardly any difference between the contenders. This political drama is being repeated at regular intervals ever since we became a republic.

Political class has stubbornly refused to learn any lessons. People have been very consistent in giving their verdict. Electorate of India has never shown any ambiguity. Particularly after 1989 Indian voter has punished every government he thought was over stating truth and taking people for granted.

Another message which was clear and loud from successive election in states and at national level was that no incumbent govern-

“The UPA government will raise public spending to at least 2-3% of GDP over next five years with focus on primary health care” was the promise made in CMP.

ment perceived as apologists of globalized Western dominated economy was re-elected. Yes there is a problem with our electoral system in particular and that of democracy in general. A voter has limited choice to elect amongst the candidates seeking election. There is no option to say no to all. Otherwise people would certainly exercise that option to express their anguish.

Coming back to the present election, it is important to focus the discussion on promises and performance of the government and send a clear message to all the contestants that the promises they are making right now will be judged on the record of their ability to perform. What is the performance of UPA government with regard to the promises it made at the time of taking charge.

Congress led UPA government made first promise in its CMP about Employment pledging “a legal guarantee for at least 100 days of employment to begin with on asset-creating public works programme every year at minimum wages at least one able bodied person in every rural, urban poor and lower middle-class households”. Yes it did enact NREGA and is making it flagship of its publicity campaign.

Take the central allocation for

this scheme into account and you find that it is continuously decreasing. For the year 2006-07 RE, the central allocation for 200 districts was Rs. 11,300 crore that is Rs. 56.5 crores for every district covered under the scheme. In 2008-09 RE the allocation was just Rs. 16000 crore @ of Rs. 26.8 crore per district as it was expanded to other districts also.

Audit report (No. 32) of 2008 of the CAG reveals the reality on ground. It says “of the 3.81 crore



rural households registered under this scheme only 22 lakh that is only 6%, got the mandatory, legally allowable 100 days of employment. If you dig deeper and read the reports of various NGOs about those who are being shown as having received the employment you will curse the very idea of political honesty.

“The UPA government will raise public spending to at least 2-

3% of GDP over next five years with focus on primary health care” was the promise made in CMP. The average health status for the country as a whole is poor and per capita spending on health is also very low by international standards. Public health spending is indeed among the lowest in the world, both as share of GDP and per capita. But this disguises very sharp differences across states.

According to the National Family Health Survey (NFHS)-3, 46% of children below 3 years of age were under weight

Percentage of anemic children between 6-35 months increased to 79.2% in 2005-06, from 74.2 in 1996-97. Percentage of anemic married women increased to 56.2% in 2005-06, from 51.8 in 1996-97. Percentage of pregnant women who were anemic increased to 57.9% in 2005-06, from 49.7% in 1996-97. In other words, there has been a drastic increase in anemic persons in the population.

This reflects a decrease in the nutritional intakes of the population. In 2004-05, the average calorie intake in rural and urban areas was 2047 and 2020 Kcal respectively, which decreased from 2153 and 2071 Kcal respectively. The expenditure is around 1% of GDP and the share of central governments is mere 0.34%.

Increasing Public spending on education to at least 6% of GDP was a key commitment made in the NCMP. Far from increasing

Evaluation of UPA Government's Performance 2004-2009

Rashtriya Matadata Manch (RMM) 'a movement for effective democratic process & governance' has published its report evaluating five years of UPA government. To maintain objectivity, RMM debated the parameters for evaluation in several meetings.

They were finalized as; sovereignty, security, defence, unity and integration of nation; ideological issues; economic policies and political & socio-cultural policies. Evaluation of economic policies was undertaken under following categories.

LIKE Agriculture; Industry - heavy, medium, ssi, sez; Infrastructure; Import-Export; Energy – electricity, fuels; Employment; Public Debt – internal, external; Water Resource Management; Modernization, computer technology, critical technologies; Taxation and the Budgets Review

Expressing concern over falling or fluctuating rate of growth in agricultural; slow progress of irrigation projects, continued undesirable emphasis on chemical fertilizers, the report stresses that "The most neglected area has been the R&D for agriculture. The efforts by agricultural universities in this area are meagre in absence of any thrust by government."

Regarding the industry the report says, 'Though there is periodical talk of industrial policy, no concrete perspective plan or policy is formulated. While the medium and small-scale industries are allowed to suffer adversely, the global and native monoliths and enterprises are allowed to dominate. This is bound to result into, inter alia, growing unemployment and imbalance in regional & economic growth.'

The ambitious formation of special economic zones (SEZ) is meeting stiff opposition for variety of reasons. As it is implemented, it appears to be misconceived and discriminatory. The major objections are the acquisition of agriculture land, discrim-

inatory allotments bypassing the local authorities, adverse impact on existing State Industrial Development areas and special industrial zones etc.

Modernization, Computer & Critical Technology

In the field of space science, significant progress is witnessed. However in other fields no positive initiatives by government are seen. The performance of DRDO is in the news more for failures in various ventures than success. The importance of self-reliance is often neglected in preference to expediency in equipment imports. A well-formulated technology policy with short term and long-term perspective and emphasis on employment is still not in view.

Another neglected area has been the development of critical technologies e.g. manufacture of silicon chips, photovoltaic cells, solar batteries, rechargeable batteries etc. There is not much of progress in manufacturing aircraft engines, bullet proof jackets and critical military equipment like guns.

The taxation policy, report reveals, keeps on revolving round the same concepts like ability to pay, slabs, commodities and newly found area of services to be taxed.

Though the taxes are said to be essential for nation building activity the participative motive is hardly infused in the taxpayers. This results into demands for tax concessions and exemptions on the one hand and evasion of taxes on the other. The higher and higher figures of collection of taxes from common people and higher & higher figures of evasion of elite do not really encourage patriotism.

A new dimension needs to be given to excise and VAT policy like e.g. tax rates related to good, bad, neutral and dangerous economic activities.

The report was released by Shri Anil Gachke, Co-Convenor, Rashtriya Matadata Manch)

the public spending on education, there has actually been a decline in the expenditure GDP ratio from 3.94 to 3.24% of GDP between 2000-01 and 2006-07 (taking into account expenditure by all

government departments on education). Within this, the share of the central Government has marginally increased from 0.48% to 0.75% of GDP.

Same is the story of every sec-

tor. It is therefore, time voters keep in mind the potential of candidates and parties to fulfill promise in mind & elect a government on merit. Responsibility of voters is key to proper behaviour of the future govt.

Economic Agenda of Upcoming Elections

DR. ASHWANI MAHAJAN



People of India are going to elect their next government in April and May this year. There is no single political party or political combinations that have not been tested by the people of India. Even small regional parties have also participated in the government both at the centre and state level. For the last more than six months, present UPA government has been patting its own back counting its 'achievements'. Previous NDA government had also boasted by way of its 'India Shining' campaign. Government is claiming that the GDP had been growing at a rate more than 9 percent per annum in the first four years of its regime and despite world wide recession, growth rate would still be little

No political party is ready to give up present day policy of globalization and so called economic reforms. Political parties instead of wooing voters by catchy slogans should come clear on these issues and their proposed strategies to deal with the same.

above 7 percent in the current fiscal. Government claims all round progress in the country. But the ground realities are saying a different story.

Rising poverty

When present UPA government took over the reign of power from NDA, 27 crore people were living below poverty line. Indian Statistical Institute, Kolkata, while analyzing the data collected by National Sample Survey Organization (NSSO) concluded that by the year 2009, 32.5 crore people would be living below poverty line. This implies that during UPA regime 5.5 crore more people had been pushed below poverty line. This conclusion gets strengthened by the fact that 50 percent population in rural India and 38 in urban India is suffering from malnutrition as reported by the World Bank. Sometime back Arjun Sen Gupta Committee also reported that 77 percent people in the country live with less than 20 rupees a day.

Rising Prices

Government claims that inflation rate has come down to near 3 percent. But the fact is that prices of food grains, edible oils, pulses, fruits and vegetables are sky rocketing and these essential commodities have gone out of reach of the common man. Actually prices of cars, electronic products and petroleum products have declined due to recession. But government is taking undue credit by counting the same as its achievement.

Rising unemployment

About one crore people have lost their employment in the last one year due to recession. If we

add this figure to the count of unemployed before recession, we find that almost 6 crore people are unemployed today. Five years back this figure was 4 crores.

Rising Hunger

Poverty and hunger is on rise. According to UN's World Food Programme, 22 crore people in India are suffering from hunger. Of 119 nations, our place is 94th in terms of hunger. According to the World Food Programme 56 percent females suffer from Anemia and 59 percent children are underweight. UN says that the progress made in this direction has actually reversed and declining growth rate of food production, rising unemployment, declining purchasing power with poor have all made the problem of poverty and hunger even more acute. NSSO data collected on the sample of more than 1,24,000 households also support the findings of UN.

Rising Health Expenses making people poor

Poor are suffering not only due to rising food prices, but also from rising health expenses. According to World Health Organization, due to rising prices of medicines and other health related expenses, 16 percent more families were pushed below poverty line. WHO further says that 12 percent families had to sell their household assets to meet ever rising health expenses.

Farmers' Suicides

More than 2 lakh farmers so far have committed suicide. In the

NSSO data collected on the sample of more than 1,24,000 households also support the findings of UN.



last only five years more than 1.5 lakh farmers committed suicide. It is now an open secret that farmers are falling into debt trap as they are not getting remunerative prices for their produce. Ultimately problems of farmers culminate to a point that there is no option left for him except suicide. If 'Anna-data' farmer is suffering, how nation can prosper?

Countrymen were told that the country can develop only with deep integration with rest of the world. Reign of economic administration was virtually handed over to international agencies like McKinsey, Arthur Anderson, Moodys, Price Waterhouse, Lehman Brothers and the like. Today Arthur Anderson and Lehman Brothers have lost their existence, whereas large banks and financial institutions are lying flat on ground. It is unfortunate that following sugges-

tions and instructions of these bodies, foreign capital was allowed a free entry and control of the economy was virtually seized by the foreign agencies and Trans-National Corporations. This policy of globalization has not been carried out by any single political party but has actually been implemented by different political parties during their respective regimes. More unfortunate is the fact that political leaders are not ready to own any responsibility for the present ills. Rather they are still beating the drum of so called economic reforms.

Whistle for polls for next Lok Sabha is already blown. Farmers are facing bad times, even as per governments own admission more than 33 percent small scale and cottage enterprises have closed down, unemployment and poverty are at their Worst. But the government which came to power in the name of 'Aam Admi' in trying to boast of well being of 'Khas Admi' and various other populist measures and thus trying to cover their wrongdoings. While people one going to elect next government, political parties, are trying to woo voters and showing concerns about inflation, unemployment, hunger and farmers suicides but without committing on any strategy to take on these problems effectively.

No political party is ready to give up present day policy of globalization and so called economic reforms. Political parties instead of wooing voters by catchy slogans should come clear on these issues and their proposed strategies to deal with the same.

Global Meltdown and Its Impact on the Indian Economy

It is easier to provide funds, but more difficult to ensure their speedy and proper utilization. It is high time that the policymakers get together to ensure that the planned expenditure is quickly translated into productive capacities so as to create the much-needed multiplier effect on private investment advises Prof. Ruddar Datt

With the collapse of Lehman Brothers and other Wall Street icons, there was growing recession, which affected the US, the European Union (EU) and Japan. This was the result of large scale defaults in the US housing market as the banks went on providing risky loans without adequate security and the repaying capacity of the borrower. The principal source of transmission of the crisis has been the real sector, generally referred to as the 'Main Street'. This crisis engulfed the United States in the form of creeping recession and this worsened the situation. As a consequence, US demand for imports from other countries indicated a decline.

