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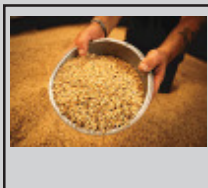
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## LETTER 2

## NEWS NATIONAL 32



## INTERNATIONAL 34



## WTO 36

# CONTENTS

## COVER ARTICLE 4

Vedanta University  
*Illegal acquisition and  
fraudulent  
misrepresentation of  
facts*

**Uma Bhallav Rath**



## 8 COVER STORY-2

Vedanta University: A Real Estate Deal in disguise?

..... **Basudev Mahapatra**

## 12 POLICY SCAN

India's Shameful Paradox of Plenty

..... **Dr. Devinder Sharma**

## 14 N-LIABILITY

Capping in India's Nuclear Liability Bill – 2010

..... **Dr. B.B.Singh**

## 18 ECONOMY

Desperate Chinese Economy & Indian interest

..... **Dr. Ashwani Mahajan**

## 20 TRIBUTES

Dr. Madhukar Govind Bokare

..... **Swadeshi Samwad**

## 23 LETTER

Let us do what India needs from us - Dr. A.P.J. Abul Kalam

## 24 CURRENCY

The end of the Euro in troubled Europe

..... **Dr. Bharat Jhunjunwala**

## 26 INSIGHT

The Economic Philosophy of Swami Vivekananda.

..... **Vikramjit Banerje**

## 29 WOMEN'S WORLD

Women Reservation Bill: A Milestone for Women Empowerment

..... **Saurabh Dubey**

## Restructuring Education System

*This refers to restructuring Education System for bright future of India by Ankit Bhardwaj. The writer has beautifully analysed the provisions of RTE and suggested the steps for improving equability and quality of education. RTE says that the Government is legally bound to give free education to all the children of the nation between the age of 6 to 14 years from all groups including child labourers, migrant children and children with special needs. The article is very informative and seems to be an output of thorough and deep study of all the aspects of the Act. Suggestions made for the successful implementation and to get the maximum results are appreciable. The idealistic idea of inclusion of responsibility of quality teaching Act is brilliant and must be seriously taken. In my opinion responsibility can not be thrust upon, it is something to be felt & realized by every person. So this is a long way to go.*

*To make the article more emphatic there are certain other points to be suggested.*

- (1) Watchful monitoring of the whole school environment including sanitation, hygiene practices and management of the midday meals is a must. Providing separate toilets and sanitary latrines in schools can increase the enrolment of girls by as much as 11 percent.
- (2) By improvising new and interesting techniques of teaching, reconstructing the curriculum, continuous evaluation of the students knowledge and skills and a child centered and child friendly education is needed to reach the goal.
- (3) Teachers should not be given other duties like in pulse polio programme, election, census etc. They must be left free to educate the children and maintain the environment of education.
- (4) Drop outs can be controlled by open schooling systems and open examinations. Through such programmes we can reach the unreached.
- (5) When UNICEF is joining hands with Indian Government to make the RTE a reality for the children of India, it becomes the foremost duty for the State government to keep an eye on the funds, that they are being utilized only for the betterment of child -education status.

*To say the least awareness on the part parents, teachers and the whole society is essential for achieving the goal by 2015.*

— **Aruna Anand**, Alwar (Rajasthan)

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The views expressed within are those of the writers and do not necessarily represent the views of Swadeshi Patrika. Swadeshi Patrika often present views that we do not entirely agree with, because they may still contain information which we think is valuable for our readers.

## Quote-Unquote



Retail trade in India is not just a business but a community undertaking & carries a high risk of social unrest.

**S. Gurumurthy**

All India Joint-Convener, SJM



Journalism has a responsibility towards the society even in the age of commercialization.

**Shri Bhairaji Joshi**

Sarkaryavah, RSS



The anti-Maoist strategy is a flop strategy. Somebody has picked up the strategy from some book and forced it down on the paramilitary forces.

**KPS Gill**

Former Director-General of Punjab Police



The Government, society and the countrymen will unitedly fight the violence unleashed by the Maoists.

**Raman Singh**

Chief Minister of Chhattisgarh

## IPL: The Scam of Scams

IPL crisis that is deepening and expanding with every passing day in spite of the huge cover-up efforts has rocked many vessels. The entire Cricketing world is in a potential deep crisis that can hurt the game enormously. Indian cricket is a fascinating story that in a way reveals the re-emergence of the Indian nation on international scene with a lot of hard work, people's participation and accomplished human skills. Starting as the game of masters in early 1700s, the game in India travelled a long and cumbersome journey to reach the pinnacle not only in individual performances, but in every form of the sport. World Cricket for quite a long time has now been surviving on Indian finances. BCCI is estimated to account for almost 75% of the funds involved in running the game. With funds, came the influence and power, which though resisted by several cricket playing countries, went on increasing. Rising status, escalating revenues and growing desire saw the game reinventing itself in several new forms. Normally Hype, abundant cash, and glitz & glamour should have been considered as red signals and called for more caution and conscientious conduct. But Alas! That never happens, particularly in the corporate culture that has overtaken the game. Affluent Indians, including politician's corporate leaders, film stars, business houses and whosoever matters saw an opportunity to earn big money in short span of time. Rules regulations and ethics were given a good bye. Several influential people, who have looted this country for years and have stashed billions of dollars in Tax heavens across the world found an appropriate opportunity to bring the ill-gotten wealth back and legalise the same. Watching this entire IPL crisis unfold, one is forced to consider about the casualness with which the rulers of this country run the state. As the story began to unfurl, the insensitivity of so called high profile central Ministers came in open and the manner in which they unduly favour their kith and kins and the mould rules to benefit the organizations their close relatives work for was exposed. The problem is also symptomatic of the inadequacies of our system to check the political involvement in pure non political activity. It also is a very sad commentary on unwillingness of the government to regulate the rapacious capitalism that now pervades over almost every sphere of our national activity.

Government has declared a number of measures to 'unravel the truth' and "punish" the culpable. But people refuse to believe. Un reliability is not without reason. People say, may be the public memory is shorter, but it is not that short to forget the number of scandals and scams occurring with an increased intensity and amplified regularity. While those at the helm of affairs may be waiting for the IPL scam to die a natural death, common man is sure about the fate of the enquiries and knows for sure that like say for example over 60 Crore Bofors scam, about 20,000 Telgi scandal, 4000 crore Harshad Mehta scam and more recently the Satyam fraud that ran into several thousand crores of rupees ,government is engaged in operation cover up. The media also keeps the news story alive so long as it serves some purpose then all is forgotten. As usual some scapegoats will fall and rest will resume the show as if nothing had ever happened. It is actually becoming a game of powerful within them selves. Poor common man the unfortunate Aam Aadmi is left to the mercy of destiny. The IPL, to quote a senior Journalist, "is the most ingenious private party organized in the history of independent India. Each limited-entry guest is welcomed into the fiesta with a winning lottery ticket. As in all lotteries, the money comes from the public and payment goes to a handful, in this case a pre-selected network. All guests are not equal, but all are equally happy". That seems to be the reason why BPL is no match to IPL when it comes to attract the attention of political masters. But can this go on for too long?

**Vedanta University**

# Illegal acquisition and fraudulent misrepresentation of facts

*The people of the affected area are compelled to launch an andolan, says* **Uma Bhallav Rath**



The Balukhand-Konark Sanctuary, as it exists, covers an area of 71.72 sq km along the seacoast from Lord Jagannath Puri to Sun Temple of Konark. The Puri township is adjacent to the western boundary of the sanctuary where 448 acres of land has been protected as “sweet water zone”. This was identified during the British time. Two rivers, namely Nuanai and Kusabhadra, which are subject to tidal influence, pass through this sanctuary and the river mouths are a part of the aforesaid sanctuary area. Rare species of animals like deers, blackbucks and antelopes are the habitats of the sanctuary playing an important role in maintaining the agricultural productivity of the

hinterland through arresting the blowing of sand. It also contributes to recharge of fresh water levels underground in the aforesaid 448 acres of protected sweet water zone. Nearly 14 lakh cusecs of waters pass through these two rivers to the Bay of Bengal and because of this a vast area starting from Puri, Sakshigopal, Balanga, Nimapara, Gop, to Balipatna generally remain safe from the havoc of flood devastation during the time of rains.

The state government is acquiring land for “Anil Agarwal Foundation” for the proposed Vedanta University just at a distance of 30 meters from the boundary of Balukhand-Konark Sanctuary, though there is a strict

bar for any process of operation like the above within a belt of five-kilometre width from the sanctuary’s boundary on the landward side and a distance of 10 kilometers upstream from the sanctuary’s boundary along the courses of the three rivers, namely Nuanai, Kusabhadra and Prachi. This is necessary to protect the sanctuary and the sweet water zone undisturbed and also to save the vast area from Puri to Balipatna from the havoc of flood devastation. In view of the above facts and circumstances, it is crystal clear that the establishment of the proposed university with a township of five lakh people over a contiguous area of 8000 acre near Puri town is a great threat to Balukhand-Konark Sanctuary, the protected sweet water zone along with Puri town, Shree Jagannath Temple and Culture and the poor farmers, who are going to lose their livelihood along with their homestead lands.

There are many irregularities in the Memorandum of Understanding signed between Anil Agarwal Foundation and Government of Orissa. People do not actually resent the proposed university. All that they want is that the proposed university can be shifted to any other place where sufficient chunk of non-arable land is available and the least



number of people are affected. Peculiarly enough, the state government, while acceding to the proposal of the Foundation, has bequeathed complete autonomy to the authorities of the proposed Vedanta University in a lot of administrative matters. It is stipulated that there can be no land use/zoning plan within a radius of five km from the boundary wall of the proposed university without consultation with the Foundation. The state government in the said memorandum has further assured that in case of any further improvement plan by the Foundation, the state government officials shall take all steps to provide additional lands from time to time.

Not only this. The state government has also assured exemptions of all kinds of state government taxes, duties etc. like VAT, work contract tax, stamp duty, entry taxes on R&D equipments, all educational aids, laboratory equipments and construction materials for a period of 20 years from the date of the signing of MoU. Furthermore, the state government has also recorded exemptions of reservation laws in favour of the proposed university through appropriate legislation in Orissa Assembly. The state government, in addition, has given the assurance to provide all the required funds for construction of a four-lane road from Bhubaneswar Airport to the proposed university project site, which covers an area of about 60 km. Peculiarly enough, although this access road is to be constructed by the state government, the development on both the sides of the said access road will re-



main under the joint control of the state government and Vedanta Foundation for their planned development in future. The officials like the Secretary, Higher Education Department has assured to provide adequate water sources of 11 crore liters of water per day for the project site. It is worth mentioning that this is the requirement of water for 95 per cent of the entire population of Puri District per day. He has also assured to make available necessary electric power to set up 600 mega watt power plant by the year-2020.

For all these and other reasons, the people of the affected area were compelled to launch an *andolan* in a democratic way under the banner of a movement known as "Vedanta Vishwa Vidyalaya Virodhi Sangharsh Samiti", under the presidentship of one Shri Benudhar Pradhan, a farmer of the area, aged 94 years. The Samiti has been augmenting the *andolan* activities by way of demonstrations in different points of time, whereby the Vedanta officials have not been able till this date to take a single brick to the work site to go ahead with the proposed pro-

gramme. The Sangharsh Samiti has taken an oath to keep going the *andolan* activities so long as the proposed university project is not withdrawn. Besides, my considered view is that after a thorough study of the Memorandum and Articles of Association of Anil Agarwal Foundation and discussions with senior chartered accountants and eminent lawyers that Anil Agarwal Foundation is a company registered under the provisions of Section 25 of the Companies Act-1956. This is a company Limited by guarantee having no share capital and registered with four members of Anil Agarwal family hav-

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**Government has assured to provide 11 crore litres of water, equal to the requirement of 95% population of Puri District per day for the project.**

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ing the guarantee amount of liability with the limit of Rs 5,000 each, thus bringing the total of the joint liability upon dissolution of the company only to the tune of Rs 20,000, irrespective of any loss, damage, etc.

It is very important to mention here that Part-VII of the Land Acquisition Act, 1894 only permits acquisition of land for a Private Ltd. Company with the prescribed statutory embargos. It permits land acquisition for a Public Ltd. Company with shares and does not permit this privileges in favour of a company registered as "Limited, by Guarantee having no share capital". This means that the land acquisition proceedings started in the case of the proposed university is not only illegal but also erroneous.

For this illegal acquisition and fraudulent misrepresentation of facts by Anil Agarwal Foundation as a Public Ltd. Company, a criminal case has been instituted by Dwarika Mohan Mishra, an eminent trade union leader of Orissa, before the learned Sub-Divisional Judicial Magistrate, Bhubaneswar, with a submission for criminal action against the said company for

### Orissa Lok Pal recommends probe into Vedanta land deal

Orissa Lok Pal Justice P K Patra has recommended for appointing a competent authority to thoroughly probe and inquire into the land deal for the proposed world class Vedant University by the Anil Agarwal Foundation on the Puri-Konark marine drive. The university is proposed to be set up over 6270 acres. In July 2006 Orissa government had signed an MoU with Vedanta Foundation, later renamed as Anil Agarwal Foundation, for setting up the Vedanta University, that would be on par with Stanford, Oxford or Harvard University.