The basic cause of the crisis was largely an unregulated environment, mortgage lending to sub prime borrowers. Since the borrowers did not have adequate repaying capacity and also because sub prime borrowing had to pay 2 to 3 percentage points higher rate of interest and they have a history of default, the situation became worse. But once the housing market collapsed, the lender institutions saw their balance sheets go into red.

Although at one time, it was thought that this crisis would not affect the Indian economy, but later it was found, the Foreign Direct Investment (FDI) started drying up and this affected investment in the Indian economy, it was, therefore, felt that Indian economy will grow at about 7% in 2008-09 and at 6% in 2009-10. The lesson of this experience is that India must



exercise caution while liberalizing its financial sector.

A redeeming feature of current crisis is that its magnitude is much lesser than that of Great Depression of 1930s when unemployment rate in the United States exceeded 25%. Currently, it stands at 6.5% and is predicted to remain around 8% in 2009.

Impact on Indian Economy

The industries most affected by weakening demand were airlines, hotels, real estate. Besides this, Indian exports suffered a set back and there was setback in the production of export-oriented sectors. The Government advised sectors of weakening demand to reduce prices. It provided some relief by cutting down excise duties, but such simplistic solutions were doomed to failure. Weakening demand led to producers cutting production. To reduce the impact of crisis, firms reduced their workforce, to reduce costs. This led to increase in unemployment but the total impact on the economy was not very large. Industrial production and manufacturing output declined to 5% in the last quarter of 2008-09. Consequently, a vicious cycle of weak demand and falling output developed in the Indian economy.

A weakening of demand in US affected our IT and Business Process Outsourcing (BPO) sector and the loss of opportunities for young persons seeking employment at lucrative salaries abroad. India's famous IT sector that earned about \$50 billion as annual

Swadeshi Patrika expresses its deep sorrow and grief on the sad demise of Prof. Ruddar Dutt, who was closely associated with Swadeshi movement in general & Swadeshi Patrika is particular.

Prof. Ruddar Dutt started his career as a teacher of Economics in 1952 at Vaish College, Rothak and later in 1957, joined G.M.N. College, Ambala Cantt. In 1959, he joined A.R.S.D. College, New Delhi in the Department of Economics, where he worked for a period of 12 years. He was invited by the University of Delhi to work as planning officer in 1971-72. Thereafter, in 1973 he was appointed as principal of the School of Correspondence Courses and Continuing Education, University of Delhi-the post which he held for a period of 22 years and retired in May, 1995.

His Major Publications are: Indian Economy, Dictionary of Technical Terms in Economics (English-Hindi) (1974), India's New Economic Policy (1987), Education for All (1991), Privatisation-Bane of Panacea (1993),



**Prof. Ruddar Dutt,
A Multifaceted
Personality is no more**

By
DR. ASHWANI MAHAJAN

Workers Participation and Workers' Ownership (1993), Cost of Distance Education in India (1994), Second Generation Economic Reforms in India (2001), Economic Reforms in India – An Appraisal (2001), Economic Reforms, Labour and Employment (2003), Lockouts in India- A Case study of West Bengal (2003).

Prof. Dutt was elected as the President of the India Economic Association (1991) and also as the

President of Indian Society of Labour Economics (1991).

Prof. Ruddar Dutt was closely associated with national Labour commission and working group on targeting 10 million Employment opportunities per year. Apart from excellent carrier in teaching and research, Prof. Ruddar Dutt's contribution toward upliftment of poor, unemployed and downtrodden can not be forgotten. A silent practitioner of Mahatma Gandhi's philosophy and thoughts, his writings would always reflect the Gandhian thought process.

Last book authored by Prof. Ruddar Dutt entitled Growth Poverty and Equity clearly indicated that he was deeply concerned and pained by the policy of globalisation being pursued by the present day governments. His concern for the underprivileged sections of the society is found in every work of Prof. Dutt. Swadeshi Parivar grieves the sad demise of Prof. Dutt. He would always inspire by his writings which would continue to guide us in years to come.

revenue is expected to fall by 50 percent of its total revenues. This would reduce the cushion to set off the deficit in balance of trade and thus enlarge our balance of payments deficit. It has now been estimated that sluggish demand for exports would result in a loss of 10 million jobs in the export sector alone.

To lift economy out of the recession the Government announced a package of Rs. 35,000 crores in the first instance on December 7, 2008. The main areas to benefit were the following:

(a) Housing – A refinance

facility of Rs. 4,000 crores was provided to National Housing Bank. Following this, public sector banks announced to provide small home loans seekers loans at reduced rates to step up demand in retail housing sector.

- (i) Loans up to Rs. 5 lakh: Maximum interest rate fixed at 8.5%.
- (ii) Loans from Rs. 5-20 lakhs: Maximum interest rate at 9.25%.
- (iii) No processing charges to be levied on borrowers.
- (iv) No penalty to be charged in case of pre-payment.

- (v) Free life insurance cover for the entire outstanding amount.

This means a borrower can get a loan up to 90 percent of the value of the house. The Government hopes to disburse Rs. 15,000 to 20,000 crores under the new package.

The housing package is the core of the Government's new fiscal policy. It will give a fillip to other sectors such as steel, cement, brick kilns etc. Besides, the small and medium industries (SMEs) too get a boost by manufacturing all kinds of fittings and furnishings.

The success of the housing package will, however, depend on the state Governments efforts to free up surplus land so that land prices come down and the cost of housing becomes reasonable.

(b) Textiles – Declining orders from the worlds largest market the United States, the Textile sector has been seriously affected. An allocation of Rs. 1,400 crores has been made to clear the entire backlog in Technology Upgradation Fund (TUF) scheme.

The Apparel Export Promotion Council (AEPC) Chairman, however, said: It is a disappointing package. The allocation of Rs. 1,400 crores has been pending for many years and thus, it is the payment of arrears only. There is nothing new in it. It would have been much better if more concrete measures have been taken to reverse the downturn in the exports of readymade garments and avoid further job losses in the textile sector.

(c) Infrastructure – The Government has been proclaiming that infrastructure is the engine of growth. To boost the infrastructure, India Infrastructure Finance Company Ltd. (IIFCL) has been authorized to raise Rs. 14,000 crores through tax-free bonds. These funds will be used to finance infrastructure, more especially highways and ports. It may be mentioned that Refinance refers to the replacement of an existing debt obligation with a debt obligation bearing better terms, meaning thereby at lower rates or a changed repayment schedule. IIFCL will be permitted to raise further resources by the issue of such bonds so that a public-private partnership (PPP) programme of Rs. 1,00,000 crores in the highway sec-

The basic cause of the crisis was largely an unregulated environment, mortgage lending to sub prime borrowers.



tor is promoted.

(d) Exports – Exports which accounted for 22% of GDP are expected to fall by 12%. The governments fiscal package provides an interest rate subsidy of 2 percent on exports for the labour-intensive sectors such as textiles, handicrafts, leather, gems and jewellery, but the Federation of Indian Export Organization (FIEO) felt the measures are not enough as they will not make the exports price-competitive and, therefore, will not boost exports. Mr. G.K. Pillai, Commerce Secretary has estimated a loss of 1.5 million jobs in the export sector alone during 2008-09 on account of the \$15 billion decline in the expected exports.

(e) Small and Medium Enterprises (SMEs) – The Government has announced a guarantee cover of 50% for loans between Rs. 50 lakhs to Rs. 1 crore for SME's. The lock in period for loans covered under the existing schemes will be reduced from 24 months to 18 months to encourage banks to cover more loans under the scheme. Besides, the Government will instruct state-owned companies to ensure prompt payment of bills of SMEs so that they do not suffer on account of delay in the payment of their bills.

In short, the fiscal package is

aimed at boosting growth in exports, real estate, auto, textiles and small and medium enterprises. The aim is to encourage growth and boost employment which have been threatened by the recession in the world economy, more especially in the United States.

Just within a month, the Government announced another package to bail out the Indian economy. Dr. Montek Singh Ahluwalia said: "We should expect, from all global projections that the next year (2009) is going to be a very difficult year for the global economy."

The purpose of the new package announced on January 1, 2009 was to minimize the pain. With this end in view, the new package included the following measures:-

1. To boost investment and spending to revive growth, RBI cut the repo rate, which it charges on short-term loans to banks from 6.5% to 5.5% and also reduced the Cash Reserve Ratio (CRR) – the share of deposits which has to be kept with the RBI from 5.5% to 5%.

2. To revive exports which has resulted in a contraction of industrial output, drawback benefits have been enhanced for some exporters. Export-Import Bank also gets Rs. 5,000 crores as credit from RBI.

3. To help the realty sector, realty companies have been allowed to borrow from overseas to develop "integrated townships."

4. To boost infrastructure, India Infrastructure Finance Company Ltd. (IIFCL) has been allowed to raise Rs. 30,000 crores from tax-free bonds. Besides, Non-Banking Finance Companies (NBFCs) need no government approval to borrow from overseas for infrastructure projects. This will sustain growth momentum on infrastructure.

5. To make more funds available, ceiling on foreign institutional investment (FII) in corporate bonds has been increased to \$15 billion from \$6 billion. The purpose is to seek much bigger FII investment.

6. To Stimulate the Commercial Vehicles (CVs) sector, depreciation benefit on commercial vehicles has been increased from 15% to 50% on purchases. Besides, the states will get one-time funding from the Centre to buy buses for urban transport. In addition, public sector banks would provide finance firms funds for commercial vehicles. It is hoped that Tata Motors and Ashok Leyland sales get revived.

On February 24, 2009, the Government announced a slashing down of excise duty from 10% to 8% - a reduction by 2 percent. Since 90 percent of the manufactured goods attract 10% excise duty, this measure is designed to reduce the prices of colour TV Sets, washing machines, refrigerators, soap, detergents, colas, cars and commercial vehicles. Cement prices are likely to drop Rs. 4-5 per bag of 50 kg while steel prices may cost Rs. 500-600 per tonne less. In addition to this, the Government

decided to cut service tax from 12% to 10% - a reduction by 2 percent. As a consequence, phone bills, airline tickets, credit card charges, tour packages etc. would cost less. A 2% reduction in service tax will directly touch the lives of over 500 million persons by reducing monthly expenses. The entire stimulus package of Rs. 30,000 crores to boost demand in the economy and thus reduce the impact of recession.

Success of the fiscal package will depend on the quality and speed of implementation and its orientation towards inclusive growth.

Commerce and Industry Minister Kamal Nath announced a small relief package of Rs. 325 crores for leather, textiles, gems and jewellery on February 26, 2009.

Assessment of the impact of Fiscal Package

There is no doubt that the government is motivated with good intentions and is thus aiming to spend huge amount of Rs. 1,00,000 crores for developing infrastructure in roads, ports etc. which poses a serious handicap to growth. Besides, the aim of other measures is to boost exports and

help sectors like textiles and Small and Medium industries which are labour-intensive and generate more employment.

But the success of the fiscal package will depend on the quality and speed of implementation so that delays in implementation may not aggravate the economic recession to move into the dangerous zone of depression.

One of the major stumbling blocks which may neutralize the positive effects of large expenditure on infrastructure is corruption. In case corruption is not simultaneously curbed to reasonably low level, it may delay and reduce the much-desired effect in enlarging infrastructure. It may result in Indian infrastructure network into a temporary employment generation programme with much smaller impact on the economy as against the intended objectives.

For reducing corruption, two things need to be ensured - transparency and avoidance of arbitrariness. By cutting arbitrariness in decision-making, corruption can be curbed to a great extent. Transparency instills confidence in the government.

Secondly, there is a need to orient the fiscal package towards inclusive growth so that the weaker sections are benefited. This would require special emphasis, for instance, on rural infrastructure - rural roads and housing, instead of only high ways and urban housing. Similarly, a much larger expenditure on primary and secondary education, health and sanitation can also result in a more inclusive growth process.

Thirdly, the chance of our exports to increase is very limited unless the G-3 economies viz.,

the US, EU and Japan are able to bring about a positive shift in their growth in the near future for which the predictions at present are not very optimistic. The World Bank has projected the world output to grow at 0.9% in 2009 as against 2.5% in 2008. If these predictions come out to be true, there is a fear of the recession in 2008 turning into a depression in 2009. But the Indian economy is predicted to grow at about 7% in 2008 and about 6% in 2009. Since the G-3 economies of US, EU and Japan are affected seriously by the present recession, the chances of Indian exports to increase in these countries appear to be very dim. The natural conclusion is that the Indian economy should concentrate on developing the domestic market. Thus, inward looking policies should be preferred as against outward looking approach of integrating the Indian economy to the world economy followed during the last decade. It is heartening that the Prime Minister intends to insulate the Indian economy from the world economy.

Fourthly, although there is a demand for a much larger Fiscal Package to bail out the Indian economy, but there are serious limitations faced by the government because it has to fight terrorism on the one hand and financial meltdown on the other. The Government has to undertake huge expenditure at the Central as well as state level to enhance security. It is difficult to precisely estimate this expenditure at this stage since it entails larger recruitment of police and paramilitary forces along with equipping them with the most up-

to-date weapons. But a massive increase in expenditure to combat terrorism, along with fiscal package to boost the Indian economy, there is also likely to be shortfall in tax revenues. Consequently, budget deficit is bound to increase. The Government will not be able to reduce fiscal deficit to 2.5% of GDP, it may increase to 3 to 3.5% during 2008-09. But this is inevitable and the target of reducing it according to the schedule prescribed by Fiscal Responsibility and Budget Management Act has to be postponed. But the Finance Minister has not agreed to the abolition of the



As against the US package of \$800 billion to bailout the US economy and the Chinese package to \$580 billion to salvage its economy, the Indian Fiscal package of Rs. 35,000 crores (\$7.3 billion approximately) is small measure to boost the Indian economy.

FRBM Act since it would be imprudent to relax or abrogate FRBM. To quote Dr. Ishar Ahluwalia: "The FRBM is like a chastity belt, but don't loosen it without a better alternative."

It may, however, be mentioned that the quasi fiscal deficit (The deficit left out of the budget is presently estimated as 6% of GDP. A comprehensive view of the fiscal deficit (as shown in the budget and kept outside the budget) would be in the range of 9 to 9.5% of GDP, though it may now be lower due to a very sharp decline in international crude oil prices from \$140 per barrel to about \$40 per barrel now. This is a welcome relief. If the Government is also able to get the fertilizer prices at lower levels which is possible in the changed circumstances, eventually the total fiscal deficit (Shown as well as kept outside the budget may come down to 6.5 to 7% of GDP. This is quite large but it is inevitable in the present situation.

To conclude: As against the US package of \$800 billion to bail out the US economy and the Chinese package to \$580 billion to salvage its economy, the Indian Fiscal package of Rs. 35,000 crores (\$7.3 billion approximately) is small measure to boost the Indian economy. It is due to this reason that chieftains of industry want a much bigger package to bail out the Indian economy, as against the miniscule announced by the Government.

But the plan to spend more on housing is commendable if it can be implemented in a short time and in an effective manner. The

governments should have transparency and avoidance of arbitrariness in their implementation so that corruption can be kept within reasonable limits.

The government has been provided relief with the sharp fall in the international price of crude oil and this should be taken advantage of in reducing expenditure to subsidize oil imports. Additional employment generation through helping SMEs will be a step towards inclusive growth since they are labour intensive.

The intention to create infrastructure by expanding highways and ports and to spend Rs. 1,00,000 crores through IIFCL is commendable. However, it may be more prudent to expand rural roads and rural housing so as to promote more inclusive growth. This would require proper planning which may take more time and does not provide immediate benefit.

It may not be possible to reduce fiscal deficit during 2008-09 since much larger expenditures are needed to combat terrorism as well as recession in the Indian economy, but they are forced by international factors. As G-3 economies of US, EU and Japan pick up, Indian economy will also benefit from their reversal of recessionary trends. In this situation, the expectation of 7% growth of GDP in 2008-09 and 6% in 2009-10 is a



fairly good performance of the Indian economy.

Now that the three packages have been announced, it is high time that the policymakers in the Ministry of Finance, Commerce, Industry and Rural Development should get together to ensure that the planned expenditure – budgeted and provided in the two stimulus packages – is quickly translated in productive capacities so as to create the much-needed multiplier effect on private investment.

It is easier to provide funds, but it is more difficult to ensure their speedy and proper utilization. In infrastructure, we suffer from inordinate delays and this results in cost overruns which the nation has to bear. The huge amount of funds placed with India Infrastructure Finance Company Ltd. (IIFCL) would require identification of new projects or expansion of the existing projects. This is not an easy task because IIFCL is only a funding agency and implementation has to be carried out by other

entities, may be the State Governments, public sector undertakings or private sector corporations. To upgrade the level of infrastructure spending by a factor of two requires gigantic efforts of co-ordination between different agencies for speedy implementation. The government should, therefore, concentrate its efforts to remove hurdles in the path of implementation.

The package has also provided finances to non-banking finance companies (NBFCs), but there is serious lack of skill with NBFCs on project appraisals and to ascertain the credit-worthiness of the borrowers and the accompanying project risks. There has to be a national campaign for training NBFCs in project appraisals.

Similarly, the State Government must improve the share of their implementation and co-operate with the Central Government to improve various infrastructure projects in their domain or in collaboration with the Centre.

Need it to be emphasized that implementation holds the key to bail-out the Indian economy from the economic crisis.

Mr. Pranab Mukherjee has suggested that to reduce the pain of recession, employers should cut wages all along the line to reduce costs, rather than retrenching workers and thus add to job losses. To quote: "Jobs must be protected even if it means some reduction in compensation at various levels." This is a useful tool to fight recession and it has also been tried in several countries. This suggestion should be implemented until such time that the economy gets revived.

Mr. Pranab Mukherjee has suggested that to reduce the pain of recession, employers should cut wages all along the line to reduce costs, rather than retrenching workers and thus add to job losses. To quote: "Jobs must be protected even if it means some reduction in compensation at various levels."



Rich world's bank

*In a last ditch effort to preserve the dominance of the developed world multilateral agencies like the World Bank are highlighting the loss to developing countries from reduced capital outflows and remains silent over the beneficial impact of global recession on these countries, explains **Dr. Bharat Jhunjhunwala***

The World Bank has warned that present global recession can bring hard times upon the developing countries. They will be deprived of the capital from the developed countries and their growth rates will collapse. The high commodity prices will add to the pain. Developing countries that import oil and food will be hit. The World Bank has warned in its recently issued report on Global Economic Prospects that it is necessary to maintain the flow of private capital towards the developing countries and contain increase in commodity prices. I am not convinced, though.

Take the question of flow of private capital. The World Bank has

said that global investors are withdrawing from the developing countries and bringing their capital back to the safety of their home economies. Further, developed countries are increasingly raising loans in the capital markets. This is making it difficult for the developing countries to raise capital. This analysis is correct to the extent that developing countries are no longer getting the private capital that they were receiving till recently. But this is only part of the story. The connection of developing countries with global finance is established from another route as well. Developing countries have been remitting huge amounts to build their foreign exchange reserves. India,

for example, has sent abroad about \$300 billion to foreign banks in the last decade. Against this India has received only about \$80 billion through private capital flows. On the whole, India has become an exporter of capital. More money is being sent out of India for building forex reserves than is coming in through private investments.

The Global Development Finance report of the World Bank highlights this fact. It is told that the net flow of capital was positive towards the developing countries till 2002. More money was coming in as private investment than was going out for building forex reserves. The situation has changed since then. In 2003 the developing countries received private capital of \$274 billion but sent out \$375 billion for building forex reserves. This led to a net export of capital of \$101 billion. This has continued to rise every year, reaching a staggering \$452 billion dollars in 2007.

The World Bank is correctly worried that developing countries will not get private capital from the global financial markets. The present recession has created a risk-aversion among the investors. They are withdrawing from emerging markets that are considered to be risky. But this does not lead to the conclusion that developing countries will be net losers of capital. One also has to also look at the remittance by developing countries for building forex reserves. It would appear that developing countries will cease making such remittances in these times of recession. India's forex reserves, for example, have remained subdued at below \$300 billion for a considerable time now.

Even some money has been brought back. Deputy Chairman of the Planning Commission, Montek Singh Ahluwalia, has been long arguing that we should bring back excess reserves for building infrastructure. In order to assess the impact of global recession on capital flows to the developing countries, therefore, it is necessary to look at the reduced official outflows along with reduced private capital inflows. The net picture is likely to be favourable for the developing countries. We will save more money by not building of forex reserves than we will lose by reduced private capital inflows.

Alas! The World Bank does not talk about this beneficial impact of global recession on the developing countries. It only talks about the loss to developing countries from reduced capital outflows. The purpose is to secure the interests of the developed countries. The World Bank would like developing countries to continue sending more money to the developed countries for building forex reserves hence remains silent on this matter.

The second area of contact between the developing countries and the global economy is through trade in commodities. Nearly 80 percent of the world's natural resources such as oil, minerals and timber are found in the developing countries. These commodities are exported in large quantities by them. In the result the developed countries are consuming about 70 percent of the world's natural resources. It is clear that an increase in price of these commodities will be beneficial for the developing countries since, as a group, they are net exporters.

The World Bank, on the other hand, paints such an increase in commodity prices as harmful for the developing countries. In the Global Economic Prospects report it says that high commodity prices can spell trouble for developing countries that import these goods. The Bank is focused on the harm to a handful of developing countries that import commodities and ignores the huge gain that will be made by the large number of exporting countries. Let us say India imports \$1000 worth of phosphates and exports \$2000 worth of iron ore.

The problem of the few importing developing countries remains. How are they to handle high commodity prices? The solution is to raise the price of commodities exported by them.

Now an increase in price of both commodities is clearly beneficial for India. We will gain more from higher prices of iron ore exports and lose less from higher prices of phosphate imports. But the World Bank only speaks of the loss to India from high prices of phosphates and makes a pitch for keeping commodity prices low. In the process the World Bank is giving out a prescription for loss!

The World Bank is trying to create a split among the developing countries. It is highlighting the problems of the importing developing countries due to high prices charged by the exporting develop-

ing countries. Instead of talking about the gain to all developing countries as a group, the World Bank talks only about the loss to importing developing countries. A clever businessman creates a split between contract- and permanent workers, pits them against each other and secures his own interests. Similarly the World Bank is creating a split between importing and exporting developing countries, pitting them against each other and securing the interests of the developed countries who are net importers of these commodities.

The problem of the few importing developing countries remains. How are they to handle high commodity prices? The solution is to raise the price of commodities exported by them. Let us say Bangladesh suffers because of high prices of oil. Now there are two ways to mitigate this suffering. One is to lower the price of oil. This will reduce Bangladesh's suffering and also be beneficial for the developed countries. The alternative is for Bangladesh to raise price of its commodity exports, say jute. This too will mitigate the suffering of Bangladesh. It will be able to pay high price of oil from the high price received for its jute exports. But such a policy will be doubly harmful for the developed countries. They will have to pay high prices both for oil and jute. No wonder the World Bank talks only of the need to keep commodity prices low!

The multilateral agencies like the World Bank are engaged in a last ditch effort to preserve the dominance of the developed countries. India, beware!