Disposing of a petition filed by trade union leader Dwarika Mohan Mishra alleging illegal acquisition of land by the Foundation for the Vedant University, the Lok Pal also recommended that chief minister Naveen Patnaik may consider a moratorium on the project until compliance with the legal provision for conversion of Anil Agarwal Foundation from private to public company was met.

Though the State government acquired land for the university from private land owners in 16 villages and some land belonging to Lord Jagannath in different villages, the petitioner alleged that the acquisition of lands for the Foundation was in contravention of the provisions contained in the Land Acquisition Act and Sri Jagannath Temple Act, 1954. The order noted that the the Foundation was not public company under the Companies Act and therefore the State government can not acquire lands for a private company. "No previous sanction of the State government was obtained for acquisition of lands of Lord Jagannath," the Lok Pal said.

The Lok Pal also asked the government to find out the people and public servants responsible for advancing the cause of the Anil Agarwal Foundation in haste without compliance of the provisions of various laws by the foundations and to see whether the public servants concerned were influenced by any representatives of the Anil Agarwal Foundation or any other persons.

"It appears from records that the government of Orissa had acted

in haste to accede to the requests of the Foundation. Though the law department had clarified that land can only be acquired by the government for a public company and not private company, the views of the law department appears to have been misread by the public servants," the Lok Pal said.

The Lok Pal further recommended that the government constitute a Vigilance cell to keep a watch over the progress of the Project and to see the land acquired and delivered to the foundation in phases are not utilised for purposes other than the education. □





“preparing and manufacturing forged documents although the company had known that the documents filed before the state government were forged, thereby misrepresenting facts before the Government of Orissa to gain relief with a fraudulent intention and thus committed criminal breach of trust and cheated the people of Orissa at large”.

In this event, Dwarika Prasad Agrawal (father of Anil Agarwal), Anil Agrawal, Suman Didwania (sister of Anil Agarwal) and Ajit Kumar Samal (the officer concerned of Anil Agarwal Foundation) are now being prosecuted under Sections 420, 468, 471, 406, 120B and 34 of Indian Penal Code and the case is under investigation by the Capital Police Station, Bhubaneswar.

In addition to this, allegations were also made by Dwarika Mohan Mishra before the Lokpal of Orissa. In this context, the Lokpal, after hearing all the parties, has passed a historical observation and recommended to the Chief Minister of Orissa to consider directing moratorium on the project in question for conversion of the status of the company until it is cleared by the Regional Director of Ministry of Corporate Affairs, Mumbai. Along with several other recommendations, the Lokpal has also observed that, as for the “four members of the Association, they have ventured to undertake a gigantic project of establishing a world-class university with multi-disciplinary streams for imparting education to 15,000 students which is proposed to be subsequential raised to 10,000 students in various technical and general streams of education



which raised gave doubt on the genuineness of the proposal”.

Let us discuss now how the mandatory provisions of law have been violated for the land acquisition under the Land Acquisition Act, 1894. Under the Land Acquisition Law, “Part-VII” was inserted for rapid growth of Industrialisation in India and in the context of this, a central rule was framed in the year 1963 known as the “Land Acquisition (Companies) Rules, 1963”. The Land Acquisition statute being an proprietary legislation, the said rules are required to be strictly complied with for initiation of Land Acquisition Proceedings. Rule-4 of the Land Acquisition (Companies) Rules, 1963, mandates the procedures of inquiry in the event of which the appropriate government is to be satisfied with regard to the following matter before initiating the acquisition proceedings.

However, the state government has completely ignored the mandatory provisions of the Act and Rules. Hence, the entire acquisition made by the state government for Anil Agarwal Foundation is illegal. Let us discuss

how the lands of Lord Jagannath have been illegally handed over to the Foundation at a throwaway price. Lord Jagannath represents the sentiments not only of the people of Orissa, but of entire India. It is, therefore, very unfortunate that huge patches of land belonging to Lord Jagannath are being acquired for Anil Agarwal Foundation’ at a throwaway price of rupees one lakh per acre only.

There is a bar under Section 16 (2) of the Shree Jagannath Temple Act, 1954, that no transfer, sale, alienation, mortgage of property pertaining to Lord Jagannath shall be made without prior approval of the state government. Here the state government, for this purpose, is the Law Department, which is the Administrative Department of Shree Jagannath Temple Administration. But in violation of the aforesaid provisions under the Act, the Shree Jagannath Temple Administration has illegally handed over around 1,300 acres of land to Anil Agarwal Foundation at a throwaway price, although it was objected by the then Minister of Law, Government of Orissa. □□

## Vedanta University: A Real Estate Deal in disguise?

*“Vedanta University Project is the biggest land grab in the State of Orissa surpassing those in case of any industry planned by the reigning government so far, explains Basudev Mahapatra*

When Vedanta Alumina project faced strong resistance in Lanjigarh, the man behind UK based Vedanta Resources Anil Agarwal came up with his novel idea of a University in the posh tourism locality of Orissa – over the lush green landscape between Puri and Konark. The proposal came in a perfect time as the desire for an IIT in Orissa was gathering strength in the state and Orissa CM Naveen Pattnaik and his ministry knew that getting an IIT for the state was not an easy affair.

So it was the golden idea for both – for Anil Agarwal to display his sense of social responsibility and for Orissa Government to divert people from demanding for an IIT. The MoU for the Vedanta University was signed between the Government of Orissa and Vedanta Foundation (A section 25 company under the control of UK based Vedanta Resources promoted by Anil Agarwal) on July 19, 2006 with a vision to make it stand on 10,000 acres of land near Puri-Konark marine drive road. However, following public resistance over land acquisition, the required land area has been cut short to 8000 Acres. The investment estimated for the project

has been Rupees 15000 Crore.

The MoU signed for the university has placed both Vedanta Foundation, renamed as Anil Agarwal Foundation in 50 days of signing the MoU, and the Orissa government in controversy and a distrustful position as the MoU that is signed by the Commissioner-cum-Secretary to the Orissa Government, Department of Higher Education does not mention the person who has signed it on be-

half of Vedanta Foundation – No name, no designation, only a signature. Who is that man and how designated he is to sign over the MoU on behalf of Vedanta Foundation? Where is the official seal?

Apart from this, the MoU contains certain clauses that put the interest of the state at the second place below the interest of Vedanta – the investor. As per the clause number 6, sub-clause (iv), “In order to allow it (the Univer-

sity) to function as a world class university, GOO (Government of Orissa) shall ensure complete autonomy to Vedanta and the University authorities with regard to administration, admission, fee structure, curriculum and faculty selection. The objective is to attract the best talents globally for students and faculty”. Adding to this, in the sub-clause (x)

of the same clause, the MoU says that, “The University shall have the immunity from any reservation laws of the state government and a statement to this effect shall be incorporated in the legislation”.

Both the state government and the foundation say again and again that the proposed university is an initiative to provide world class education in Orissa (not to



***MOU does not mention the person who has signed it on behalf of Vedanta Foundation – No name, no designation, only a signature.***





the talented and aspiring students of Orissa) and groom best talents in the campus. But, as the above clauses explain, the University is supposed to have complete autonomy over the administration, admission and fee structure, and also enjoy immunity from the reservation laws of the state. "The fee structure will be at par with international universities and there will be no special provision for the poor-but-meritorious students of Orissa. How many students of Orissa will get chance to pursue their studies in Vedanta University? Rather students from European and other Asian countries will come to this university as it would be cheaper to them. So this University would serve the purpose of foreign students mostly. Vedanta will exercise its monopoly over all these affairs and our interests will always be neglected", says Bhimeswar Swain of Beleswarpatna, the convener of Vedanta Viswavidyalay Sangharsh Samiti.

Citing the promise made in the MoU for incorporation of a statement in legislation, Ex-MLA Umaballhav Rath raises the question – "How can a document

(MoU) signed by an Executive like the Commissioner-cum-Secretary make a promise to incorporate a particular statement in Legislation? Isn't it an insult to the legislature and the constitution of India? In this MoU, People's Representatives are treated like bonded labourers of the Executives." Not alone in

this clause, the MoU has made such promises many times putting Vedanta at a privileged position, Even, it has promised for state government support in obtaining university status under an act of parliament!

When the government doesn't have any control over the University in terms of fees or admission, Vedanta University is to enjoy exemption of all levies and taxes like VAT, Works Contract Tax, Stamp Duty and Entry Tax on construction material, R & D equipment, Lab equipment and other Educational aids for a period of 20 years. As per the official website of the University, "It would cause a loss of at least Rupees 10,000 Crore to the state. Why these benefits are extended to a company that is all set to start the University for simply Business &

## Land the University Swallows

The land that this University require is quite huge. Let us compare it with the land occupied by some of the leading educational institutions in our country and rest of the world.

IIT Kharagpur	2100 acres
IIT Chennai	625 acres
IIT Delhi	320 acres
IIT Kanpur	1055 acres
IIT Guwahati	712 acres
JNU Delhi	1000 acres
Hyderabad University	2300 acres
Benaras Hindu University	1300 acres
Harvard University	380 acres
University of Washington	643 acres
University of Chicago	211 acres
Princeton University	600 acres

In terms of land area, these Universities are dwarfs as compared to Vedanta University. The Utkal University, which is called Orissa's modern educational centre, occupies only 400 acres of land. At this rate, Vedanta University alone swallow 25 Utkal Universities. □

government has no control over it?” asks Umaballhav Rath.

The official website of Vedanta University makes it clear that “The township will give rise to schools, recreational facilities, residential areas, commercial activities, parks, cultural institutions, and a research park. The interaction between the University, the research park and business incubator will lead to an interdependent and economically generative research and education complex.” “The university will be a centre of western culture and will promote a cultural conflict in the locality. Do you think all these are charitable deeds? And is this the definition of development?” – Rath adds.

To be established on these norms of the MoU, Vedanta University Project is the biggest land grab in the State of Orissa surpassing those in case of any industry planned by the reigning government so far. As per an advertisement given by the University, ‘Every town needs a University; This University needs a town’. The total land to be acquired for the University is fertile agricultural land that provides livelihood to around

1000 families living in the villages in and around the project site. The agricultural land in this area produce 2-3 crops a year. After paddy, farmers cultivate winter vegetable and also a Rabi crop. Apart from their own livelihood, farmers living in the villages within and around the project site use to supply food crops and vegetables to most part of the district.

The villagers are living comfortably by doing agriculture on their fields. So, most of the land owners oppose this land grab and stick to one point - ‘no land for Vedanta University’. “What the villagers will do with the world class University? They are comfortable with agriculture. Most of them are not literate enough to go for any kind of job. And the other thing is that villages are the economic centres. Urban people get food because village people produce. Now, as such, we are importing rice, poultry, fish and vegetables from Andhra Pradesh, Jharkhand and other states to meet our food requirement. If we villagers stop producing food, the import demand will rise vertically and you people would just starve? So what is the

priority – Food or University?” says 90 years old Benudhar Pradhan of Belapada village who is also the president of Vedanta Viswavidyalay Sangharsh Samiti. Apart from vast agricultural Land, four villages like Naliana, Ura, Alatunga and Thoraba are to be displaced by the University project.

The rehabilitation announcements sounds hollow as, in the MoU, it is clearly mentioned that “In terms of employment, preference will be given to the local persons (only in case of non-teaching staff) subject to need and their possessing the necessary qualifications.” As most of the people have very little education, what is the chance of being employed in the university? Even, they do not have the required skill and knowledge to develop and maintain an international standard lawn or a garden.

The other fact of this locality is that, more than 20% of the total population do not own any land but are engaged in agriculture. Such people who live in the surrounding villages do not lose their homes and thus, won’t be eligible for rehabilitation, as per the Resettlement and Rehabilitation Policy 2006 of government of Orissa. What these people will do?

The other community who will be dethroned of their traditional profession is the potters. The traditional potters living in Bhuan and nearby villages make pottery bowls called ‘Kudua’ and ‘Bai Handi’ used in Puri Jagannath Temple as container of Mahaprasad. If Vedanta acquires the land for its university and takes control over 5 KM radius area from its boundaries, these potters won’t get clay to make these bowls and



thus they will turn jobless and the Jagannath Temple Services would be hampered. Anybody who has slightest concern for the state, its people and their emotion would rather oppose such a deal. After all Lord Jagannath is the soul of Orissa, the cult icon of Orissa. This is not a development project but a land deal for real estate business in the disguise of a University.”

Vedanta University project would also pose threats to the state tourism as a major part of the Puri Konark Marine Drive Road will come under Vedanta Regulation which may affect free tourist movement from both points of Golden Triangle. In order to fulfill its power requirements in the university campus, Vedanta will have its own 600 MW capacity Power plant which would pose further danger to the local environment and the sea coast. Experts opine that, as Vedanta will invite other investors into its campus township for various business purposes, it will sell power to them and make profit out of it. But everything will be free from taxation upto 20 years as the MoU says.

Instead of examining all steps of Anil Agarwal Foundation the government is rather finding ways to enable the foundation grabbing land without hitch. When the Law department objected transfer of land directly

***This is not a development project but a land deal for real estate business in the disguise of a University.”***

## Orissa peasants protest setting up of university on their lands

**Around** 3,000 people, comprising landowners and farmers, took out a rally to oppose the setting up of Vedanta University on their lands in Puri. The farmers and the landowners from nearly 22 villages, who depend on their lands for their daily income fear that they might lose their land to the Vedanta Group, headed by Anil Aggarwal, and took to the streets to protest the acquisition.

The Anil Aggarwal foundation had proposed that the state government provide nearly 10,000 acres of land for the university, which the government provided. “I have five acres of land and Anil Aggarwal Foundation is going to acquire it for Vedanta University. This land is my only source of earning bread and butter for my family. I am ready to die but I wouldn’t let go of my land,” says Hare Krishna, a farmer. Those opposing the land acquisition allege that the Vedanta group is a fraudulent company and it would not help the education sector of the country. Upali Aparajita, a social activist from Orissa, said that the promise made by the university to produce Nobel laureates is nothing short of a joke.

“Nowhere in the world have I heard of a university acquiring 5,500 acres of land even before it started...trying to win the public with the fact that they are going to give you guarantee about producing Nobel laureates. I mean that’s a joke! Are they manufacturing Nobel laureates like steel ingots coming out of a factory line? This is a joke and it is a huge scam perpetrated on the innocent people of Orissa,” said Aparajita.

to Anil Agarwal Foundation, it’s from the office of the Revenue Minister that the foundation was advised to explore the alternative of getting converted into a Public Company instead of acquiring the land through IDCO.

Supreme Court has expressed its doubt over Vedanta on 23 November 2007 in a judgment over bauxite mining by the company stating that “we cannot take the risk of handing over an important asset into the hands of the company unless we are satisfied about its credibility”. Keeping a note of this, Orissa government can put scanner over all activities of Vedanta in regard to

the University Project and cross verify the credibility of AAF and certificate of conversion into a public company. But, as it seems, government is motivated by the concept of World Class University in Orissa at an investment of Rupees 15000 crore – be it for the students of Orissa and Europe. The irony of the fact is that, in case the Foundation winds up, the maximum pay off liability per member is 5000 rupees only amounting to Rupees Twenty Thousand in total. Will it fill up the expenses government has incurred for the purpose? □□

(The author is the editor of <http://hotnhitnews.com>)



## India's Shameful Paradox of Plenty



*Let us accept that the existing plethora of government scheme to fight hunger and malnutrition, impressive on paper, have failed to make any appreciable dent. We will once again fail the nation if we refuse to bring about a radical overhaul of the existing approach to fight hunger,* warns **Dr. Devinder Sharma**

There is no reason why in the 6 lakh villages of India, that produce food for the country, people should be living in hunger. There is no other country that presents a more shameful paradox of plenty—grains rotting in the open while millions live in hunger. At the same time, no other country allows its staple food to be exported while the population of hungry and malnourished continues to multiply.

### It can happen only in India

In the United States, from where India borrows its economic prescriptions, food is only allowed to be exported after the country ensures that in addition to 309 million people, 168 million cats and dogs have also been well-fed. In India, food—and that includes wheat, rice, maize, pulses, fruit and vegetables—is routinely exported, & the government often provides subsidies to offset the losses incurred in trade.

In America, where one in every ten citizen lives in hunger, it provides a massive federal support of US \$ 205 billion for a period of five years to feed its hungry under various nutrition supplement programmes. This marks a continuous increase over the year. In India, which has the world's largest pop-

ulation of hungry, the food subsidy bill is proposed to be pruned, from Rs 56,000-crore for 2010-11 to Rs 28,000-crore, under the proposed National Food Security bill.

The plethora of government scheme to fight hunger and malnutrition is at least impressive on paper. The ministries of women and child development, human resource development and of food and agriculture between them run 22 programmes to alleviate hunger and poverty.



Despite such a wide array of programmes already running, the budget allocation for which is enhanced almost every year, the poor still go hungry. Unicef tells us that more than 5,000 children die every day in India from malnourishment. More than 320 million people, as per a conservative estimate, are unable to manage

three square meals a day.

Let us accept that the existing programmes and projects have failed to make any appreciable dent. We will once again fail the nation if we refuse to bring about a radical overhaul of the existing approach to fight hunger. I have the following suggestions to make a beginning:

**Poverty line:** First and foremost, the time has come to draw a realistic poverty line. The Suresh Tendulkar committee has demarcated 37 per cent of the population to be living in poverty. Earlier, Arjun Sengupta committee had concluded that 77 per cent of the population is able to spend not more than Rs 20 a day. And more lately, former supreme court judge, Justice D P Wadhwa committee has recommended that anyone earning less than Rs 100 a day should be considered as living below the poverty line.

Knowing that India has one of the most stringent poverty lines in the world, I think we need to accept that faulty projections will not address the reality of hunger. It should therefore have two lines to demarcate the chronic hungry from those living in poverty.

The Tendulkar committee's recommendation of a cut-off of

37 per cent should actually constitute the new Hunger Line, which needs low-cost foodgrain as an emergency entitlement. In addition, the Sengupta committee's recommendation at 77 per cent should be the new Poverty Line.

The approach for tackling absolute hunger and poverty would therefore be different.

**Make villages hunger-free:** There is no reason why in the 600,000 villages of the country, which produce food for the country, people should be living in hunger. These villages have to be made hunger-free by adopting a community-based localised foodgrain bank scheme. Such traditional systems exist in several parts of the country, and there is an immediate need for its revival.

**Food for all:** In the urban

centres and the food deficit areas, instead of reducing the number of beneficiaries, a universal public distribution system is required.

The existing PDS system has to be overhauled, and this requires a strong political will. Also, there is a dire need to involve social and religious organisations in food distribution. At the same time, nothing can succeed if we do not ensure safe drinking water and sanitation to be part of the hunger mitigation programmes.

**Financial support:** It is often argued that the government cannot foot the bill for feeding each and every Indian. This is not true. In the budget 2010, Finance Minister Pranab Mukherjee has announced a 'revenue foregone' of Rs 5 lakh crore, which means the sales, excise and other tax conces-

sions plus income tax exemption for the industry and business. The annual budget exercise is for roughly Rs 11 lakh crores. Which means, the government is doling out massive subsidies to the industry.

I suggest that Rs 3 lakh crore from the 'revenue foregone' be immediately withdrawn. This should provide resources for feeding the hungry, and also for ensuring assured supply of safe drinking water and sanitation.

**Policy changes:** But all this is not possible, unless some other policy changes that do not take away the emphasis on long-term sustainable farming, and stop land acquisitions and privatisation of natural resources. This is what constitutes inclusive growth. A hungry population is an economic burden. □□

(Courtesy Deccanherald.com)

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# Capping in India's Nuclear Liability Bill – 2010

*Indian nuclear industry, despite years of isolation, has reached full maturity and should now be a willing partner in the international nuclear market without compromising its interests and principles. The legislation to fix Liability for Nuclear Damage shall suit its own ethos and needs, pleads **Dr.B.B.Singh***

Indian Parliament is soon to discuss The Civil Liability for Nuclear Damage Bill-2010 that proposes to cap the maximum compensation at 300 million Special Drawing Rights (H" US\$ 468 million) within which the Operator's liability is limited to Indian rupees 500 crores (@ US\$105 million). The foremost question that arises is whether such a capping of compensation is at all necessary?

Historically the need for capping the maximum liability of the operator arose in the early fifties of the last Century when the nuclear power industry was an unexplored area with a great potential but fraught with catastrophic

consequences if an accident occurred as was experienced at Hiroshima and Nagasaki just a few years ago. However, for a safe commercial exploitation of this industry private participation with State support was badly needed because if the industry were to compensate fully as per the common law of Torts, it would go bankrupt. The industry was therefore reluctant to participate and demanded State protection from public funds against ruinous claims. All the international conventions and national laws of nuclear power countries framed in those days therefore perforce followed this philosophy under heavy pressure from the industri-

al lobby. It is now doubtful and highly debatable that almost 6 decades later in the year 2010, the fully matured, confident and self-reliant Indian nuclear industry can still demand this kind of protection and subsidy from the State?

Although nuclear industry in India is presently State owned, floodgates are now opening for international players. India plans to increase its nuclear power generation from the present 4120 MWs to 60,000 MWs by 2030. This would need some 50-60 new Nuclear Power Plants each costing US\$4-5 billions in capital investments alone. Thus the present Indian nuclear market is worth about US\$ 200-250 billions. This does not include the costs for fuel, reprocessing, waste management and decommissioning of the reactor etc. which itself will run into several hundred billion US dollars. The former Chairman of Atomic Energy Commission Anil Kakodkar has dreamt that Indian would achieve 500-600 thousands MWs power generation by 2060. This will not be possible without international participation in the Indian nuclear power programme and also India's active participation in international markets with some kind of compliance with international rules and regulations. The proposed Bill is one such step





in this direction.

With such high stakes in nuclear business in India, industrial lobbying and financial maneuvering at every stage cannot be ruled out. The country has witnessed the Parliamentary proceedings during the passing of the Indo-US 123-Agreement on July 22, 2008 which has been allegedly tainted with bribery accusations. It may not be out of place in this context to mention that the Transparency International has clubbed India with El Salvador, Guatemala, Panama and Thailand having the Corruption Perception Index (CPI) of 3.4.

Drafting nuclear liability legislation is a very tricky business. The nuclear technology is very complex and it would be impossible for the lay victims to pinpoint the cause of nuclear accident or assign the fault to any particular person or entity. As there will be many players in the nuclear installation, the victims would also find it hard and expensive to initiate multiple litigations against each. Hence, several new concepts had to be brought in which are not part of the common tort law. The first and foremost among these is the principle of 'strict or absolute liability' that allows the victims to sue the operator. The second is 'legal channeling' or 'exclusive liability' that helps the victim to sue only the operator and not run after the numerous other players in the nuclear installation. Also only the Courts in the installation country shall have the jurisdiction to try suits for claims. It is argued that in lieu of these allegedly friendly provisions, the victim has to make certain compromises.

The first and most controversial compromise is fixing the maximum limit on compensation i.e. "capping" to offer protection to the operator against ruinous compensatory claims. Secondly, a certain portion of this total compensation has to be insured or indemnified by the operator to give victims immediate relief. Yet another very important aspect of the nuclear law is time within which the victim must claim the damages. It is to be remembered that a nuclear incident causes not only immediate damage but also induces life-threatening diseases

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***The nuclear technology is very complex & it would be impossible for the lay victims to pinpoint the cause of nuclear accident or assign the fault to any particular person or entity.***

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like cancers long after the nuclear incident had occurred. In addition, there are the genetic abnormalities seen in the subsequent generations that also require consideration. Still more complicated is the environmental damage that may turn vast fertile lands uninhabitable for centuries. The nuclear law must also provide for all these.

Thus any legislation on compensation for nuclear damage would always have conflict of interests. The operators would like to limit their liability at the lowest possible level in terms of amount

and limitation period for claims. At the same time the State would try to wiggle out its responsibility by limiting the total amount of compensation itself enacting a suitable legislation. This is precisely what is in the India's Nuclear Damage Bill-2010.

Is the Bill in compliance with international nuclear laws/conventions? Certainly not in respect of the operator being exempted from the liability in an act of 'terrorism' that may lead to complacency in security measures.

The Bill fixes the maximum amount of Operator's liability in rupees 500 hundred crores which may be increased or decreased by government notification. No such provision is available in the international conventions. It is very prone and conducive to corruption. It may not be out of place to compare the Bill to the very first Liability Act of the US (Price-Anderson Act 1957) that prescribed in 1957 the operator's liability at US\$60 million and government's share of liability at US\$ 500 million but it has been amended in 2005 totally absolving the State from any liability below US \$10,761 millions. Is today's India equivalent to 1957 of the US?

Oddly enough the operator's liability has been capped in Indian currency at rupees 500 crores in 2010. It is just horrifying to think that if an accident occurs a few decades hereafter, whether with the proposed compensation the victims will receive enough money to fill their belly for a few months with the price escalations. Should not the lawmakers consider linking it to the cost inflation index announced annually by RBI or consumer price index?

The Bill-2010 prescribes that the right to claim compensation for any nuclear damage caused by a nuclear incident shall extinguish if such claim is not made within a period of 10 years from the date of incident notified. The nuclear damage as discussed above may manifest several decades later in form of cancers and genetic abnormalities. The Bill does not provide any succor as is available under the Protocols to Vienna and Paris Conventions where the limitation period is fixed at 30 years.