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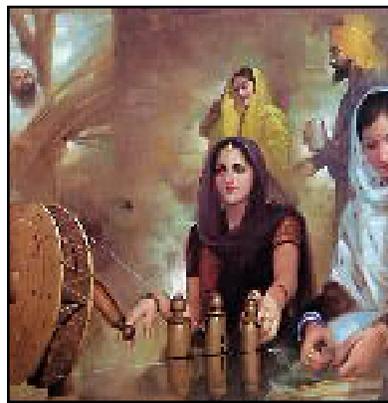
Economic Agenda of Swadeshi Dimension

That Sustainable consumption should be the basis of sustainable growth with protection of environment and bio diversity is being felt by more and more people. Swadeshi economy believes in this very holistic and balanced approach for economic development, explains Dr. D.R. Aggarwal

Swadeshi economy believes in holistic and balanced approach for economic development, whereby all sections of the society can derive benefit of economic growth. The development dimension has to look for equilibrium between agriculture, manufacturing and the tertiary sector. The emphasis of growth between various sectors of economy has to be in proportion to dependency of population in the concerned sector. The western model of transforming Indian economy into a lopsided corporate economy will lead to distortion, deprivation, destitution, inequality and unbalanced growth. The socio-economic objective has to be blended with the aim of achieving balanced regional and sustainable growth by giving due regard to cottage and village industries. Job for all and water to all farm land should be the prime motto to empower India.

Swadeshi strongly believes that economic development will be meaningful only when the interest of the farmers is put at the top priority. The village economy consisting of more than six lakh (638,365 as per 2001 census) villages representing more than 70% (72.2%, 2001 census) of the population should get priority and be focused as the engine of growth

and development in the country. The economic planning should have the policy-making infrastructure at Panchayat and block levels. There is a need for reversal in the devolution of resources from Centre-State-District-Panchayat levels to Panchayat-District-State-Centre. The most important aspect of improving the health of the village economy would be the rejuvenation and restructuring of the delivery mechanism and implemen-



tation of centrally sponsored poverty alleviation programs and creation of social infrastructure in the form of schools, primary health centers, drinking water facility and public distribution system including credit facilities to the farmers.

Swadeshi economics would ensure food security, job security and life security to all. The livelihood support to the rural and poor people would be the benchmark of

any policy decisions. Swadeshi would aspire to build a self-reliant India by maintaining the values of self-respect and economic sovereignty. The parameters of self-reliance will be dynamic in nature with the exchange of information, knowledge and all economic resources across the globe on the principles of free and fair trade without succumbing to the distorted and unfair trade practices built and perpetrated under the aegis and edifice of Bretton Woods Institutions.

The long-term strength of Indian Economy is its domestic savings and domestic market. There is a need to shift emphasis from exports to domestic consumption by increasing the purchasing power of rural poor. This has also been the lesson for the South East Asian Economies during 1997 financial crisis which were forced to re-direct their growth model on the principle of Swadeshi. There is also a drastic need of lowering indirect taxes thereby increasing the incidence on the consumers which adversely affect the domestic demand. There is a need for decentralization of the power of taxation as per the formula decided by the finance commission. The experiment should take place by transferring at least

25 percent of the Central taxes at local level which will be imposed and collected at local level and 75 percent would be utilized at local level. The device has to be worked out as being practiced in Swiss system at present.

The present global meltdown is an exemplary manifestation of the failure of the international financial architecture. A change is required for the removal of global poverty and inequality which is being nurtured under the legacy of colonialism in the name of economic globalism. There is need to review and restructure the working and control of the Britton wood system and the global financial architecture. It is strange that the whole world provide their hard earned saving to United States for their consumption. Printing of dollar does not cause inflation in US and borrowing does not lead to increase in interest rates because of dollar diplomacy but the end to this fallacy seems to be near. Sustainable consumption should be the basis of sustainable growth with protection of environment and bio diversity. There is need to have a paradigm shift for the New Economic Policy announced in July 1991 ushering in unbridled liberalisation, privatization and globalization on the principles of Washington Consensus.

There is a need to give more focus on Human resources which represent on average 64 percent of the economic resources, the balance being 20 per cent as part of natural resources and only 16 per cent as capital resources as per the study conducted by World Bank. In the present Era of knowledge and particularly when India has the largest number of youth population in the world, the most impor-

tant area of emphasis should be on transforming our Human Resource into Knowledge resource and to make India an "India of Innovation and Technology".

The methodology to be followed for a Swadeshi centric economic growth as conceived by Mahatma Gandhi and later nurtured and echoed by the institutions set up by Dattopanta Thengdi, can be summarized as below :-

1. Capital market reforms and Dangers to Economic Sovereignty of India - The entry of Foreign Institutional Investors since September 1993 and establishment of SEBI in substitution of Capital Issue Control Order has brought unprecedented volatility in Indian Capital market coupled with chains of scams and frauds resulting in erosion in the value of wealth and robbing of small investors.

The aggregate holding of FIIs in several Indian corporates have exceeded 50 per cent in some cases and this may destabilize the control and management of Indian companies in the hands of overseas companies through takeovers and mergers as has already happened in the case of ACC Cement and Gujarat Ambuja Cement which are no longer Indian companies. There is a hidden agenda behind the capital market entry by FIIs through unknown investors whose source and colour of mon-

Printing of dollar does not cause inflation in US and borrowing does not lead to increase in interest rates because of dollar diplomacy but the end to this fallacy seems to be near.

ey remains unknown and may endanger the economic sovereignty of the country.

2. Fiscal Management and Public finance Policy - The fiscal management has two aspects, collection of taxes and effective management of Government expenditure. There has been utter failure in managing both and the result is increasing burden of debt at centre as well as at state level. Decentralisation of financial power both in respect of taxation as well as in respect of spending alone can improve the wastage of government expenditure and effective delivery mechanism. The experiment can start with devolution of at least 50 percent of the central pool of resources to states and local bodies and later transferring the power of more taxation at state and local level.

The Government accounting system needs a structural change. The system of plan and non-plan should be replaced by capital and revenue expenditure. The cash system of accounting should be replaced by accrual system of accounting. The accounting standards as applicable to business entities should be made applicable to various Government projects and the concerned departments.

3. Agriculture policy, SEZ and food security - There has been sharp decline in the share of agriculture in our GDP from around 35 per cent in 1991 to around less than half or 17 per cent in 2009 with the dependence of population remaining stagnant around 65 per cent people of more than 650 million people deriving their livelihood support from agriculture. The per capita income at villages has not increased as compared to national average and the

basic facilities of education, housing, primary health and drinking water has not improved in the villages. There has been a bias in the thinking that India can grow with the services sector, which contribute about 54 per cent of our GDP and there is effort to convert farm land into industrial land by grabbing the farm land in the name of SEZ throughout the country. There is a fallacy in the thought of our policy planners that agriculture retards growth, leading to nationwide politically-backed attempts at multi-crop farm land-grabbing by wily city industrialists and real estate developers. This is creating danger for our food security and for the livelihood support of our farmers. Singur and Nandigram are the living example of the farmer's resistance against this menace. The Government must desist from such activities and make suitable amendments in Land acquisition Act.

Agriculture should not be allowed to be a subject for negotiation in WTO which has weakened the global farming community over the past few decades. Most of our villages have subsistence farming and there is hardly any surplus for exports and therefore the tactical device of dumping subsidized food will create trade distortion. This has happened for long for cotton growing community for West African countries and sugar cane growing countries.

Credit flow to Agricultural sector and Domestic savings - The overall credit deposit ratio in rural areas is negative. Most of the regional rural banks mobilize savings for the rural area and park it with their lead branches in the urban area. Thus the savings generated in rural areas is invested in

The developed countries have been able to extract maximum from the developing countries for signing & implementation of trade related aspects of intellectual property (TRIPS) & trade related aspects of investment measures (TRIMS).

urban areas. This trend needs to be reversed with mandatory requirement of investing rural savings and building rural infrastructure by offering more fiscal incentive and with private public partnership. The Bhartiya Gramin Bank needs to be established with a holistic solution to all the financial problems of the farm sector including their savings, credit facility and the investment in the desired sector.

4. WTO and international trade - The fundamental principles of WTO is one size fits all and that a rising tide lifts all boats. However this does not hold good. There are several contradictions in the WTO legal framework and they act in bias for the developed countries. A few illustrations will make the point clear. WTO speaks about most favoured nation (MFN) status to all member countries but this benefit is denied with discriminatory treatment to several regional trade blocs, e.g., EU, NAFTA and so on and thus there is a tussle for signing more and more FTAs amongst countries. WTO speaks about elimination of trade distorting subsidies but has been allowing developed countries to pay huge amount of subsidies in the guise of different boxes. WTO talks about special and differential treatment to developing countries

but in the trade negotiations on industrial tariff under NAMA negotiations it puts extra burden for a higher cut in import duties by the developing countries. In service negotiations under GATS, WTO does not have a free trade policy for movement of natural persons and thus allow developed countries to restrict the trade in services in the area where the developing countries have a competitive advantage. We also hear from time to time on restriction and protection for outsourcing of services for impending dangers for job cuts in the US market.

WTO has a system of decision making under green house whereby the democratic pattern is put to back burner. The implementation issues pending since the creation of WTO has never taken the front space in negotiation as there is a tendency to bring in new issues and non-trade issues which come in the way of discussion for the issues which are more important for the developing countries. There has been failure of Ministerial talks in Seattle and in Cancun whenever developing countries have joined together to assert their demand for development agenda at the behest of one reason or the other. The main reason of postponing the Doha round is the commitment required to fulfill the developmental issues as agreed in Doha Ministerial conference in 2001.

The developed countries have been able to extract maximum from the developing countries for signing and implementation of trade related aspects of intellectual property (TRIPS) and trade related aspects of investment measures (TRIMS). Now their interest is to get more market access for

agriculture and industrial goods without meeting their commitment to reduce subsidies on agricultural goods. In summary it may be said that WTO is acting more for the benefit of the developed world as a catalyst for free flow of goods, capital and restriction on transfer of technology from the developed world. It is therefore essential that the developing countries should work together and renegotiate on several issues so that WTO can provide for fair trade for goods and services with free flow of human resources and smoother flow of services across the globe including legal and accounting services.

5. IPR policy - India being a founder member of GATT-WTO

has complied with its obligation under the TRIPS Agreement envisaged under WTO by amending all its intellectual property laws including patent, trademark, copyright etc. however, in reciprocity India is awfully awaiting its long cherished demand for extension of geographical indications for Darjeeling Tea and various other food products beyond wines and spirits which is of exclusive benefit to the European Countries. Similarly, protection for traditional knowledge and bio-diversity including plant varieties remain a pipe dream in WTO negotiations.

Therefore, there is a need for re-negotiating various important IPR issues for protection and due consideration of our traditional knowledge and bio-diversity. There is also a need to provide incentives for innovation and research for the indigenous genius for inventing local technology which increases employment, conserve resources and act as a sub-

stitute for costly imported technology. There should be encouragement to students by teaching the role models of our historic genius imbued in the research and innovative ideas of Patanjali and Panini, Aryabhatta and Bhaskar, Kalidasa and Kabir, Tagore and Gandhi, J. C. Bose and C. V. Raman that glows in our minds.

6. Small scale and unorganized sector - Small, medium and tiny sector contribute largely to creation of employment and earning of foreign exchange. However they have been feeling the hardship due to lowering of import duties and losing the battle to large corporates



and MNCs for their brand and easy access to credit from banking institutions at lower rates for better credit ratings and their easy access to the capital market.

The unorganized sector as per Govt. definition and as per the data of national sample survey provides employment to 93 per cent to the total labour force in the country which is about 400 million people. Therefore there is a need to provide a level playing field to this sector in terms of easy access to credit facility and all possible fiscal incentives. There should be special empowerment zones (SEZ) for such

small units in the unorganized sector. The research institutions of Govt. of India should provide technological help to this sector. There should be adequate arrangement for marketing of the goods produced by the small units so that the benefits of their low cost are not diverted to the larger units.