Let us ask the next question. Is the capping of compensation ethical and constitutional? Certainly, it is not. The basic principle of Tort Law is that the injurer be obliged to fully compensate the victim. For damage to the environment the principle of "Polluter Pays" has been repeatedly emphasized by the Supreme Court of India. A legislative enactment putting a cap on the liability of the injurer/polluter would be highly unethical and a blatant violation of Environmental Laws and Constitution of India. One should remember that the population living around Indian nuclear installations would be mostly laypersons, uneducated and economically weak. They are not covered under any insurance scheme for life, property or for medical treatment. Any limit on the compensation fixed by legislation would favour the commercial establishments at the cost of the affected poor. How then the elected representatives will go to their electorate and say that we can give



***Under the Principle it is not the role of Government to meet the costs involved in either prevention of such damage, or in carrying out the remedial action, because the effect of this would be to shift the financial burden of the pollution incident to the tax payer.***

you only this much compensation and no more but please vote for me?

It must also be pointed out that the bogey of sustainable development in favour of the Bill is unsustainable. The injury to the environment and a sustainable development of the country has frequently been discussed before the Supreme Court of India and it has repeatedly held that India has formulated its Constitution and multitude of legislation that are commensurate with India's cultural ethos, economy and policy of sustainable development. Hence, dis-

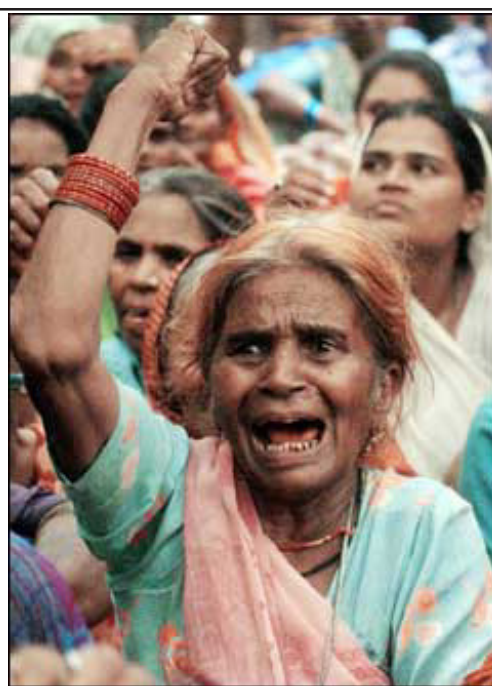
cussing the matter of *Vellore Citizens Welfare Forum v/s Union of India* in 1996 the Hon'ble Supreme Court stated that "... it (leather industry) has no right to destroy the ecology, degrade the environment and pose a health hazard." and that "Once the activity carried on is hazardous or inherently dangerous, the person carrying on such activity is liable to make good the loss caused to any other per-

son by his activity irrespective of the fact whether he took reasonable care while carrying on his activity" and that "... the polluting industries are absolutely liable to compensate for the harm caused by them to the villagers in the affected area, to soil and to the underground water. The Polluter Pays principle as interpreted by this Court means that the absolute liability for harm to the environment extends not only to compensate the victims of pollution but also the cost of restoring the environmental degradation .." and further that "... as such the polluter is liable to pay the cost to the individual sufferers as well as the cost of reversing the damaged ecology". As recently as on 12th May 2006 the Supreme Court stated: "The Polluter Pays principle demands that the financial cost of preventing or remedying damage caused by the pollution should lie with the undertaking which caused the pollution, or produce the good which cause pollution. Under the Principle it is not the role of Government to meet the costs involved in either prevention of such damage, or in carry-

ing out the remedial action, because the effect of this would be to shift the financial burden of the pollution incident to the tax payer.”

Notwithstanding the aforesaid, is the capping of compensation adequate? It is almost impossible to predict the cost of damage in a nuclear accident without being fraught with severe criticism and uncertainties. Before enacting the Price - Anderson Act in 1957 the US AEC's Wash-740 report estimated that in a worst nuclear accident the cost of damage to property alone would reach US \$7 billion. Ten years later in 1964-65 this estimate was revised to US\$17 billion. In 1975 the WS-1400 report estimated that personal injuries would be 3,300 early fatalities and 45,000 early illnesses that had to be added to the above compensation. In November 1982 the US Nuclear Regulatory Agency estimated that the cost of a US reactor accident could be as high as US\$314 billion. Are we justified with the maximum liability capped at 300 million SDRs in the Bill-2010? Is it not irrational and absurd? At least the Bhopal Gas Case could have provided some guideline for setting a maximum liability limit although a nuclear accident would certainly be far more catastrophic. In the Bhopal Gas Tragedy the compensation was settled at US\$ 470 million in 1991. Taking the 2009 Cost Inflation Index of 632 with that of 1991 as 199, it would have been understandable if the maximum liability had been capped at the minimum of

***It is almost impossible to predict the cost of damage in a nuclear accident without being fraught with severe criticism and uncertainties.***



US\$1500 millions in 2010 instead of US\$468 millions as is proposed in the Bill.

We may also analyze whether the capping of compensation is at all beneficial? The operator's liability being limited to a meager sum of just rupees 500 crores, it does not provide sufficient incentives to the operator to prevent nuclear accidents. Despite the multitude of rules and regulations governing the operator's responsibilities, there still remains ample scope for the operator to innovate further safety and preventive

measures. In the absence of such incentives the operator is more likely to routinely follow the obligatory regulations and shy away from innovating newer strategies for preventing accidents. The end result is, the operator turns complacent.

Yet another drawback lies in the State's responsibility for the balance of the compensation between the values for the operator and the total liability. It results in an artificial competition in favour of the nuclear operator who ought to have absorbed the full cost of risk in the value of the product at the consumer end. Thus the cost of electricity from nuclear reactors becomes artificially more competitive leading to its unrealistic public appreciation as against other alternative sources of energy like solar which are less hazardous and less polluting and need more support for their development from Public funds.

In conclusion, we must accept the claim with pride that the Indian nuclear industry has reached full maturity despite its 35 years of isolation due to global sanctions and should now be a willing partner in the international nuclear market without compromising its interests and principles. It is not a signatory to NPT or CTBT or any of the abovementioned Conventions of civil nuclear third party liabilities. Hence India ought to draft the requisite legislation suitable to its own ethos and needs. □□

*(The author is M.Sc.; LL.M.; Ph.D.; F.A.Sc.; F.N.A.Sc.andis, Former scientist of BARC, IAEA & a practicing lawyer, Bombay High Court)*



# Desperate Chinese Economy & Indian interest



*Chinese government under the domestic economic pressures has been compelled to reduce subsidies to its industry and exports. As a result imports coming from China are becoming expensive and their demand was reducing accordingly. The result is that imports from China have come down by 21 per cent implying India's trade deficit with China this year is expected to be lower than last year, explains **Dr Ashwani Mahajan***

Today China is the world's fastest growing country in the world. 25 percent of total world production comes from China, and its share in world trade is 6 percent. Products ranging from consumer goods to power plants, China today is producing all in large quantities, and world markets are dominated by Chinese products.

India has a huge trade deficit with China and it has been growing fast for several years as India's exports are less than the value of imports coming from China. By the year 2008-09, India's imports from China had reached 32.5 billion US dollars. Since Indian exports to China were only 9.4 billion US dollars, so our trade def-

icit with China had reached 23.1 billion US dollars. But recently, the value of imports from China have started declining and in the first nine months of financial year 2009-10 ie April-December, value of India's imports from China were only 21.4 billion US dollars, while in the corresponding period of 2008-09 financial year China's import bill was 24.9 billion US dollars. This implies that im-

***Spurt in prices of essential commodities in recent months has given an alarm signals to the policy makers of China.***

ports from China have come down by 21 per cent, as compared to last year. Though India's exports to China are also down by 21 percent, India's trade deficit with China this year is expected to be lower than last year.

The reason is that the Chinese government under the domestic economic pressures was compelled to reduce its subsidies to its industry and exports. As a result imports coming from China became expensive and their demand was reduced accordingly. It is well known that China's bulging exports to India were due to their extra ordinarily lower prices. Cuts in subsidies by Chinese government's has resulted in reduced demand for Chinese goods.

China's heavy surplus in trade has been mainly for two reasons - one, the Chinese Yuan is kept artificially weak. It may be noted that Chinese currency's value is not decided by market forces but by the force of government. In fact Chinese Government determines the value of Yuan and has been keeping it artificially low. As a result prices of Chinese products in the international market remain low. This helps Chinese products to dominate international markets.

Secondly, the Chinese government grants direct and indirect subsidies to its industry and



exports. Though Chinese public sector enterprises are running into huge losses, heavy subsidies help them to dump Chinese products in the markets world over.

During 2010, the Chinese Government was compelled to reduce their subsidies, thanks to their rising budgetary and fiscal deficits. This had significant impact on Chinese exports. For the past few months President of US has constantly been making statements that the Chinese Yuan is being artificially kept weak and its revaluation is required. U.S. and European countries have been creating pressure on China for appreciating its currency so that adverse impact on the industries of those countries could be reduced. So far, bypassing all such pressures from different quarters Chinese government has been keeping Yuan's value low. But in the last few weeks China seems to be budging a little bit under US pressure and have made statements indicating at appreciating its currency yuan. Though Chinese Premier has made a statement that they will not bow down to US pressure, People's Bank of China has indicated possible appreciation of Yuan. Chinese central bank has also indicated at more flexible currency regime, meaning thereby possibility of market determined value of its currency.

Between 2005 and 2008 China increased the value of Yuan by 21 percent. But after the global meltdown since 2008, Chinese government chose to stick to ex-



***China has faced its first ever trade deficit to the tune of 7.24 billion US dollars in the month of March 2010, after a gap of 6 years.***

change rate of Yuan vis -a -vis US dollar at 6.83 Yuan per US dollar. This was perhaps done to stall any fall in their exports in the post global economic crisis. The USA, India and many more countries suffered heavy losses in trade with China. China's central bank has increased the value of Yuan by 1 percent recently.

In the long run China's decision for revaluation of Yuan would relieve the United States and European countries; India also is likely to be benefitted from this decision. Most of the exports from India to China are raw materials like iron minerals. The revaluation of the yuan will not affect exports of India to China. Rather India may get more in terms of dollars, looking at lower price elas-

ticity of exports to China. On the other hand, Chinese exports to India will become expensive and looking at price sensitivity of Imports from China India's trade deficit with China may also come down.

Noting that deteriorating financial discipline in China's public sector enterprises, the growing fiscal deficit of Chinese government and dwindling conditions in provincial

governments, has been creating problems for Chinese economy. Spurt in prices of essential commodities in recent months has given an alarm signals to the policy makers of China. Recent spurt in prices has been said to be due to 27 percent money supply growth and a credit growth of 34 percent. Fearing possible inflation, Chinese government's efforts to curb business cycle, are likely to curb growth as well, because these efforts may have far reaching impact on internal demand. On the one hand Chinese central bank has started curbing credit and on the other hand Chinese government has started cutting subsidies, which has caused a dip in Chinese products exports to the rest of the world. It may be noted that the China has faced its first ever trade deficit to the tune of 7.24 billion US dollars in the month of March 2010, after a gap of 6 years.

And now revaluation of Yuan may further make Chinese products costlier in international markets, and India which has been facing huge deficit in her trade with China, is likely to be benefitted from this move. □□

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## Dr. Madhukar Govind Bokare (1926-2001)

**D**r. M G Bokare was way ahead of Karl Marx in economic thinking and philosophical knowledge asserts **Shri Dattopant Thengadi**. He further adds In simple words, we could say this: Dr. Bokare was standing on the shoulders of Marx for more than forty years!. Hindu-economics of Dr. Bokare will be considered as a landmark in the history of economic thinking of our country. It may also give unpleasant surprise to the 'left' as well as 'kept' intellectuals to find a former Marxist asserting that the first book on 'economics' was written in India and 'economics' was defined for the first time in the world history of Economic literature. His resolve to undertake the unfoldment of Hindu Economics as his life mission has been the culmination, the mature fruit, of his life-long penances as a scientific thinker. It can, therefore, be stated safely that Dr. Bokare has taken sixty-seven long years to write this (Hindu-economics) thesis.

### Birth and Education

He was born in Wardha, near Nagpur, on 14<sup>th</sup> May 1926 (as per Hindu calendar on Akshaya Tritiya) in a very poor farmer's family. He got early education in Wardha. He was proficient in debating and mathematics stood in district merit list. He earned a gold medal for standing first class first in the University of Nagpur. His entire college education was on scholarship only. Seeing his brilliance, the principal of the college appointed him as a lecturer directly for teaching to the post-graduate levels. He was influenced in Gandhian thoughts and at the same time, developed some kind of liking about Leftist movement and Marx's philosophy. Later, he joined

the Communist Party of India.