Concluding remarks - The above outline is only indicative and not exhaustive. The approach paper to swadeshi agenda can be prepared for each different sector of the economy by giving proper emphasis on different regions of the country. There is a need for organizing seminars and awareness programs on different aspects of the economy for a harmonious view by different experts. There is also a need for further research on various economic segments in order to get the solution for the financial and marketing problem of the farm and small sectors. There is also a need to work on different legal and commercial aspects for negotiation at WTO and for forging alliances with different countries on areas of common interest with due networking with several other NGOs. There is a need to create an agency for surveillance and vigilance on unscrupulous activities to blow warning whistle in order to prevent the scams and fraud of public nature which adversely affect the dignity and goodwill of our country. There is also a need for efficient governance of public finance and national wealth whether tangible or intangible to prevent its theft and piracy. The broader objective should be to empower poor and weaker section of the society and thereby to empower our nation.

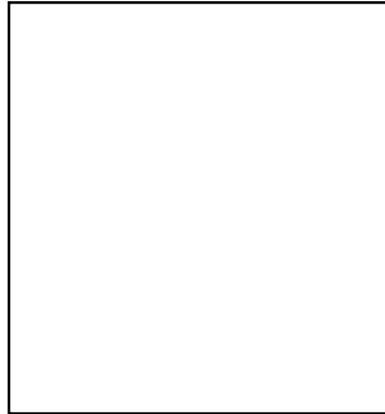
“The World beyond Marx and Market”

Karl Marx, Christendom & India

Before we move on to analyse Marx after the collapse of Communism – with the hypothesis, which follows later in this discussion, that what may be post-Marx now, may well become post-Market in future – let us preface that analysis with how the ideas Karl Marx stormed the world swiftly and how they collapsed equally swiftly.

Communism was an exciting and attractive philosophy that took over large parts of the world with its apparent idealism and a sense of history. But its sense of history was limited to the experience and evolution of societies, nations and ideas of Christendom. In today's idiom, it was just Euro-centric and its historic sense was accordingly limited to the intellectual and cultural resources and history of Europe. It is not an exaggeration to say that the materialist philosophy of Karl Marx was entirely based on intra-Christian experience and evolution. Therefore, the Marxian thought structure had no significant input from outside Christendom except through highly selective and biased information through geo-Christian scholarship of the colonial variety.

More particularly, and speaking in the context of India – a great civilisation which had survived many an intellectual and physical onslaught – Karl Marx seemed unfamiliar with the Hindu philos-



ophy. He (like the colonial Christian Missionaries) had tended to dismiss, and trivialized, the Hindus as worshippers of monkeys and cows! Using the colonial Christian approach to Hinduism as his information and the bench mark, Marx also critiqued the sociology of Hindus. He evaluated the Indian civilization only through the tools of knowledge employed by his fellow, but believing, Christians while Marx himself was not. He would not even stop to think for a moment that the believing Christians' evaluation of Hinduism was bound to be coloured by the religious objection to Hinduism as a pagan

One of the principal influences that shaped the Marxian approach to history was the Hegelian philosophy, which was entirely Judo-Christian in its origin.

faith. He even chided and trivialized Hindus and Hinduism for claiming to be older than Christianity! It is significant that Karl Marx's friends and critics, his teachers and detractors of his ideas and opinions, were all part of the Christian world.

Hegel and Marx

One of the principal influences that shaped the Marxian approach to history was the Hegelian philosophy, which was entirely Judo-Christian in its origin. From Hegel, Marx derived the philosophical analytical model for his communist thesis. The school-going Marx himself was a contemporary of the ageing Hegel. Marxian thought was shaped at a time when Hegelian philosophy had evolved and dominated Europe. Hegel lived between 1770 and 1831 and Marx from 1818 to 1883. Hegelian philosophy, in brief, conceptualised the contradicting opposites as integral to the process of human progress. Hegel theorized that the contradictions eventually harmonize, after a process of conflicts and struggles.

Hegel, like his predecessors, was under pressure to explain the contradictions that had developed in the Western world and seek a way out. But, Hegel's endeavour to synthesize the contradictions proved to be ineffective.

Thesis, Antithesis & Synthesis
Hegel's interpretation of his-

tory and human progress was founded on the "dialectic logic" comprising the triad of Thesis, Antithesis and Synthesis. His complex philosophy, which seems to have been motivated by the growing contradiction between belief in Christianity and the dissent against the Church, may be stated in simple terms as follows: Any affirmative idea [Thesis] integrally contains the seeds of its negation [Antithesis] also. When affirmation is responded to by negation, it results in a contradiction. But, that contradiction does not mean full stop, but, only a comma. Because, human progress cannot rest with a contradiction. The continuity of human historic progress inevitably leads to the negation of the first negation by a second negation. Thus, Thesis confronts, and is responded to by, Antithesis in the next stage, and this results in a tussle between the two. But, the tussle between Thesis and Antithesis leads to Synthesis, which represents a higher truth. But, that is not the end of the matter and that Synthesis again becomes a New Thesis, which is later confronted by a New Antithesis, and that leads to a New Synthesis, to start one more round of Thesis-Antithesis-Synthesis. and so on. This Thesis-Antithesis-Synthesis cycles go on till the human race attains the ideal of perfection.

This Thesis-Antithesis interface, which is the very foundation of Hegelian philosophy, is called the dialectic model and the resultant Synthesis of the Thesis-Antithesis struggle is at the heart of human progress. According to Hegel, the first Synthesis reached after the clash of the Thesis and Antithesis is positive, but not fully concrete,

and the contradiction of the opposites is not fully removed. The test of what is perfect is the concretisation of the Synthesis. Therefore, at that stage, the first Synthesis turns into Thesis, and that contains the remainder Antithesis, and therefore less concrete. And these are therefore again reconciled into a new Synthesis. This triadic concept of Thesis, Antithesis and Synthesis is a historic process which continues until a fully concrete synthesis is reached, in which the residual contradiction is fully dissolved, so that the Synthesis is concrete and there is no further opposition. This is the Final and Absolute State, the state of the perfect and ideal society. This was how Hegel justified the existence of the opposites.

The continuity of human historic progress inevitably leads to the negation of the first negation by a second negation.

The believing Hegelian and the non-believing Hegelian

Based on the Hegelian justification of the opposites, his disciples polarized into believers and non-believers. The result was the peculiar contradiction of 'theistic Hegel' vs. 'atheistic Hegel' as two irreconcilable opposites that seemed to challenge the very Hegelian view of dialectics of the opposites leading to synthesis. Hegel's dialectic model was as much theistic in the view Christian believers and as much atheistic in the sense of Christian non-believ-

ers. Consequently, the Hegelian philosophy became dichotomous and it was interpreted wholly in the worldly, material sense, by the atheists to the total exclusion of the other world and it was equally comfortably interpreted by the theists completely in the other worldly sense. But the important point to note is that just as the believers were believers in Christianity and the non-believers were non-believers in Christianity – the only religion. They had no other choice to believe or disbelieve. With the result they either believed in Christianity or not. This is important as in a country like India the non-believers in one faith or God would have other faiths or Gods to believe, or an agnostic faith like Buddhism to look at. Christendom did not offer any such possibility. So the non-believers were also Christians non-believers only. This was the effect of monotheistic faiths.

So, Hegel's followers thus got divided into two groups – one the Left group, the Christian non-believers, and the other, the Right, Christian-believers – again the point to note is that both were Christians in their psyche and social training! More, even before communism came into being, Left and Right notions had developed. Marx was a product of Hegel's Left club. So, much before Marxian thought evolved, the Leftist thought had come into being. Thus, Hegel provided the dialectic process of historic progress, on which Marx founded his materialist philosophy but, entirely based on the world view of Christendom. It is important to note that Marxian world view is based on Christendom's world view as we will see shortly.

Scope of Alternative Agriculture

Alternative agriculture can be high yielding and affordable not just low productive and costly. More over, it is not just a question of yield alone. It is labour & knowledge intensive and privileges owner-cultivator over absentee land lords and hence small scale over large scale. All this is in addition to health and environmental benefits makes it a truly revolutionary prospect, establishes Prof. Rajinder Choudhary

Report of the Punjab State Farmers Commission to the Government of Punjab on Organic Farming provides an opportunity to examine the potential of various alternatives to the presently dominant chemical fertilizer and insecticide based farming. Two key points made by the Commission, or rather by all conventional agricultural scientists, including Norman Borlaug, are low productivity of the organic agriculture and non-availability of enough organic material. Prevalent high premiums, some time pretty steep, seem to underscore the low productivity of organic/alternative agriculture. As against these sceptics, on the other hand are die-hard supporters of alternative agriculture who question both these premise.

Where lays the truth? Fortunately, there is a lot of scientific material that can throw valuable light on the crucial question. Besides, various specific studies with narrow geographical/crop focus, two sets of recent review documents appear to be very useful. An "International Conference on Organic Agriculture and Food Security" was held in Rome in 2007. The Conference was organized by the Food and Agriculture

Organization (FAO) of the United Nations, through its Inter-Departmental Working Group on Organic Agriculture. It was organized in partnership with various other international bodies working in this area. Some 350 participants from more than 80 countries including five inter-governmental institutions, 24 research institutions, 31 universities attended this conference. The other set of doc-



uments relate to the "Organic Agriculture and Poverty Reduction in Asia: China and India Focus" (2005), a study commissioned by International Fund for Agricultural Development. This report is based on number of specific case studies pertaining to India/Asia. All the documents with a large number of further references are available at <http://www.fao.org/>

http://www.wifad.org/evaluation/public_html/eksyst/doc/thematic/organic/asiapdf. (A detailed review of this and other available literature done by the author is available in 'Alternative Economic Survey, India', 2008)

Report of the aforementioned FAO Conference estimates that even at high levels of conversion to organic agriculture (up to 50 percent) in Europe and North America, there would be relatively little impact on the availability of food and price changes would be limited. For the case of sub-Saharan Africa, a conversion of up to 50 percent is likely to increase food availability and decrease food import dependency, with negligible changes in prices and no changes in current malnutrition rates. Another study from the University of Michigan, based on actual yield data from 293 examples of organic agriculture from the world over, tried to independently estimate how much food could be raised following a global shift to organic farming. Based on these models and many other studies, it was concluded that the "organic agriculture has the potential to secure a global food supply, just as conventional agricul-

ture today, but with reduced environmental impacts”.

Many specific studies, from the developed as well as developing countries, varying in coverage, methodology etc are available. Amongst these is a “22-year Rodale Institute Farming Systems Trial (the longest running professional comparison of organic vs. conventional farming in the United States)” where after just ‘two years of transition and learning, net returns (without premium prices) were similar’. “The Living Soil” (1943) by Lady Evelyn Barbara Balfour, also had comparative data of organic, mixed and chemical sections of a farm in England for 32 years.

Coming specifically to India/Asia, it was found that the “First-year losses in yields are often considerable. By the third year, yields have typically stabilized. Although some stabilize at a yield level lower than before, some of the more sophisticated farmers are able to actually improve yields with organic methods. ... [I]t is reasonable to conclude that the promotion of organic agriculture among small farmers can contribute to poverty alleviation and is well warranted.”

This is widely accepted conclusion. Though many advocates of organic farming may claim that with due diligence it can be ensured that there is no fall in yield at all but generally it is accepted that the immediately after adoption of alternative agriculture, there is decline in the yield. That yield recovers in 2-3 years is also equally true. In fact, even data from PAU given in Annexure (Table 9) of the Punjab State Farmers Commission report itself shows that after transition, organic agriculture gives

much higher yield (more than 13% in case of wheat). Above study is not an exception. Amongst the few studies done by ICAR institutions, there is a study done at the farm of Central Institute for Cotton Research, Nagpur. It too showed that the “yields of organic cotton started rising from third year. Cotton yields under organic, conventional and the mixed systems were 898, 623 and 710 kg/ha respectively at the end of the fourth year of the cultivation”. So, after the transition phase, even in terms of yield, alternative agriculture does not lag behind. Hence, price premium is not essential to its profitability. In fact in Aurangabad district of Ma-

Organic agriculture has the potential to secure a global food supply, just as conventional agriculture today, but with reduced environmental impacts.

harashtra even without certification and hence with only meagre premium for only part of the marketed surplus in local market and without any subsidy except training and guidance, the number of farmers adopting organic agriculture had increased overtime from 400 to 1700. This does indicate the viability of the shift.

It is not the case that everything turns out to be fine always. IFAD report notes that in about 9% cases farmers suffered a decrease in their income even after full conversion. But over all the study concludes that “there are however reasoned arguments that, at least for small farmers, it can

provide more benefits — both direct and indirect — than conventional methods. Equally compelling on the macro scale is that organic agriculture can provide several public benefits that by most calculations should make it a very relevant multi-purpose tool for many Asian policymakers for whom health, food security, and improved incomes are at the top of their priority list.” So, it is not correct to treat alternative agriculture as low productive and costly agriculture. It can be high yielding and affordable too.

Moreover, it is not just a question of yield alone. Fast-diminishing petro-chemicals are essential raw material for chemical fertilizers. If this raw material is exhausted, you have no choice but to do without chemical fertilizers. Moreover, alternative agriculture is not just about use of fertilisers. It is against mono-cropping too. This makes it labour intensive and thus has a potential to generate more employment. It being knowledge intensive, it privileges owner-cultivator over absentee land lords and hence small scale over large scale. As it minimises the use of external inputs, it favours decentralised decision making and development, and thus can reduce regional inequity as well as check migration to urban areas. All this is in addition to health and environmental benefits. All these effects add up to imply reversal of process of development of past few centuries, a truly revolutionary prospect.

So, evaluating the potential and prospects of alternative agriculture is a question that economists and planners must engage with. It is for ‘scientific researchers’ to come forward and do sci-

entific studies on organic farms that report higher yield than conventional farms and if found suitable to develop them further. Unfortunately this is not being done. Till now organic/alternative agriculture has been essentially a civil society enterprise which has developed outside, often against, the domain of the public sector. In the present case too, while Punjab State Farmers Commission does recommend that PAU must conduct scientific studies and it is even ready to fund the same yet this has not stopped it from passing the judgment on limited potential of organic agriculture.

This presumptive bias must end. Punjab State Farmers Commission should have waited for the

studies before going ahead with its recommendations. In the meantime, Governments must at least treat various alternative forms of agriculture at par with the conventional agriculture; in general provide equal subsidy with some additional support only for the transition phase, provide funds for research in this area and incorporate established alternative agricultural practices as a part of extension package of public agencies.

As regards, availability of organic material, no one is asking for overnight change. Hence, one does not understand why a scary scenario of immediate food shortage is being presented. Similarly, judging alternative agriculture on the basis of comparison of yield of pre-

green revolution period with the present yield is not warranted as alternative or organic agriculture is not same as traditional agriculture. Perhaps the term 'neo-traditional' agriculture best captures the essence of this alternative agriculture where modern science and indigenous knowledge work together. Lastly, certified organic is only one form of alternative agriculture. There are many other alternatives that are being explored and practiced. State as well as society should neither ignore these alternative forms of agriculture nor treat these as marginal. This is not too much to ask for.

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SMALL-SCALE FARMERS: The means of Raising Healthy Food

The mission of agricultural universities, which are also known as land grant universities was to preserve democratic farming and to use the benefits of science and technology for the well being of the family farmers and the prosperity of rural people. About a century and a half later, these universities have been preparing the ground for the corporate control of rural America - and the world writes **Evangelos Vallianatos**

The United States has 68 agricultural universities, which are also known as land grant universities because of the land the federal government gave them after the civil war of the 1860s. The mission of these schools was to preserve democratic farming and to use the benefits of science and technology for the well being of the family farmers and the prosperity of rural people.

About a century and a half later, these universities have remade themselves in the model of giant agriculture, no longer serving the needs of the family farmer or rural people. Instead, they have been preparing the ground for the corporate control of rural America - and the world.

Scientists of the land grant universities have been legitimising the horror of changing the society of rural America from millions of small family farmers to a handful of food factories and very large farmers.

Don Paarlberg, a senior official of the US Department of Agriculture, admitted in 1980 that the land grant colleges failed their mission, boosting the industrialisation

of agriculture instead of serving family farmers. He accused the Extension Service of speeding up farm consolidation with its propaganda that farmers had to be large to be efficient. In the classroom, he said, the emphasis on "modern management" just about wiped out the family farm, putting it "into a state of total eclipse".

In 2001, Chuck Hassebrook, director of the Center for Rural

Affairs in Walthill, Nebraska, complained that land grant universities, in many cases, are the "cheerleaders" for animal factories, failing "to empower rural people to create a future that reflects their values".

The University of Maryland, which is a land grant school, is such a cheerleader for factory farms. I was a visiting professor at the University of Maryland and noticed the tensions between agribusiness

and family farming becoming acute. Most of my former colleagues in the Department of Natural Resource Sciences, and not merely them, have nothing to do with family farming, refusing to use the words "sustainable farming", "organic agriculture" or "family farming" in describing what they do. Their technical discourse is largely about ecosystems management and control: slogans intended to obscure their agribusiness allegiance.

management and control: slogans intended to obscure their agribusiness allegiance.

These scientists keep teaching and researching "nutrient management" as if they are trying to hide the ceaseless suffocation of the Chesapeake Bay, Maryland's fishing and recreational treasure, by the



Students have difficulty in finding schools where they can study family farming, especially the agroecological methods of organic agriculture.

chicken factory farms of Delaware, Maryland and Virginia. Poisons flow into Chesapeake Bay from as far away as New York and Pennsylvania, but the great danger lurks nextdoor in the animal farms.

This means that students have difficulty in finding schools where they can study family farming, especially the agroecological methods of organic agriculture, which avoid the hard approach of factory farming. Only Washington State is preparing to offer an undergraduate degree in organic farming. Iowa State University has a graduate program in sustainable agriculture. Ohio, Minnesota, North Carolina, West Virginia and New York's Cornell prepare students for family farming, but don't grant academic recognition in organic farming.

Wherever organic farming programs exist, however, they face discrimination, the dominant agribusiness model siphoning off most of federal and state support. In the late 1990s, about 0.1 per cent of federal agricultural research funds went to organic farming research. In 2003, 37 of the 68 land grant universities set aside 496 certified organic acres of land for organic farming research, representing 0.06 per cent of their land.

Agricultural university professors are shutting the door on students who want to become family farmers because they support continuing agricultural industrialisation and the mammoth-scale production of corporate farming. They train students to manipulate life with genetic engineering; students are fed a curriculum based on "fast food"; agriculture students are taught extremely narrow technical skills. All this makes the immoral,

Agricultural university professors are shutting the door on students who want to become family farmers.

destructive factory farms palatable and inevitable, being products of science.

Academics feel comfortable in the remaking of rural America into an immense urban mall for corporate profits and industrialisation. Even the few who prefer family farmers remain silent about giant agriculture swallowing then up while democracy diminishes in rural America. They exalt over the success of some family farmers who, following the path of organic farmers and peasants, resist corporate farming and extinction. But these daring family farmers, including organic farmers, are not many in numbers.

For example, Maryland has about 5.5 million people and some 12,000 conventional farmers, 7,680 of whom received government subsidies in 2000, the rest being "hobby" farmers. Maryland has about 80 certified organic farmers. Since 2005, two or three students likely to practice organic farming are graduating every year from the University of Maryland.

More than 35 per cent of farm receipts in Maryland come from chicken, produced like so many pieces of machinery: 292.9 million "broilers" in 2002. Maryland's chicken factories leave a vast footprint of ecological devastation and social upheaval in what used to be rural countryside.

What happens in Maryland and the University of Maryland is typical of the United States and the rest of the "industrialised" world.

Without public debate, agribusiness has high jacked the universities and governments for the illusionary claims of productivity and feeding the world.

The legalisation of organic or biological farming pacified a vocal sector of citizens, giving a chance to agribusiness to continue with its global conquest.

As long as governments and farm professors see organic-biological farming through the prism of agribusiness, not much good is likely to come from the agricultural schools.

Private wealth is needed to secure a scientific and honourable place for family farming in university classrooms. In 2002, the Clarence Heller Charitable Foundation gave the University of California \$ 450,000 for sustainable farming research.

However, public policies are necessary to reverse the agribusiness course of farm schools, demanding that public funds educate students in the skills of family farmers. These small-scale farmers would be the best means of revitalising democracy, creating and spreading wealth, and raising healthy food while protecting the integrity of nature.

Students would often rather avoid factory-farming courses, but they are starved of instruction about farming that raises good food and democracy in the land and their lives. The least we can do is help them fulfill their dreams.

The author is a Greek writer living in the US and writing on Greek history and ecopolitical issues. He is the author of This Land is Their Land and The Passion of the Greeks. His website is, Through Greek Eyes

Vanamaamalai City Convenor



SJM, Chennai Swadeshi Jagaran Manch, Tamil Nadu staged a protest *Dharma* against the move organised in Chennai on the 14th of March 2009, in coordination with various Parivar Organisations and Traders Federations. They were critical of the UPA Government's decision to raise the cap on FDI in retail trade indirectly, thus allowing backdoor entry of MNCs into the business

Within the fine print of the Notifications of the Department of Industrial Policy and Promotion issued on 11th February 2009 was the clause to allow the Indian company having a foreign partner to invest in multi-brand outlets / chain stores and in the effective down line investment manipulation, the foreign entity will have controlling stakes upto 92 % of the acquired multi brand outlets. This goes against the spirit of keeping the foreign players out of this vulnerable segment of the economy. This tantamount to backdoor entry of MNCs into the Indian retail trade business.

The *Dharma* started with an introductory briefing by Shri Nambi Narayanan, State Organising Secretary, SJM, TN to the visual and print media. Shri Nambi voiced his concern, that the retail trade populated mostly by the Nadars (a notified most backward community in TN) and the Muslim minority community in general, will be greatly affected if the MNCs and big business conglomerates establish themselves

in this segment. He said that irrespective of this western model's success or failure, they will deal a death blow to the millions of marginal traders and kirana shop wallahs, and that they will never be able to make a come back even in a generation's time.

Shri M. R. Venketesh, Head, Policy Monitoring Cell, SJM, TN explained the intricacies of the policy and its possible fallout. He added that including Shri

Manmohan who is at the helm of affairs, there are not less than half a dozen World Bank pensioners sitting in the PMO and Finance Minister's office doing the job for MNCs.

Vice President of the Tamil Nadu Bharathiya Majdoor Sangh, Shri Elango van compered the event and led the campaign with his



thought-provoking and high-pitched slogans. The police had some anxious moments as the traffic on the busy road came to a standstill when veteran actor and social activist Ms Revathy spoke and she empathised with the agitators and the cause. She emphasised that development should never be at the cost of livelihood of others.

Shri Devarajan and Shri Bhaskaran, Office-bearers of the Tamil Nadu Vanigar Sangangalin Peravai, Shri Pandiyan, Tamil Nadu Siru Viyaparigal Sangam who also spoke, regretted that successive Governments have failed the trading community at crucial moments and the new policy is adding fuel to the fire.