Dr Bokare became Vice-Chancellor of Nagpur University in 1989. He, however, resigned from this coveted post as he was not getting any support in solving many of the issues of the University from the Chancellor who was also the Governor of the Maharashtra State Due to his independent mind and studious attitude, he was appointed on many prestigious positions These positions prominently include: Contributory Faculty Member in the Post-graduate Department of Economics and Department of Business Management of Nagpur University; Member of University Senate; Member of University Academic Council; Director-Member of Maharashtra State Electricity Board; Director-Member of National Fertilizers Limited (Govt. Undertaking); Member of Advisory Panel on Economics of the Planning Commission of Govt. of India; Member of State Planning Board of

***Dr. Bokare has taken sixty-seven long years to write this (Hindu-economics) thesis.***



Maharashtra State; Member of State Agricultural Price Commission of Maharashtra State; Advisory-Member of Agricultural Cost and Prices Commission; Member of Maharashtra State Secondary Education Board. He also became first National Convener of Swadeshi Jagran Manch.

Organizing peasantry (cotton movement in Vidarbha and India); pricing of farm produce as per cost of production; using co-operative capitalism for financing peasant movement; demanding cost of production of industrial goods and publishing cost audit reports for consumers' knowledge. Thinking & research on recession/ deflation: History of rising prices and laws of declining prices, Dr. Babasaheb Ambedkar's along with issues like Special study of Taxless Economy and Expenditure-Based-Income Tax (EBIT); Errors in modern economics: Critique of marginal cost theory, laws of returns and relation of cost accounting in economics attracted his interest

### **What influenced Dr. M G Bokare to start farmers' movement? (In his own words)**

In the communist movement, Mao's influence was felt in the revolutionary peasantry. Something similar should happen in India. The idea of worker-peasant alliance attracted me. After reading the texts of Marx & Engels and the history of France and Germany as regards the peasantry's question, I judged that communist movement cannot handle the farmers' movement due to their "class" as a dogma.

Why not consolidate all farmers irrespective of big and small holdings? Started general assessment of the farmers versus the industrial capitalism. Theoretical is-

suces presented before the people: Farm prices are residual; Industrial prices are additive.

In 1969, peasantry's Manifesto was presented to the Govt. of Maharashtra. It was a great success. Morcha and delegation of the farmers for the first time in India and Maharashtra. Instead of land reforms and the class outlook between the feudal-lords and agriculture-workers, this Manifesto presented the issue directly.

In 1971, there was great crisis in cotton prices. Prices crashed from Rs. 250 to Rs. 70-80 per quintal. Many cotton carts were burnt by farmers in Maharashtra.

I seized the opportunity. Established the Cotton Growers

***I judged that  
communist movement  
cannot handle the  
farmers' movement  
due to their "class" as  
a dogma, Bokare.***

Sangh in 1971. All political parties joined the movement. We always tell the people that we do not enter election politics. What matters is movement and not the form of organization. Hence there is no rigid form. No fees, no memberships, no tiers. I took this clue from Edward Bernstein. 'Parties are irrelevant for social change'.

We steadily changed from time to time as regards the theoretical approach to the problem. In the next phase, we studied balance sheets of joint stock companies. We found the goods were sold at very high prices compared to cost of production. We held demonstrations in Bombay before the premises of Hindustan Lever, Tata,

Birla, and other business houses etc. Issue of Gandhian Trusteeship was raised by us during the demonstrations.

In the next phase, we realized that the real issue was between the monopoly and competition. We agitated against monopolies when agriculture is functioning in free competition. This was a straight confrontation between monopoly and competition, both in theory and practice.

In the next phase, we demanded that the goods, both farm goods and industry commodities, should come to the market such that they should be governed by demand and supply and based on the cost of production.

During the next phase, Dunkel report came handy for our shift in economic theory. That report argues that it is for free trade. This is false. It conceals the fact that there is no free trade, free enterprise, competitive market. This is not in the domain of economic theory. We decided to bring this false propaganda to the people in high places by writing letters. Real problem is knowledge versus ignorance. Let us now move all over world and in India to reveal the knowledge of competition and monopoly.

The issues listed above are such that they need academic understanding of the monopoly and competition in the production and prices. Very few leaders in farmers' movement have the patience to go through the academics of the farmers' movement. This is a tragedy of the farmers' movement. There is no quick solution.

### **Restless intellectual in search of real truth**

Though Dr. Bokare was a member of Communist Party of

India for over three decades, he never joined the movement engaged in all kinds of protests, violent street demonstrations, *morchas*, etc. Instead, he preferred to spend his time in reading. He was tirelessly searching over a decade, especially after being sacked by the Communist Party of India from primary membership, a permanent economic solution for the general and eternal welfare of mankind of this world. He was disenchanted with capitalism as well as Marxism since both systems had miserably failed to satisfy this test.

One night sometime in the winter of 1982, he could locate a perfect economic solution in theory that would totally change the universal thinking in respect of poverty, unemployment, exploitation, inflation, taxes, etc. This economic theory first of its kind in the world would revolutionize the very concept of looking at the man and the planet. He for a few days could not believe himself for this finding. He verified his thinking by cross-checking with some experts from the field. He himself went on finding errors in his thinking by referring all the relevant books and other related literature. He also wrote to two of his brothers to verify 'this find' with unbiased mind and without carrying any weight of brotherly relations.

Based on his findings, he had prepared the frame work of his first great book "Hindu-economics".

### Simple living & informal habits

Being from a poor family, he was always conscious to economize on expenses. He always thought that spending on unwanted items was nothing but waste of money and natural resources, which are required more for others than him.

He set a model of himself before not only the members of family but also before the society in general. He never used any other mode of transport than his feet or at the most a bicycle while attending to his daily activities of college or domestic work or visits to his friends. He used a motor vehicle while performing the duties of Nagpur University as Vice-Chancellor, but surrendered the vehicle on the day he vacated the position as V-C. On the following day of his vacating the said position, he attended the University office to collect his financial dues by riding a bicycle.

### Knowledge is power & it is free

Dr. Bokare believed all the time that knowledge was absolutely free for the use of mankind. He

***"There is nothing new in the thesis of Hindu-economics"***

gave many instances of Indian ancient books where no copyrights were in existence. The knowledge is being used by mankind freely for more than thousands of years without any restriction on any one within or outside the country. Vedic thoughts advise emulation of elders and intellectuals in the society.

His book, Islamic Economics, first such book published by a Nagpur's courageous publisher, Vishwa Bharati Prakashan, carries a note on the first page: "This book is not copy-righted. Knowledge should move freely among all in all countries. Copy-right under law is not good behavior in Holy Quran and its Islam for mankind".

Dr. Bokare's modesty is clearly seen by any reader of his historically great and globally first-of-its-

kind-work, his out-of-box-thinking and publicity-shy mind when he writes "There is nothing new in the thesis of Hindu-economics". He repeats this kind of modesty in the case of a essay written by him on Tax-less Economy. He says: I have done nothing except joining the conclusions of many economists who did not pursue the thought to the logical end of Tax-less economy. Tax-less economy ensues an economy based on labour theory of value. It is exactly what Marx has philosophized. I am more happy because I have gone beyond Marx. In the literature of economics, this is new discovery.

Dr. M G Bokare's work of Hindu-economics was highly appreciated and Dr. Bokare was felicitated at the hands of the then President of India, Dr. Shankar Dayal Sharma, in 1993 at Nagpur in a public function. He was honoured with the prestigious Anant Gopal Sheorey Award for his historical contribution to the realm of economics and for his Hindu-economics at the hands of the President of India.

### The world lost a great economist, savior of farmers and doyen academician

Books published containing essays, treatise, notes, etc of Dr. Bokare:

1. Hindu-economics (Eternal Economic Order) (First edition 1993, Second edition 2009)
2. Islamic Economics (1995)
3. The Economic Theory of Sarvodaya (1985) (English)
4. Sarvodayacha Arthik Siddhant (Translated in Marathi by Prof. N B Vaidya of Nagpur) 2005
5. Reassessment of Marxism (first edition 2006, second revised edition 2006)
6. Let the Fittest Survive (2007)
7. Gandhivadi Arthashastra (in Marathi-2008)
8. Expenditure-Based-Income Tax
9. Stagflation-Its cure
10. Swadeshi Economics- Principle and Practice
11. Farmers' Problems and Solution – in Marathi. (Edited by Prof. N B Vaidya) □□

## Let us do what India needs from us.

*Dr. Abdul Kalam's Letter to Every Indian is being circulated on net. The communication is valuable and constructive. Wider Dissemination of this message is intended-Ed*



**W**hy are we in India so embarrassed to recognize our own strengths, our achievements?

We are such a great nation. We have so many amazing success stories but we refuse to acknowledge them. Why?

We are the first in milk production.

We are number one in Remote sensing satellites.

We are the second largest producer of wheat.

We are the second largest producer of rice.

In India we only read about death, sickness, terrorism, crime.. Why are we so NEGATIVE? Another question: Why are we, as a nation so obsessed with foreign things? We want foreign T.Vs, we want foreign shirts. We want foreign technology.

Why this obsession with everything imported. Do we not realize that self-respect comes with self-reliance? I was in Hyderabad giving this lecture, when a 14 year old girl asked me for my autograph. I asked her what her goal in life is.. She replied: I want to live in a developed India. For her, you and I will have to build this developed India. You must proclaim. India is not an under-developed nation; it is a highly developed nation.

In Singapore you don't throw cigarette butts on the roads or eat in the stores. YOU are as proud of their Underground links as they are.. You pay \$5 (approx. Rs.. 60) to drive through Orchard Road

(equivalent of Mahim Causeway or Pedder Road) between 5 PM and 8 PM. YOU come back to the parking lot to punch your parking ticket if you have over stayed in a restaurant or a shopping mall irrespective of your status identity... In Singapore you don't say anything, DO YOU? YOU wouldn't dare to eat in public during Ramadan, in Dubai .. YOU would not dare to go out without your head covered in Jeddah.

Why don't YOU spit Paan on the streets of Tokyo ? Why don't YOU use examination jockeys or buy fake certificates in Boston ??? You who will throw papers and cigarettes on the road the moment you touch Indian ground. If you can be an involved and appreciative citizen in an alien country, why cannot you be the same here in India?

In America every dog owner has to clean up after his pet has done the job. Same in Japan ..

Will the Indian citizen do that here? He's right. We go to the polls to choose a government and after that forfeit all responsibility.

We sit back wanting to be pampered and expect the government to do everything for us whilst our contribution is totally negative. We expect the government to clean up but we are not going to stop chucking garbage all over the place nor are we going to stop to pick up a stray piece of paper and throw it in the bin. We expect the railways to provide clean bathrooms but we are not going to learn the proper

use of bathrooms.

What does a system consist of? Very conveniently for us it consists of our neighbours, other households, other cities, other communities and the government. But definitely not me and YOU. When it comes to us actually making a positive contribution to the system we lock ourselves along with our families into a safe cocoon and look into the distance at countries far away and wait for a Mr.Clean to come along & work miracles for us with a majestic sweep of his hand or we leave the country and run away.

Like lazy cowards hounded by our fears we run to America to bask in their glory and praise their system. When New York becomes insecure we run to England . When England experiences unemployment, we take the next flight out to the Gulf. When the Gulf is war struck, we demand to be rescued and brought home by the Indian government. Everybody is out to abuse and rape the country. Nobody thinks of feeding the system. Our conscience is mortgaged to money.

'Ask what we can do for India and do what has to be done to make India what America and other western countries are today' Lets do what India needs from us.

Forward this to each Indian for a change instead of sending Jokes or junk mails.

Thank you,

Dr.. Abdul Kalam



## The end of the Euro in troubled Europe



*Europe is burning. Unemployment is increasing leading to higher payouts of unemployment compensation. This is imposing greater burden on the already stressed government finances. . A member country of the European Union cannot singly devalue its currency because it no longer has its own currency. In the result, weak crisis-stricken countries will seriously consider walking out of the common currency. This may be the end of the Euro!, thinks* **Dr Bharat Jhunjhunwala**

The Euro was being seen as an alternative global currency to the dollar during the last two years of American economic crisis. Many investors withdrew their monies from the dollar and shifted it to the Euro zone. It seemed then that problems of America were mainly due to irresponsible lending by American banks and had no connection with Europe. But the truth is that European economies are equally in trouble. Difference is that the misdeeds of the American banks have been exposed quickly while similar misdeeds of European banks continue to be hidden.

Economic advisory company Stratfor tells us that European companies and banks have deep connections: "Bank executives often sat on the boards of the most important industries, and industrial executives also sat on the boards of the most important banks, making sure that capital was readily available for steady growth. The most famous example of this type of cozy link is the ties between Siemens AG and Deutsche Bank, a relationship which has existed for more than 100 years. An overlapping and intermingling of interests results from this type of arrangement, insulating the system from many minor shocks like strikes or changes in government, but making the system less



flexible in the face of major shocks like serious recessions or credit crises."