Coimbatore Protests Against GM Crops

JAI KRISHNA

Farmers, traders, women and general public in large numbers under the banner of Safe Food Alliance came out on streets to protest against the ongoing GM Corn field trail for Monsanto in Coimbatore, Tamil Nadu. Mr. Vellian, president of Tamil Nadu Vanigar Sangam was leading the rally along with Mr. Su. Si. Kalaiarasan of Viduthalaigalsiruthagal.



Later a delegation of 11 farmers leaders and Tamil Nadu Vanigar Sangam met the Registrar of Tamil Nadu Agriculture University (TNAU) and submitted a memorandum demanding the university to destroy the ongoing GM Corn field trail for Monsanto.

Police tried their best to force the Safe Food Alliance to submit the memorandum to the district collector as there is no Vice chancellor to TNAU and the Registrar was also not in station. But the



protestors refused to accept the role to advise on whom the representation should be submitted.

Finally the Registrar of the TNAU came out to his office premises and received the memorandum. Senior farmer's leader Mr. K. Balakrishnan submitted the memorandum and read out the demands of the alliance.

More than 500 women and men wearing ribbon on their fore head saying "No to GMOs" and were marching in the procession shouting slogans against the GMOs, Monsanto, Tamil Nadu Agriculture university and state and central governments. They also demanded complete ban on GMOs as they are cause of killer diseases like cancer, infertility and allergy etc. Women from women collective were wearing vegetables as ornaments.

Mr. Markandan, former Vice chancellor of Gandhi Gram Rural University; Ms. Saral, secretary of the Women's collective of the Nilgiris; Mr. Valukku Parai balu veteran farmers leader; Mr. Ce. Ma. Velusamy, M.L.A and former minister of Tamil Nadu government and Mr. Pollachi. Jeyaraman, Ex. Minister were also present and extended their solidarity on behalf their party.

The safe food alliance demands include, destruction of the GM corn field trials presently being conducted in the campus of the university, immediate ban on GM crops and their field trials and disengagement of All State agricultural universities (SAU) from partnership research on GM crops with any private companies.

A two day meeting of central working Committee of Swadeshi Jagaran Manch was held in its central office on 28-29th of March. Besides discusses several other issues following demand was raised.

Curb black money & Call back money lying in Swiss Bank Accounts

The impact of black money on Indian economy is increasing since the days of independence and its negative role in the economy has increased from around one percent in 1950 to about 50 or 60 percent now and practically we have a parallel black money economy running across the country which is very tragic and shameful. The breeding ground of the black money is the unscrupulous and illegal business activities, massive tax evasion, bureaucratic corruption and the faulty political system.

The money laundering through illicit trade of narcotics and its linkages with the anti-social and anti-national agencies are the matter of serious concern for the national security. The operation of the tax heavens and lack of transparency in the global financial system are equally responsible for the furtherance of the generation and nurturing of the black money within and outside the borders of the country. In other words the money belonging to the share of poor people of this country are transferred illegally and deposited in undisclosed banking accounts in Swiss banks and sometimes also brought as investments through the stock market in the name of unidentified persons and thus endangering the economic security and sovereignty of our country.

The recent revelations of the facts by the Swiss banking associations are very startling and hair raising. The disclosed data says that the Indians hold \$1.4 trillions of the total amount of \$2.15 trillion in the undisclosed Swiss accounts. The other four countries in the list of top five include Russia with \$470 billion, UK \$390 billion, Ukraine \$100 billion and China \$96 billion. India's deposit exceeds the aggregate of the rest of the world. SJM demands from Govt. of India to take immediate steps to call back the said money from Swiss bank and utilise the same for repayment of its foreign debts and for using the same for the rural poor and for building infrastructure in agriculture and rural sector including housing facility for millions of people around the 6.40 lakh villages of the country. SJM also demand for bringing appropriate legislation to curb the generation of black money from the economic system and also to unearth the same from the economy for the welfare of the poor and deprived section of the society. SJM will undertake massive agitational programme throughout the nation for creating awareness and for bringing back the money lying in the Swiss bank account.

G-20 London Summit

The London Summit of G 20 to be held at London from 2.4.09 in the background of global meltdown and in continuation of the Washington Summit on 15.11.08 gives an occasion for SJM to air its considered views on the New International Financial Architecture to be discussed, and possible ways to come out of the Global Economic Crisis.

SJM is of the firm view that the new International Financial Architecture should not depend upon either the US dollar or the Euro or any single national currency.

We demand greater regulations on cross border capital movements and financial derivatives.

The IMF and the World Bank should be restructured to become really democratic institutions based on the principle of one country one vote. The London Summit should be treated only as the preparatory summit. Therefore the decisions arrived at London should not be considered as final.

We demand the United Nations to convene a Global Monetary Summit where all the member countries of the UN will have free participation.

We demand that the government of India should not make any commitment at the G 20 London Summit. It should allow the people's organisations of the country enough time to debate and discuss the subject and to give their inputs. The problem of climate change is staring at the whole world. Any plan to come out of the global economic crisis should be based on sustainable consumption, sustainable technology and sustainable use of resources, for balanced and equitable growth.

The global financial crisis is the result of the unrestricted and unregulated capitalism including the global financial system, which are all based on greed as the driving force. Western countries are in fact the main culprits of the current global economic crisis including the problem of climate change.

SJM demands that the new global system should get rid of the unsustainable greed driven capitalism. It should be based on need based and sustainable Bharathiya Model of Development.

Lijjat Papad: The amazing accomplishment of Women Power

A small business started by seven housewives 50 years back with a capital of just Rs 80 has now turned into a Rs 500-crore turnover empire supporting families of around 45,000 women. The trade began when seven housewives decided to exploit the only skill they knew - cooking.

No compromise with quality and time-bound service became the success mantra of world's largest women enterprise Shri Mahila Griha Udyog Lijjat Papad (SMGULP), which is celebrating its golden jubilee this year.

Lijjat papad has not only changed the taste of millions of food lovers across the country and abroad, but also changed the life of thousands of common semi-literate women.

Currently, 72 branches and 27 sub-divisions of the organisation are spread across the country with a wide variety of products including Lijjat papad, atta, khakhra, masala vadi, bakery products, chapatti, SASA detergent powder and cake, SASA Nilam detergent powder and liquid detergent.

Eighty-year-old Jaswantiben Jamnadas Popat is the only survivor of a group of semi-literate Gujarati housewives who founded Lijjat Papad 50 years ago.

Mrs Popat cannot believe that what started as a desperate move to "supplement the family income" 50



Women at work

years ago has come so far. She says: "I feel I am living in a dream world. When we started our business it was not meant to become so big."

The "seven sisters", as they are fondly remembered, started production with the initial sum of 80 rupees, borrowed from Sh. Chaganlal Karamsi Parekh, a social worker with entrepreneurial brains. The business has expanded from poverty-stricken shanty towns.

Mrs Popat pays handsome tribute to Mr Parekh's contribution to their success story. "He advised us that if we wanted to experience success, never accept donations. We have never ignored his advice." Within three months the business had 25 women. Word quickly



Jaswantiben Jamnadas Popat

spread about the quality and taste. The trade began to expand as a co-operative. In a few years they had branches all over Mumbai and in subsequent years all across India.

Subsequently foreign dignitaries visited their factories. The women received one award after another. Exports flourished. They branched out into soaps, savouries, chutneys and pickles. It is indeed a big business today, with an annual turnover of nearly \$100m and a flourishing exports account.

Lijjat papads is a perfect example of how skill with diligence and a well knit organizational structure can work wonders and change the lives of millions of people by creating a sustainable business, providing large-scale employment to the targeted group no matter if that group happens to be rural, women and illiterate.

Financial independence for these women translates into empowerment. Most of the 45,000-strong female workforce live in slums or one-room hutments, with communal bathrooms and toilets.

They are still part of what is known as the working class. But working for Lijjat Papads gives them financial security. They are now capable of taking decisions, sending their children to schools. Indeed the Lijjat women seem to have proved that success does not necessarily need money and infrastructure, as long as there is determination.

India Inc says no to quarterly results

A majority of Indian firms are against the mandatory declaration of quarterly corporate results and feel the exercise puts their human resource under great pressure, an industry lobby survey says.

According to the survey, by the Associated Chambers of Commerce and Industry (Assocham): "95 per cent of CEOs and managing directors have raised their voice against mandatory declaration of quarterly corporate results."

Releasing the survey, Assocham secretary general D S Rawat said the Securities Exchange Board of India (SEBI) should make changes in its directions in consultation with the Company Law Board that will require corporates make their performance public only twice a year.



The growth of the companies is restricted as corporate brains do not find adequate time to explore and think differently as they are fully occupied with the preparation of results at the end of every quarter, the report added.

About 80 per cent of the company heads feel that the private and public sector firms should have come together when the quarterly result declaration was made mandatory by the SEBI two years ago. (IANS)

Infrastructure growth slows to 1.4%

The index of six core infrastructure industries expanded 1.4% in January, 2009, as against 3.6% in the same month of the previous year, according to the data released by Commerce and Industry Ministry. The core infrastructure sectors together constitute 26.7% of the Index of Industrial Production (IIP).

The muted growth in the index was mainly due to lesser pro-



duction of crude oil, which shrunk 8.1% in the month, against 0.2% contraction in January 2008.

Petroleum products production in January also contracted 2.6%, as compared to 5.4% increase in the year ago month. Coal production expanded 6.3% in the month under consideration, as compared to 7.9% in the corresponding month of the previous year.

Electricity generation expanded by 1.4%, compared with 3.7% in January 2008. Cement production increased 8.3% as against 5.6% in the year ago month. Finished (carbon) steel production grew 1.2%, as compared to 2% in the same month of 2008. In the April to January period of 2008-09, the core infrastructure index expanded 3.2% over 5.7% in the same period of the previous year.

India tests its ballistic missile defence shield successfully



India successfully test fired an interceptor missile to establish a ballistic missile defence shield as part of network-centric warfare. It was tested from the Integrated Test Range at Wheeler Island near Dhamra off Orissa coast.

A modified "Dhanush" or the naval version of Prithvi, was test fired from a naval ship INS Rajput anchored inside the Bay of Bengal. When it zeroed in on Wheeler Island of Dhamra coast, a Prithvi Air Defence missile, with a range of 1,500 km, similar to Pakistan's Ghauri, intercepted the incoming missile at an altitude of 70-80 kms five minutes later. The interceptor missile has been successfully test fired twice earlier.

New telcos may need to return spectrum

In what could be a major blow to seven new telecom players, government has reportedly demanded return of spectrum held by them since these companies have missed the launch deadline. The department of telecommunications is also believed to have told these players that "liquidity damages" could be imposed on them for delaying the launch.

At a meeting on March 6 at DoT office, new telecom licence-

holders were told that government was "considering taking back the spectrum allocated to them", es-



pecially when DoT has "already addressed concerns regarding the roll-out." According to information, seven players have informed DoT about their plans and reasons for delay.

The meeting was believed to have been held under the chairmanship of telecom secretary, Siddhartha Behura, to discuss the delay in rollout and related matters of UASL. Sources said Behura stressed the need for a faster rollout of services "as it not only helps operators get back their returns on investment, but also helps consumers by way of competition", he said. Sources said he also mentioned that "since spectrum is a scarce resource, it has to be utilised timely and efficiently. (TNN)

Film piracy funding terror: US thinktank

The leading US thinktank, Rand Corporation, has confirmed what Indian intelligence agencies have been maintaining all along—Dawood Ibrahim has graduated to terrorism and is siphoning off millions of dollars earned from film piracy, drug-running and other crimes to finance his operations.

According to reports, the moment a film is released in Mumbai, the 'D-Company' makes cam-

era prints and sends them to Karachi or Kuala Lumpur where millions of DVDs are made and marketed across the world. But after the Mumbai-based Valuable Group introduced satellite transmission of films directly to cinema halls, it has become difficult for the gang to make camera prints as each cinema hall has a secret identity number encrypted into the movie. To avoid this, gang members have established links with small-time theatres in Gujarat where the camera



prints are taken at the first show of any new film.

The gang also receives advance prints of the films financed by it through front companies. "Dawood's gang syndicate, called D-Company, engages in strong-arm protection; drug trafficking, extortion & murder-for-hire," the Rand report says. It says that film piracy can be more paying than drug-trafficking. The report says a pirated DVD made in Malaysia for 70 cents is marked up more than 1,000% & sold in London for about \$9.

Identifying Al-Mansoor and Sadaf brands belonging to Dawood, the report says he has acquired extraordinary market power in the distribution of pirated films throughout the region. (TNN)

Exports fall 13 pc in Feb; target unlikely to be met

Even the truncated exports

target of \$175 billion for the fiscal would be hard to meet as the country's overseas sales dipped by 13% in February — the fifth decline in a row. According to quick estimates of the government, imports also fell for second consecutive month by about 18% during the period.

Exports in February contracted to \$13.04 billion, while imports shrank by 18.1 percent to \$17.02 billion, reducing the trade deficit to \$4 billion compared to \$5.69 billion in the same period last year. The cumulative exports during April-Feb. 2008-09 stood at \$157.3 billion compared to \$142.85 billion in the corresponding period last year.

While imports in the same period grew by 21% to \$260.35 billion from \$215.22 billion in the year ago period.

"By seeing the continuous dip in the exports, we expect that India's exports will end up on \$168-



170 billion during the financial year," Federation of Indian Export Organisations (FIEO) President A Sakthivel said.

He said that still the country requires over 18% growth in exports to meet the scaled down target of \$175 billion.

After registering a handsome growth of over 30 percent in the first half of the financial year, Indian exports entered into the negative territory and plunged by 12.1% in Oct 2008.

H-1B visa curbs: 'India can't do anything'

Even as the proposed H-1B visa curbs and the possible elimination of this programme by the United States Congress is on the cards, Foreign Secretary Shiv Shankar Menon said in Washington that there's absolutely nothing India can do about it because it's the sovereign prerogative of the US.

The US move could adversely affect Indian IT professionals who have been the major beneficiaries of the programme.

Menon, at a press conference, after wrapping up three days of talks with senior Obama administration officials and congressional leaders, acknowledged that the H-1B issue had figured in his discussions, but said, it is "frankly for the US to decide what to do with its own sovereign decision."



"Let's be quite clear about this," he argued. "The issue of a visa — of US visas — is a sovereign function. We might have opinions, but if we share it with the US, frankly, it is for the US to decide who they choose to give a visa to or not, just as it's for us to decide who we give a visa to."

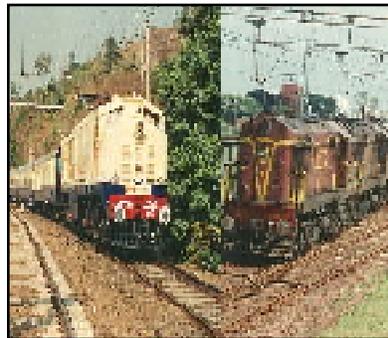
Menon said that "this is not an issue that India and the US negotiate or discuss. This is not part of the bilateral agenda and it cannot be by definition, just as we do

not discuss our immigration policies with other people."

However, he acknowledged that "when it affects our nations, we mention to them how it affects them and what we think about it. But that's really discussions between two governments."

IMF sees India's growth rate slowing dramatically

India's economy is slowing dramatically and uncertainty surrounding the outlook is unusually



large, the International Monetary Fund (IMF) has said. The IMF forecast that India's gross domestic product growth would slow to 6.3 percent in the 2008-2009 fiscal year, ending in March, and to 5.3 percent the following year. That would be well below the 9 percent growth rate in the 2007-2008 year.

"The uncertainty surrounding the forecast is unusually large, with significant downside risks. The main upside risk stems from a larger-than-anticipated impact of the stimulus measures that the authorities have already implemented."

The Fund cautioned that India's debt as a percentage of GDP was already high, so a big expansion of the deficit could raise concerns about fiscal sustainability. But directors were split on whether there was scope for more interest rate reductions or if a wait-and-see approach was preferable. (DD-18.3).

Fujitsu cutting 1,750 Philippines jobs



Japan's Fujitsu Ltd. has announced plans to axe 1,750 jobs in the Philippines, blaming the global economic downturn. Workers have been offered early retirement packages to leave Fujitsu Computer Products Corp., which makes disk drives, said Ernesto Espinosa, a manager. "We launched a voluntary leaving programme and the reason for this is that because of the global recession," he told Media.

Labour Secretary Mariano Roque told reporters the government had been notified of the plan, which takes effect on April 18. He said this brought the number of Filipinos who had lost their jobs since the financial crisis unfolded last year to about 45,000. The government expects 800,000 people to lose jobs, mainly in the electronics and clothing sectors, before the downturn eases.

About nine million Filipinos, or 10 percent of the population, were without jobs or underemployed, the government announced recently. Espinosa said Fujitsu failed to save the jobs despite earlier efforts to cut working hours and overtime pay, which drastically reduced employees' salaries. "Because of that we have no other choice but to offer voluntary separation," he added. (AGENCIES)

China rejects Coca-Cola's bid to buy Chinese firm



Coca-Cola's bid to acquire China Huiyuan Juice Group has failed to meet the country's anti-monopoly law, according to the Ministry of Commerce (MOC). The MOC said on its website that the investigation, which "exactly followed relative laws and regulations", found the transaction may disturb market competition.

"If the acquisition of Huiyuan went into effect, Coca-Cola is very likely to take a dominating position in the domestic market and the consumers may have to accept the high price fixed by the company as they don't have more choices," the MOC statement said.

Coca-Cola applied for anti-trust investigation to the MOC in September. The MOC officially launched the investigation Nov 11 to determine whether the acquisition of Huiyuan would harm other rivals and consumers rights or hamper technological development. The acquisition of Huiyuan was the first major deal to test China's new anti-monopoly law, which came into effect Aug 1, 2008.

The MOC's statement said it has communicated with Coca-Cola several times and suggested it to make changes in the acquisition documents so that it would not disturb market competition. (IANS)

More regulation for UK banks, markets soon

The UK's Financial Services Authority (FSA) — equivalent of the US SEC which supervises banks and financial markets — outlined what it called 'profound' changes for the future of bank regulation. In a much-awaited report, FSA chairman Adair Turner indicated the end of the 'light touch' era which characterized much of the past decade.



Calling it the end of the era of 'principles' based regulation, it stopped short of separating investment banking and commercial banks, called for banks to build up capital buffers in good times, hinted at a leverage cap, and said the regulator will scrutinize bank strategies on risk and compensation among others.

The Turner report has also called for registration and supervision of hedge funds and credit rating agencies, as well as a pan-European entity to coordinate regulation between European banks.

UK's jobless figures hit another high water mark as unemployment crossed the 2 million mark for the first time since 1997. Although widely anticipated, the steep jump in the number of people seeking unemployment benefits peaked in February, by 138,400, taking markets by surprise. (ET Bureau)

India tough on protectionism

India is expected to make a strong pitch at the G-20 meeting in London to stop attempts by big economies to further protectionism to ward off the threat posed by the financial crisis. The country is also expected to get a stake in the Basel Committee on banking supervision and the Financial Stability Forum (FSF), set up by G-7 countries.

Supporting India's stand that protectionism should be avoided, the Finance Ministers of G-20 countries agreed to end the convention by which the heads of the IMF and World Bank are decided by Europe & the US, respectively.

At a summit that will set the tone for the April 2 gathering of global leaders, including Prime Minister Manmohan Singh, in London, ministers promised to "main-



tain open trade and investment". In a joint communique issued by the leaders, they made it clear that raising barriers to trade and free movement of workers would not resolve the crisis, promising to "fight all forms of protectionism". Finance Ministers agreed to increase the International Monetary Fund's 250 billion dollar fund "very substantially".

China has joined India in opposing protectionism, saying it is detrimental to the "recovery and growth" of global economy.

China drags India to WTO

China has dragged India to the World Trade Organisation (WTO) to help ease flow of trade and settle disputes, for restricting its toy imports from January this year, alleging it is a discriminatory move to protect domestic companies.

India had banned Chinese toy imports for six months in January, but later allowed such imports provided they were accompanied by quality certificates from internationally recognised laboratories and agencies.

In its complaint to the WTO, China has alleged that India's quality checks violate the condition of "national treatment" laid down under WTO's trade rules as they did not apply to toys manufactured in India or imported from any other country.

In its submission to the WTO committee on technical barriers to trade, China pointed out that since the restrictions apply only to Chinese toys, it could be viewed as a general ban on and a discriminatory measure against Chinese toys.

This breached a series of fundamental principles embodied in the WTO agreement, including that of most favoured nation treatment (every member country will be treated on a par with other member countries), and national treatment (product from a member country will be given the same treatment as that given to a product made locally), along with provisions of technical barriers to trade (TBT) agreement.

China also pointed out that India did not inform WTO about the restrictions, a procedure necessary under the transparency obligations of TBT agreement.

"China strongly requests that India revoke its discriminatory and WTO-inconsistent restriction on Chinese toys immediately," the submission stated.

The ban has come as a relief to the domestic toy industry, which had been reeling under intense competition from China. Industry estimates say, Chinese toys have a 60% share of the total toys sold in India. The Indian toy industry is worth Rs 2,500 crore, of which Rs 1,000 crore is in the organised sector and the rest is in the unorganised sector.

NGOs voice concerns on seizure of generic drugs

Sixteen public health, consumer and development groups in a letter to WTO Director-General

Pascal Lamy, have called on him to "explore with the European Union the extent to which its customs rules and provisions in trade agreements present risks to goods in transit, and undermine the commitments made in 2001 in the Doha Declaration on TRIPS and Public Health concerning access to medicines."

The groups have sent separate letters to the head of the World Health Organization (WHO) voicing their concerns over recent seizures by Dutch customs authorities of Indian generic drugs shipped through the Netherlands en route to Brazil, Colombia and Peru.

"In a world with territorial patent rights, it is important that the rules for 'goods in transit' permit the transport of medicines from places where they can be made to places where they will be used. The Dutch seizures have drawn attention to this issue, as has the recent disclosure of MSF that they regularly transport and temporarily store medicines in Europe, in route to users in developing countries. We expect the leaders of the WHO and the WTO to lead on this issue," said James Love of Knowledge Ecology International.

The groups noted that the Dutch cases involved medicines manufactured in India & then shipped to Brazil, Colombia & Peru, via the Netherlands. The medicines were seized by Dutch customs officials.

Noting that the WTO TRIPS agreement provides the option of exempting goods in transit from the enforcement of patents, the groups said that the European Union's rules and actions go beyond the required enforcement standards of the WTO TRIPS agreement, and do so in a manner that is clearly inconsistent with the 2001 Doha Declaration on TRIPS and Public Health.

The groups said that the seizure of the shipment containing Losartan active pharmaceutical ingredients (APIs) destined for Brazil was made in connection with a complaint filed by Merck, as the licensee of European patents and Dutch Supplementary Protection Certificates (SPCs), pursuant to Dutch law and the procedures set out in EU Regulations. In the case of the Clopidogrel Bisulphate API shipments to Colombia, the Dutch customs authorities reportedly asserted the generic APIs were counterfeits, and Sanofi Aventis sought destruction of the goods.

According to the manufacturers, all products were legitimate generics and did not violate any patent rights in the exporting or the importing countries.