Say, a company's exports are under pressure. An American company will have to approach the banks for assistance. The bank will scrutinize the situation and assess whether the company will be able to come out of its troubles. If not, finance will not be forthcoming. Such scrutiny need not take place in Europe. The cozy rela-

tionship enables the companies to raise monies easily and to hide deeper problems. The boats of companies and banks in Europe are tied with a strong rope. The stronger boat can pull the weaker for a while. But if one should sink, it will pull down the other with it.

Many indications of deeper problems of Europe are visible. Six months ago the fiscal deficit of Greece was 3.7 percent of the GDP. It has since risen to 12.7 percent because Greek companies are unable to face global competition and are paying fewer taxes. Unemployment is increasing leading to higher payouts of unemployment compensation. This is imposing greater burden on the

***European businesses  
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Asia any more than  
the United States.***

already stressed government finances. The Government is borrowing heavily to meet the deficit but does not have funds to redeem the bonds issued earlier. The Government unveiled an austerity plan to tide over these difficulties. Salaries of government employees were cut, new appointments were frozen and strict action was taken against tax evaders. The government employees consequently went on strike.

The rate of unemployment in Spain has increased from 8.3 percent in 2007 to 19.4 percent presently. The Government has increased the number of years of service required to qualify for receiving state pensions. Iceland has nationalized the entire banking system. The British government has pumped in money in all major banks including Barclays, HSBC, Lloyds, Royal Bank of Scotland and Standard Chartered to help them avoid potential crisis.

Europe is burning. According to a report from Reuters, British workers held a series of protests at power plants, demonstrating against the employment of foreign contractors to work on critical energy sites. 2.5 million protesters took to the streets of France on Jan 29 in a day of strikes and rallies to denounce the economic crisis. Thousands of Opel workers from around Germany took part in a mass rally at the company's headquarters, demanding that parent General Motors scrap plans for plant closures in Europe. Prime Minister Geir Haarde of Ireland resigned on Jan. 26 after protests-the first leader in the world to fall as a direct result of the financial crisis. Nearly 100,000 people

***European Govts. no longer have the softer option of devaluation available to them.***

marched through Dublin, Ireland on Feb 21 to protest at government cutbacks in the face of a deepening recession.

Main point is that European businesses are not able to face competition from Asia any more than the United States. They are paying fewer taxes & government finances are under stress in nearly all countries. Governments are being forced to cut social sector expenditures leading to public unrest.

Such crises have occurred in the past as well. But there was no Euro then. Each country was free to allow its currency to devalue and regain global competitiveness without adopting harsh measures like wage cuts. Say cost of production of olive oil in Greece is \$ 10 per liter while that produced in Asia is \$ 8. Previously Greece had two options to regain competitiveness. It could reduce the wages of olive workers or it could allow its currency to devalue. The impact of wage reduction is direct and harsh because the price of goods in the market remains high as previously. The burden falls wholly on the workers of the affected industry. The impact of devaluation is relatively soft. It takes time for the price rise to spread through the economy. Moreover, the burden is borne by the entire population, not just the workers of affected industry. Remember, we had devalued our rupee immediately after initiation of the

economic reforms in 1991. It was not followed by Europe-type unrest because the impact was slow and spread thinly all over.

European Governments no longer have the softer option of devaluation available to them. A member country of the European Union cannot singly devalue its currency because it no longer has its own currency. And all countries are unwilling to devalue because devaluation will impose uncalled for costs on their people even if they occur in the long run. They have not borrowed huge amounts like Greece and see no reason why they should devalue their common currency for the errors of one member. The only option available to the troubled members is to impose harsh measures such as salary cuts and tax raises. This is the reason for the burning of Europe today.

I reckon that the people of the European countries will not be able to bear these harsh measures. The political situation will explode. Weaker countries like Greece will demand that stronger countries like Germany either devalue the Euro or provide them with huge subsidies to tide over their difficulties. Neither of these will be practical for Germany. In the result, weak crisis-stricken countries will seriously consider walking out of the common currency. There is already talk in media that the European Union should allow Greece to quietly walk out of the Euro and set its house in order. Same situation is likely to occur with respect to other weak countries like Spain, Portugal, Ireland and Iceland. This may be the end of the Euro! □□

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# The Economic Philosophy of Swami Vivekananda.

*Swami Vivekananda was neither in thrall of the past, nor was he willing to discard everything from it. In the present tumultuous times therefore he stands as an inspiration of a very unique Swadeshi philosophy which is not inward looking yet very proud of being what it is, reveals* **Vikramjit Banerje**



It is not a matter of doubt that Swami Vivekananda had a profound effect on the idea of nation building in India. In many ways Swami Vivekananda has given and continues to give direction to those who want to actively be engaged with India and more importantly it's people.

Swami Vivekananda is a man in many ways engaged with the ideas which still haunt us today. He is also a person who had traveled extensively across the world, speaking about India. He is possibly the foremost person of his times who confronts the question of caste, religion, minorityism, modernism, economics and politics of India and he brought a refreshing viewpoint to the same. He is articulate

and very clear and with his writings and sayings managed to set the agenda which is still with us today as Nationalists.

Vivekananda was a radical for his times. His version and interpretation of high religious philosophy was also marked with a very specific political/economic outlook which arose from his concern about the people of his country, or his co-religionists.

Interestingly this leads him to two broad presumptions, one that religion cannot be given on an empty stomach and two, the poor of India or as he would like to term the "sudra" should be awakened. This has led to attempts by socialists and communists to appropriate the legacy of Swami Vive-

kananda. However Vivekananda was clearly and completely against formal rigid equality though he did claim to be a socialist in a very colloquial sense. Vivekananda recognized clearly that for a society to work in the long run, man had to be given the opportunity to excel and make money ... and he has memorably and famously equalized the Grihasta making money with an anchorite (sadhu) praying in his cell.

His political vision or lack thereof, seems to arise from the fact that during his time, it was impossible for anyone to take on a political role without taking on the British and thereby endangering the extensive socio-economic and crypto political work that Vivekananda was involved in doing.

He seems to be the first person to have discovered the link with what is today known in India "caste is class" theory and also to have seen that such was not a perfect formulation. His vision of combining and reading caste and class together is even by today's standard extremely radical and innovative.

The present article is an attempt to bring out the real Swami Vivekananda as an economic and political visionary. His role as a tremendous social reformer and a great religious saint is undisputed however what is underplayed is that he is possibly the only other per-



son pan Indian ideologue besides Mahatma Gandhi and Babasaheb Ambedkar who articulates a vision for India, which is coherent and relevant. However he is unique in that he is neither in thrall of the past, nor is he willing to discard everything from it. In the present tumultuous times therefore he stands as an inspiration of a very unique Swadeshi philosophy which is not inward looking yet very proud of being what it is.

### **The Economic Philosophy of Swami Vivekananda**

His most influential book which lays down the core of Vivekananda's economic philosophy is his "Karma Yoga". He says:

"The householder is the basis, the prop, of the whole society. He is the principal earner. The poor, the weak, the children and the women who do not work – all live upon the householder; so there must be certain duties that he has to perform, and these duties must make him feel strong to perform them, and not make him think that he is doing things beneath his ideal. Therefore, if he has done something weak, or has made some mistake, he must not say so in public; and if he is engaged in some enterprise and knows he is sure to fail in it, he must not speak of it. Such self-exposure is not only uncalled for, but also unnerves the man and makes him unfit for the performance of his legitimate duties in life. At the same time, he must struggle hard to acquire these things – firstly, knowledge, and secondly, wealth. It is his duty, and if he does not do his duty, he is nobody. A householder who does not struggle to get wealth is immoral. If he is lazy and content to lead an idle life, he is immoral, because

***A householder who does not struggle to get wealth is immoral. If he is lazy & content to lead an idle life, he is immoral, because upon him depend hundreds. If he gets riches, hundreds of others will be thereby supported.***

upon him depend hundreds. If he gets riches, hundreds of others will be thereby supported.

If there were not in this city hundreds who had striven to become rich, and who had acquired wealth, where would all this civilization, and these alms-houses and great houses be?

Going after wealth in such a case is not bad, because that wealth is for distribution. The householder is the centre of life and society. It is a worship for him to acquire and spend wealth nobly, for the householder who struggles to become rich by good means and for good purposes is doing practically the same thing for the attainment of salvation as the anchorite does in his cell when he is praying; for in them we see only the different aspects of the same virtue of self-surrender and self-sacrifice prompted by the feeling of devotion to God and to all that is His."

Interestingly he inserts a subsequent caveat in the next chapter:

"This idea of charity is going out of India; great men are becoming fewer and fewer. When I was first learning English, I read an English story book in which there was a story about a dutiful boy who had gone out to work and had given some of his money to his old mother, and this was praised in three or four pages. What was that? No Hindu boy can ever understand the moral of that story. Now I understand it when I hear the West-

ern idea – every man for himself. And some men take everything for themselves, and fathers and mothers and wives and children go to the wall. That should never and nowhere be the ideal of the householder."

Vivekananda is very clear that the householders obligation includes charity and the purpose why the householder gathers wealth is to distribute it:

"Do you ask anything from your children in return for what you have given them? It is your duty to work for them, and there the matter ends. In whatever you do for a particular person, a city, or a state, assume the same attitude towards it as you have towards your children – expect nothing in return. If you can invariably take the position of a giver, in which everything given by you is a free offering to the world, without any thought of return, then will your work bring you no attachment. Attachment comes only where we expect a return."

Most importantly, Vivekananda was not a rigid adherent of equality of all, in fact he was greatly skeptical of the idea and its excesses were not unknown to him, however he was of the view that the forces of equality were necessary to balance the forces of inequality:

"The next idea we take up is the idea of equality. These millennium ideas have been great motive powers to work. Many religions

***In modern times this millennial aspiration takes the form of equality – of liberty, equality, & fraternity. This is also fanaticism. True equality has never been & never can be on earth. How can we all be equal here? This impossible kind of equality implies total death.***

preach this as an element in them — that God is coming to rule the universe, and that then there will be no difference at all in conditions. The people who preach this doctrine are mere fanatics, and fanatics are indeed the sincerest of mankind. Christianity was preached just on the basis of the fascination of this fanaticism and that is what made it so attractive to the Greek and the Roman slaves. They believed that under the millennial religion there would be no more slavery, that there would be plenty to eat and drink; and, therefore, they flocked round the Christian standard. Those who preached the idea first were of course ignorant fanatics, but very sincere. In modern times this millennial aspiration takes the form of equality — of liberty, equality, and fraternity. This is also fanaticism. True equality has never been and never can be on earth. How can we all be equal here? This impossible kind of equality implies total death. What makes this world what it is? Lost balance. In the primal state, which is called chaos, there is perfect balance. How do all the formative forces of the universe come then? By struggling, competition, conflict. Suppose that all the particles of matter were held in equilibrium, would there be then any process of creation? We know from science that it is impossible. Disturb a sheet

of water, and there you find every particle of the water trying to become calm again, one rushing against the other; and in the same way all the phenomena which we call the universe — all things therein — are struggling to get back to the state of perfect balance. Again a disturbance comes, and again we have combination and creation. Inequality is the very basis of creation. At the same time the forces struggling to obtain equality are as much a necessity of creation as those which destroy it.

Absolute equality, that which means a perfect balance of all the struggling forces in all the planes, can never be in this world. Before you attain that state, the world will have become quite unfit for any kind of life, and no one will be there. We find, therefore, that all these ideas of the millennium and of absolute equality are not only impossible but also that, if we try to carry them out, they will lead us surely enough to the day of destruction. What makes the difference between man and man? It is largely the difference in the brain. Nowadays no one but a lunatic will say that we are all born with the same brain power. We come into

the world with unequal endowments; we come as greater men or as lesser men, and there is no getting away from that pre-natally determined condition. The American Indians were in this country for thousands of years, and a few handfuls of your ancestors came to their land. What difference they have caused in the appearance of the country! Why did not the Indians make improvements and build cities, if all were equal? With your ancestors a different sort of brain power came into the land, different bundles of past impressions came, and they worked out and manifested themselves. Absolute non-differentiation is death. So long as this world lasts, differentiation there will and must be, and the millennium of perfect equality will come only when a cycle of creation comes to its end. Before that, equality cannot be. Yet this idea of realising the millennium is a great motive power. Just as inequality is necessary for creation itself, so the struggle to limit it is also necessary. If there were no struggle to become free and get back to God, there would be no creation either. It is the difference between these two forces that determines the nature of the motives of men. There will always be these motives to work, some tending towards bondage and others towards freedom.”<sup>1</sup>

However in his work “Privilege”<sup>2</sup> he came down against the exploitation of the underprivileged to the extent that their very existence is threatened. (to be continued.)

(The author is Advocate, Supreme Court of India)

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**www.swadeshionline.in**

## Women Reservation Bill: A Milestone for Women Empowerment

*If reservation has been considered to remove existing social inequalities and backwardness, why it should not be adopted to remove gender-inequality, asks Saurabh Dubey*

The passage of Women Reservation Bill, 2008 in Rajyasabha has once again brought the never-ending issue of reservation at the main stage. It, henceforth, triggered off a fresh set of debate against and for the provisions of proposed reservation but this time for the women who have been subject to living a second rung life en masse compared to their male counterparts. Reservation has often been used in India as a tool to gain temporary electoral benefits or to avoid some pending political crisis. Whatever may be the hidden motive of the government to introduce the Constitution 108<sup>th</sup> Amendment Bill at this juncture, may be to divert the public attention from the failure of government to counter the price-rise issue, the legislation will

definitely boosts the initiatives of greater and egalitarian participation of women at all spheres of public life. The proposed Bill will ensure the greater participation of Indian Women at the highest political level and will be a step forward to realize the goals and visions of Constitution Makers to have equal and just representations of all the sections of the society. In 1952, the women representa-

tion was 4.4 per cent and at present it was 8.8 per cent and 10.8 per cent respectively with the fourteenth and fifteenth Lok Sabha tally. The proposed constitutional amendment, as said by the Union Law Minister, was the 'only' remedy to provide adequate representation to women. Arun Jaitley, the leader of the Opposition in the Rajya Sabha, too endorsed the Bill and the idea of rotation of seats.



### History of Reservation

The history of reservation in India commences with the demand for the separate electorates by a group of Muslim elites popularly called as Shimla Deputation led by Agha Khan. The Morley-Minto Reforms, 1909 incorporated the demand by introducing the system of separate electorates for Muslims, thus beginning the story of reservation at the constitutional

level. The Communal Award (1932), announced by the British Prime Minister, Ramsay MacDonald was a further step in the arena of reservation which declared the depressed classes as the minorities and they were entitled to separate electorates. Mahatma Gandhi and Congress saw this move as an attempt to further divide the Indian society, and his active protest led to the signing of

Poona Pact which established reservations for the depressed classes in Central and provincial legislatures. After independence, Indian government continued with the legacy of reservation for SC/STs in legislative bodies, government services and educational institutions. The Mandal Commission (1979) sought reservation for other backward classes

(OBCs) in the field of public sector employment which was subsequently adopted during the 1990s. It was further elaborated with the introduction of reservation for OBCs in educational institutions. Following the recommendations of Sachar Committee and Rangnath Committee, there have been vocal demands for the reservations of Muslims in government jobs.





***The supporters  
of the Bill also  
cited the  
commendable  
success of  
women's  
reservation in  
panchayat.***

At the onset of our path to democracy, it was envisaged that all the sections of society would have fair and equitable representation at the highest level of decision making. In order to ensure a proper voice to Indian women, the Constitution made specific provisions guaranteeing the entitlement for special provisions to the women. In terms of reservation to women, it favoured the argument, still prevalent today, that women should be allowed to automatically get empowered and liberated from the millennia old bondages under the fresh air of democracy. When the option of automatic emancipation did not work, the government promulgated the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution by reserving one-third of total seats at panchayat and municipality levels in favour of women. The idea was to ensure the women having a greater participation in decision making processes at grass-root level which could further pave their upward movement to higher echelons. But our parliament was still due to give adequate representation to Indian women with a very poor single digit entry and this becomes much lower when their participation at state legislative bodies is counted. Reservation is then seen as the

recourse to ensure the desired woman participation in the legislative bodies.

### **Women's Reservation Bill**

The Women's Reservation Bill was first time introduced in 1996 following the recommendations by a Joint Committee headed by late MP Geeta Mukherjee. The subsequent governments at the centre promised and tried to pass this Bill but these champions (MPs) of reservation causes were reluctant to adopt the same in their own house. Surprisingly and shockingly, the most pronounced voices against the reservation came from those leaders who got their grand political stature as a result of their fight for the implementation of reservation. Un-fashioned, un-willing and postponing attitude of successive governments along with the intense opposition from a petty group of politicians did not allow the passage of the Bill to see a day despite over ten attempts to make it as an Act. Finally, the UPA government with active and open support from BJP and Left Parties succeeded to get the Bill passed through the Rajya Sabha on 9<sup>th</sup> March, 2010.

The next hurdle is Lok Sabha where political drama is at peak. Those favouring the Bill argue that

the passage of Bill will ensure to meet the long due equal participation of women in Parliament. This will also improve our Gender Development Index till marred with lower representation of women in terms of their presence in decision making processes. If women's reservation can boost the women participation to one-third in too conservative societies like Pakistan and Afghanistan, then why not in a well-established democracy like ours. The supporters of the Bill also cited the commendable success of women's reservation in panchayat and urban local bodies which resulted in over 1 lakh women representative at grass root level of democracy and in their contribution for the upliftment and coming out in public of women. Few, but there are some vocal opponents, have been opposing the Bill tooth-and-nail. In their view, the reservation would not actually empower the women in dire-need rather it would allow the easy access to the elitist class. They also fear the reservation as a plot to diminish the number of representatives from SC, ST, OBC and minority communities as the women from elite class would score against the women from weaker sections if separate reservations are not provided. So they have been asking for the 'quota within quota'. Some of the opponents also observe that it will increase the negligence of electoral representatives towards their respective constituencies as non-repetition from the same constituency will evaporate the fear of electoral reverses for non-fulfillment of their duties in their constituency. The opponents suggest for reservation in party tickets or res-

***The Samajwadi Party chief asks for 50% of reservation for women in jobs (where he does not have a personal stake) to ensure women emancipation, but he is totally against reservation in his own bastion.***

ervation at 10-15 per cent. The Samajwadi Party chief asks for 50% of reservation for women in jobs (where he does not have a personal stake) to ensure women emancipation, but he is totally against reservation in his own bastion. They are the same leaders who came to prominence with their struggle for the reservation for different groups in, but are opposing it as a matter of life-and-death when their own parliamentary seats seem in danger.

### **Conclusion**

Though the politics of support and opposition will continue, it is imperative to analyze some of the facts regarding women's reservations in India:

- First time in India, since 1909, the reservation has been brought not as a matter of vote or political gain directly, so there has been opposition at legislative level.
- Reservation has always been used in India as a tactic to gain some political advantage or as to divide the opposition to the existing system rather than a means for the welfare of down-

trodden. The near about absence of fear of electoral fall-out of the issue, there is least political importance to the cause and strong vibrant opposition in order to not lose their own seat.

- Since Independence, we have been pursuing the ideals of 'growth with equitable distribution'. Reservation, taxation, subsidization have been taken as the modes to distribute the fruits of growth on equitable basis. Women across the spectrum (caste, religion, race, geography..almost no matter which group) they have the subordinate status compared to their male counterpart for cultural, historical and social reasons. Most of them, still, live with the identity of a daughter, sister, wife or mother. Their independent identity, still a long journey to go. Sooner the better.
- Woman emancipation is not simply providing reservation, setting up a self-help group, or establishing & promoting some small micro-enterprises, etc. The basic idea is to change the women's outlook as a whole.
- It is said, reservation will create only puppets not the real power in hands to the women. But we can not transform the society in a single stroke. Those who could never think of facing the society directly, they will have the chances to see it through their own eyes.
- The opponents of women reservation demand separate quotas for the women of OBCs, SCs and STs and Minorities. The constitution mandates the reservation for SCs and STs

only and the already reserved seats for them will provide quota accordingly to the women from these classes.

- UN Economic and Social Council envisaged its goal of 30% of women in positions at decision making (1995), but even after 15 years we are hovering around 10 %. Countries with poor human development records like Rwanda, Pakistan and Afghanistan could ensure 56.3, 21.3 and 27.3% women respectively in their lower houses through adoption of reservation for women. We are a well pronounced democracy, why we are lagging behind?

Reservation has been considered, so implemented, as a panacea to remove existing social inequalities. If it is there to eliminate social backwardness, why it should not be adopted to remove gender-inequality. Respect the Women who do not discriminate in bearing the pain of birth of her child irrespective of gender, and do whatever you can do to render her an equal status in our home, society and country. We need to watch what Rabri Devi tells over Women's Reservation. Being the icon of women empowerment at the one hand whereas at another hand, the one like millions women mutely following the legacy of their husbands, she is yet to take a public stand: whether she follows the dictates of her husband by opposing the Bill or she breaks the age-old traditions and dares to differ from the patriarchy symbols by standing for the Women Reservation and Women Empowerment. □□

(The author is pursuing Doctoral Degree from JNU)

## 'Monsanto India' not permitted to trade in GM Seeds

**There** is no ban on genetically modified (GM) agricultural products in the country. However, approval of the Genetic Engineering Approval Committee (GEAC) is mandatory prior to production and sale of GM seeds. As of date, Bt cotton is the only GM crop in commercial cultivation. The Government has recently imposed a moratorium on commercial cultivation of Bt brinjal. The Government has not permitted "Monsanto India" to trade in genetically modified seeds and other agriculture inputs.

The application of M/s Mahyco pertaining to commercial cultivation of Bt brinjal Event EE-I is pending consideration of the GEAC in light of several views that have emerged during the public consultations on Bt brinjal organized by the Ministry of Environment and Forests during January to February, 2010. This information was given by the Minister of State for Environment and Forests (independent charge) Shri Jairam Ramesh in a written reply to a question by Shri Shri Anantkumar Hegde & Dr. Murli Manohar Joshi in Lok Sabha. □

### Extinction threat for mangroves

Mangroves, the primary source of livelihood for the coastal communities is under threat due to unchecked anthropological pressures and natural calamities. The International Union for Conservation of Nature (IUCN), a network of several conservation groups, has set alarm bells ringing by warning that more than one in six mangrove species worldwide are in danger of extinction due to coastal development and other factors, including climate change, logging and agriculture.

Mangroves are salt-tolerant plants of tropical and subtropical inter tidal regions of the world and are extremely delicate and fragile. They host several commercially important species of fish and crustaceans in countries like India and Phillipines providing source of livelihood to the coastal communities.

### Duty sop for cotton yarn exporters may go

After having suspended the provision of concession of 7.67 per cent under the Duty Entitlement Passbook (DEPB) Scheme, the Centre is likely to suspend the four per cent duty drawback facility also for cotton yarn exporters. Union Textiles Ministry, a meeting of senior officials held at the Finance Ministry reportedly has favoured suspending the duty drawback facility too. At his meeting with Mr. Mukherjee, Textile Minister Mr. Maran had reportedly impressed upon the need to suspend incentives for yarn exports on the ground that prices have been steadily rising over the past three months to the detriment of garment and handloom sectors.

Earlier, the Textile Commissioner had issued a notification imposing restrictions on export of raw cotton, again as a measure to keep the prices of yarn

under check. The Textile Ministry had been pro-active pressing for measures to control the export of both raw cotton and yarn on fears that it may, otherwise, result in garments and handlooms produced in India becoming uncompetitive in the global market.

The fears are based on the fact that there has been a major shortfall in cotton production across the world this year. The sources also pointed out that China, which is a major competitor for India in apparels, and which has registered a 15 per cent fall in cotton production this year, was reportedly sourcing a large quantity of cotton from India for its industry.

### Chinese firm gets contract for power plant in India

A group firm of China's State Grid Corporation has received the USD 1.5-billion contract to construct a power plant for conglomerate Vedanta Resources in India. Shandong Electric Power Construction Corporation has won the contract, according to a statement posted on the Chinese government's Assets Supervision and Administration Commission website. Shandong Electric Power would design, construct and operate 3x660 megawatts power project for Vedanta in Jharsuguda, located in Orissa.

### Unique ID project renamed 'Aadhaar'

The Government's unique identity project aiming to give a 16-digit number to all citizens of the country was renamed 'AADHAAR' and its new logo unveiled. The Unique Identification Number project of the Unique Identification Authority of India (UIDAI) chaired by Nandan Nilekani was renamed 'AADHAAR' (foundation) as part of efforts to reach out to the common man.



## Indian drug exporters to benefit from change in EC norms

The Netherlands has assured India that the incidents of generic drugs seizures in Europe would not recur once the European Commission amends its regulations. "We have to change the European regulations and we are looking forward to the European Commission," Marten van den Berg, Deputy Director General for Foreign Economic Relations in the Ministry of Economic Affairs, Netherlands said.

In 2009, several consignments of Indian generic drugs enroute to Africa and Latin America were detained by custom authorities of the European

Commission, particularly in the Netherlands. It was alleged that the Indian pharmaceutical products had patent violations in Europe. The Indian government contested these claims and the matter was taken up at the ministerial level after which the EU had assured India that it would find a solution. Berg said, the new EC rules would ensure that such cases do not "happen any more." India's USD 12-billion pharmaceutical industry, gets 40 per cent of its revenue from exports of generic drugs. The generic drugs are the ones on which patents have expired. □

"UID itself is very confusing. Some people call it DUI, somebody calls it IUD and so forth. So it was getting a little difficult to explain all this various permutations, combinations of this acronym," Nilekani said. "Therefore, we wanted a name that could effectively communicate its transformational potential and its promise to residents. Something that had a national appeal that could be recognised across the country, could resonate in different languages and easy to remember and speak," he said. He said the same standard was also set for the making of the logo. The new logo, with a sun in yellow and a fingerprint in the centre, was also made public at a seminar organised by the UIDAI.

## Norms for FDI-funded cash-and-carry trading stores

Government has spelt out the rules for FDI-funded wholesale or cash-and-carry trading ventures, restricting their merchandise sale to registered retailers and not directly to consumers. The Department of Industrial Policy and Promotion (DIPP), the nodal agency for formulating and administering foreign direct investment policies, has for the first time defined wholesale activities. The rules have been incorporated in the consolidated FDI Policy document so that foreign retail stores, allowed in wholesale activities, do not subvert the guidelines which do not allow overseas investments in retail.

Under the policy, 100-percent FDI is permitted in wholesale trading and 51 percent in single-brand retail, while foreign investment is not allowed in multi-brand retail. Several multi-nationals like Walmart, Metro and Tesco, have set up cash-and-carry stores in India building the back-end supply logistics. In the absence of a clear definition of the wholesale activity, these

stores could have sold goods to bulk consumers.

According to new comprehensive guidelines, whether a transaction is wholesale or retail would depend on the type of customers to whom the sale is made and not the size and volume of sales. Wholesale trading would mean sale of goods to retailers, industrial, commercial, other professional business users or to other wholesalers, but not for personal consumption. Excepting for sales to the government, wholesale trading could be done with business entities holding VAT registration, sales tax, service tax and trade licences. It would also include resale, processing and thereafter sale, bulk imports with export/ex-bonded warehouse business sales and B2B e-commerce.

## Rangarajan to Head Committee on Management of Public Expenditure

The Planning Commission has set up a High Level Expert Committee to suggest measures for efficient management of public expenditure. The Chairman, Economic Advisory Council to the Prime Minister, Dr. C. Rangarajan will chair the 18-Member Expert Committee which will suggest an action plan for abolition of the classification of expenditure into plan and non-plan.

The Eleventh Plan document has discussed at length the various anomalies and inconsistencies that arise out of the present classification of expenditure into the categories of plan and non-plan. These anomalies have hindered the efficient management of public resources. The Plan document has also referred to the major changes in the implementation machinery of the Plan that have occurred in the past several years and has emphasized the need to clarify the scope of the public sector plan. □□

## Obama scolds Wall Street for fighting reforms

**President** Barack Obama scolded Wall Street for risk-taking that led to the financial crisis and urged the banking industry to stop its “furious efforts” to block tighter regulations. In a speech in New York attended by several Wall Street executives, Obama blamed the financial meltdown and the recession that followed on a “failure of responsibility” by both Washington and Wall Street.

He warned that the country faced a repeat of the crisis without new rules to rein in the financial industry in a speech that tapped into public fury at

big banks and pushed a Democratic regulatory reform bill that is gaining traction in the US Senate. “A free market was never meant to be a free licence to take whatever you can get, however you can get it,” Obama said. “One of the most significant contributors to this recession was a financial crisis as dire as any we’ve known in generations,” he added.

He said the legislation would significantly improve the current flawed regulatory structure, “despite the furious efforts of industry lobbyists” to try to weaken the proposals. □

## Economic recovery still fragile: IMF

The International Monetary Fund (IMF) says the economic recovery, though sooner than expected, is still fragile. “The world is still a dangerous place and I would not like that too many people have in mind that the crisis is over, that everything is behind us, and that we can go back to business as usual,” IMF Managing Director Dominique Strauss-Kahn said at a news conference.

Strauss-Kahn said there are several challenges that need to be met. “The first is that in a number of countries unemployment continues to rise and so we cannot in any way assume that the crisis is behind us. In some countries, not in all, and some advanced countries, unemployment continues to rise,” he said. The second challenge, he said, was that the recovery, though certainly there, is fragile within the G-7, and among the advanced countries in general.

“So long as private demand remains what it is, we know that public policy will have to remain vigilant for the crisis to move on to stronger terrain,” he said. Observing that the risks of future crises remain latent, he said there is, of course, also the question of public indebtedness.

## 57 bank failures in US this year

The American banking industry continues to be shaky, with nearly 15 banks on an average biting the dust every month. Notwithstanding healthy economic growth and rebound of Wall Street majors, a staggering 57 banks have been shut down so far this year.

As many as 15 entities, most of them small and medium banks, have gone out of business in the last two weeks. So far this month, 16 banks have gone bust. The failure of the seven banks is expected to cost the Federal Deposit Insurance Corporation (FDIC) as

much as \$973.9 million. FDIC is the federal agency which insures deposits at over 8,000 American banks. The number of failures are expected to climb till the labour market situation becomes more steady.

Despite a quarterly economic growth of over five per cent and improving performance of Wall Street firms, small and medium banks continue to be hit by defaults due to high rate of unemployment. Currently, the jobless rate is over nine per cent. Last month, 19 banks went bust while the count of failures touched seven in February. The authorities closed down 15 banks in January. A whopping 211 entities have collapsed since the bankruptcy of Lehman Brothers in Sept. 2008.

## US wants Iran sanctions resolution soon

The United States wants to see a sanctions resolution submitted “as soon as possible” within the UN Security Council to punish Iran for its sensitive nuclear work. “We are actually engaged in New York in a variety of different groupings... to reach a conclusion on the particulars of a resolution. And we want to get this done as soon as possible,” State Department Philip Crowley told reporters.

US Secretary of State Hillary Clinton held a flurry of telephone conversations on Iran with world leaders, including her Russian counterpart Sergei Lavrov, he added. Crowley also dismissed the idea that Lebanon, which assumes the chairmanship of the UN Security Council in May and is opposed to sanctions against Iran, would slow the sanctions debate down.

The United States and its allies fear that Iran is seeking to acquire atomic weapons under the guise of a civilian nuclear energy program, while Tehran insists the program is peaceful in nature. Washington is pushing for tougher sanctions with its international partners Russia, China, Britain, France and

## Developing nations get slightly more say in World Bank affairs

**Emerging** economies, including China and India, were given a greater voice at the World Bank, as member nations approved a slight shift of voting shares in favour of developing countries, while agreeing to raise more money for global aid. The World Bank and The International Monetary Fund (IMF) concluded their annual spring meeting by increasing the voting rights of India, China and Brazil, among others, thus giving them slightly more say in the institutions' functioning.

This represents a total shift of 4.59 per cent to developing and transition countries since 2008, the IMF and the World Bank said in a joint communique

after the meeting. As a result, India's voting power increased from 2.77 per cent to 2.91 per cent while China whose rights increased from 2.77 per cent to 4.42 per cent was the biggest benefactor.

The shift places India at the seventh biggest place after the United States (15.85 per cent), Japan (6.84 per cent), China, Germany (4 per cent), France (3.75 per cent) and the United Kingdom (3.75 per cent). The 186 countries that own the World Bank Group also endorsed boosting its capital by more than USD 86 billion for the International Bank for Reconstruction and Development (IBRD), the arm that lends to developing countries. □

Germany. China is the main holdout to a fourth round of sanctions.

### US says risk of nuclear attack has increased

With terror outfits like al-Qaeda aiming to grab nuclear weapons, the US has warned that the risk of an atomic attack has increased and sought efforts to lock down the world's vulnerable nuclear materials within four years and prevent them from falling into hands of terrorists.

"The nature of the threat has changed. We no longer live in constant fear of a global nuclear war where we're in a standoff against the Russians with our entire nuclear arsenal on the ready, on a hair-trigger alert," Secretary of State Hillary Clinton said. "But, as (the US) President (Barack) Obama has said, the risk of a nuclear attack has actually increased. And the potential consequences of mishandling this challenge are deadly," she said in her speech on nuclear non-proliferation at the University of Louisville, Kentucky.

### China hides pirated DVDs before Expo

In China, embarrassments are usually hidden from sight when the world comes visiting, and that is what has happened to a large supply of bootleg DVDs and CDs as Shanghai prepares for the World Expo, which is expected to attract 70 million visitors. A few weeks ago, government inspectors fanned out across the city and ordered shops selling pirated music and movies to stash away their illegal goods during the expo, a six-month extravaganza that opens on May 1.

Shop owners found a novel way to comply — they chopped their stores in half. In a remarkable display of uniformity, nearly every DVD shop in central

Shanghai has built a partition that divides the store into two sections: one that sells legal DVDs, and a hidden one that sells the illegal titles that everyone wants.

### China to build two nuclear reactors in Pakistan

China has agreed to build two new civilian nuclear reactors in Pakistan, a report said, amid persistent concerns about the safety of nuclear materials in the restive south Asian state. Chinese companies will build at least two new 650-megawatt reactors at Chashma in Punjab province, the newspaper said. China began building a reactor at Chashma in 1991 and broke ground on a second one in 2005, which is expected to be completed next year, it said. A statement posted on the website of the China National Nuclear Corporation on 1st March said financing for two new reactors at Chashma was agreed by the two sides in February.

A spokeswoman for the corporation, which oversees China's civilian and military nuclear programmes, said she was unaware of the deal when contacted by the news agency. "Our Chinese brothers have once again lived up to our expectations," the newspaper quoted an unidentified Pakistani official as saying of the deal, which would help Pakistan cope with a crippling energy crisis. "They have agreed to continue cooperating with us in the nuclear energy field."

US President Barack Obama convened a summit in Washington earlier in April that pledged renewed world efforts to secure and safeguard fissile materials from falling into the hands of militant groups. At the summit, Chinese President Hu Jintao said Beijing "firmly" opposed atomic weapons proliferation, while backing civilian uses. □□



## India will take EU to WTO on generics seizure

India will launch a formal dispute against the European Union (EU) at the World Trade Organisation (WTO) over EU seizures of Indian generic drugs, according to trade ministry sources. India had said it wanted to solve the dispute “amicably” but there has been no breakthrough so far between India and its largest trading partner.

“As far as we are concerned, it’s a violation of Trips and needs to be taken to the WTO,” the senior trade ministry source was reported to have said, referring to the international trade agreements. “Pharma issue will go to the WTO. India is not satisfied by what is happening in the European Union,” the source added. A formal trade dispute has loomed for a long time between India and Brazil on one side and the EU on the other. Settling the dispute could take between 12-18 months, another ministry source, who deals directly with WTO issues, said.

Developing countries believe the case, originally involving the seizure by Dutch customs of a blood pressure drug en route from India to Brazil, is a symbol of their mistreatment by rich nations and corporations. According to WTO procedure, the case now moves to the dispute settlement mechanism of the WTO for a solution.

## WTO chief Lamy tiptoes around China currency

WTO chief Pascal Lamy says he was “extremely cautious” whether currency manipulation is a form of protectionism because a WTO rule on the issue has never been tested. “Now, true, there is one specific article of GATT-WTO that says that a country should not frustrate its trade-opening commitments in using its exchange rate policies,” Lamy said during a discussion on the sidelines of the World Bank and International Monetary Fund’s annual spring meeting. “The rule is there. It’s never been tested, which is why I’m extremely cautious on this,” Lamy said.

Many U.S. manufacturers believe China is acting in a protectionist manner by undervaluing its exchange rate, which they say subsidizes Chinese exports and taxes imports. Over the years, there have been calls for the United States to challenge China’s exchange rate policies at the WTO, but neither the Republican administration of former President George W. Bush nor the Democratic administration of President

Barack Obama has taken that step.

Asked if there was something the WTO could do about countries that manipulate their currency, Lamy said: “The politically correct answer is that it’s not a question for me, it’s a question for (IMF Managing Director) Dominique Strauss-Kahn. Not Geneva-WTO, but Washington-IMF. That’s where legally the mandate for currency surveillance is,” Lamy said. In its semi-annual, World Economic Outlook report the IMF repeated that the Chinese yuan is “substantially” undervalued.

## USA , the top complainant at WTO

The biggest complainer at WTO, with 94 trade complaints brought to the WTO’s dispute settlement body as of April 21, is the United States. But with 109 complaints against it, it’s also the top recipient. In the WTO’s 15-year history, its most litigious members have been the United States and the European Union, accounting for 175 of 405 disputes, though in recent years, large emerging economies such as Brazil, Mexico, and India have filed an increasing share of complaints.

## India moves WTO on ambiguity in import duties

India has suggested at the WTO that there should be an objective benchmark for countries levying penal duties on imports that originate from countries that provide various subsidies to their exporters. This benchmark could be linked to the annual average yield on government securities, India has proposed.

Some countries levy stiff countervailing duties on imports from other countries if they feel the host country has subsidised the exports that could undermine its local industry. Such penal duties are not very common but India is apprehensive that the discount it gives on interest rates on loans to crisis hit exports sectors such as textile, leather and marine products could invite action by importing countries. An objective benchmark would ensure that such action is not arbitrary and excessive.

The WTO agreement on subsidies and countervailing measures says that a government loan is not considered to confer a benefit unless the rate of interest charged is less than that exporter would get from the market for a comparable loan. A proper benchmarking will help determine what the cost of a comparable commercial loan would be for computing the subsidy component, if any, India has submitted. □□