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# SWADESHI

PATRIKA

July 2009

**BUDGET 2009**

**Will the tune  
be tolerable?**





**SWADESHI PATRIKA**  
July 2009

**BUDGET 2009**  
*Will the tune be tolerable?*

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### Affordable housing

*Unwanted SMS messages for sale of multistory flats around Delhi have multiplied in recent times. I am sure same will be the case with other cities also. Still unbuilt flats from various developers are being provided @ Rs 27 to 35 lacs. These flats should cost not more than 15 lacs that means the price is more than double the cost of construction. Moreover the areas in which they are built have no infrastructure and services and are quite remote.*

*There has been aggressive propaganda campaign spreading an impression that real state prices have come down substantially. No prices have gone down. If a builder degrades quality and size and reduces some price it does not mean prices are falling. The greedy builders are actually increasing prices.*

*Consumers must be very cautious and delay further their intent to purchase a flat. If anyone is actually unable to wait he must bargain by starting with 40-50% of quoted rate and at any cost not pay more than 50-60% of the quoted rate. 15-20% profit margin is acceptable. But plunder and loot must not be encouraged at any cost.*

**Manoj Nautiyal, NOIDA**

### Climate Change

*Ongoing heat wave is yet another example of the mess planet earth has been pushed into by the human greed. We Indians, the proud progeny of rishis and seers are engaged in a mad race to beat western world in the consumerist life style. This lifestyle disease is spreading to small towns also. Metropolitan cities like Delhi, Mumbai and Chennai will fade in front of smaller cities.*

*It is disgusting to see people demonstrate their wealth by wasteful expenditure. These neo rich are not ready to listen to the voices of reason and refuse to understand the dangerous path they are treading. If not restrained in time we will have no choices left.*

*Let us strengthen voices of environmentalist activists. Let us go Green.*

**Preeti Bhatt, Rohtak**

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### Quote-Unquote



If America wants a DMZ (De-Militarized Zone) in India they will first have to ensure a DTZ (De-Terrorised Zone) in Pakistan.

**MJ Akbar**

Sr. Journalist



Indian Political Congress failed to be the true inheritor of the values that inspired the freedom movement led by the Indian National Congress.

**S. Gurumurthy**

National Co-convenor, SJM



Ali Akbar Khan was the supreme artiste in the world of sarod and the void left by his death can never be filled.

**Pandit Birju Maharaj**

Renowned Kathak Exponent



The Islamic burqa is not a sign of religion, it is a sign of subservience. It is not welcome in France.

**Nicolas Sarkozy**

President of France

## AN OPPURTUNITY TO RECUPERATE

Finance Minister Pranab Mukherjee is all set to present his first budget in his fresh innings on 6th of July. Improved mandate and further consolidation of its hold on the government would have, in normal course of time, given enough space for any finance Minister to present a budget of his choice in absence of wanton pressure from rowdy allies and a compact, robust and firm opposition. People of India have in their consent restrained both allies and adversaries of Congress party more or less equally. To add to this propitious occurrence is the appointment of an experienced and veteran leader Like Pranab Mukherjee to handle the all important portfolio of finance Ministry. This makes it a toxic blend of familiarity and presumed prior approval. No wonder, if all this has heightened the expectations of all and sundry to lofty levels. That for sure will make the task of Mr Mukherjee a lot more difficult. An unrealistic expectation, howsoever genuine that may be, is not the only concern for a senior politician. Like Pranab Mukherjee. Global meltdown has affected the economy adversely. Economic crisis world wide is nowhere near a possible solution. Growth rate has been repeatedly revised downwards. Job losses are on increase. Exports are dwindling. Manufacturing sector is contracting. Financial market is not comfortable either. Real state has almost stagnated. And to add to the worries further is the disturbed monsoon that is bound to impact the farm sector, which in turn will negatively affect the rural demand and subsequently push the economy into further deceleration. The foremost challenge, therefore, before the FM is to first neutralize and than turn the recessionary forces at play to India's advantage. He has to keep in mind the tone and tenor of the mandate also. Interest groups have stepped up their efforts to project the verdict as an endorsement of globalization, ignoring increasingly protectionist measures countries across the board. What shall FM do in such a situation?

Fact of the matter is that vast majority of economically weaker and socially backward section and also the upwardly mobile middle class including the vocal and assertive youth have voted presumed performer's to power and more than that punished all arrogant self-centered politicians. People, having done their part of the job, expect government to deliver.

Agreed, government has not had much time in office and hence can't be judged so soon. But the messages emanating from different components of the government is not encouraging either. Budget will be first real chance for it to prove that both Congress Party and the government led by it do care and respect the verdict given by people of India. 'Aam Aadmi' must actually be the focus of FM's annual exercise. Wholesale price inflation may have entered into the negative territory, inflation in items of daily use such as grains, fruits and vegetables continues to remain in double-digits in the wholesale price index (WPI). Budget can be an occasion to address the issue and ensure much needed relief to the 'Aam Aadmi' in short term. From long term perspective FM knows well that govt. has to spend much more on Agriculture. The farm sector is under tremendous pressure. Irrigation has to be priority to reduce if not eliminate, dependence of farming on rains. Numerous measures including restrictions on cheap imports are feasible to make farming a profitable venture. Infrastructure is another area to be under focus. Urban as well as rural infrastructure needs expansion. This is the time govt. should take bold initiatives to transform the country. This will help create much needed jobs for the unemployed youth who along with farming community has played a crucial role in bringing cong back to power. Health services, education sector, housing, public transport, security both internal and external are other areas that need adequate consideration. FM has to demonstrate his skills that he has in abundance, to ensure growth without burdening people with excessive taxes; create jobs; to boost Agriculture and remain engaged with rest of the world even after ensuring insulation of domestic economy from the collapsing economic model.

Let this budget not be a mere completion of constitutional obligation. Let this opportunity be seized to lay down the solid foundation of resuscitation aimed at regeneration of Indian economy.

## BUDGET 2009:

*Will FM Strike Acceptable Chords*

■ Swadeshi samvad ■

“Our people will soon be called upon to exercise their democratic right to choose the next Government. The Indian people have repeatedly shown that they can be relied upon to make sound decisions to secure the nation’s future. They have seen how the ‘Aam Aadmi’ has become the focus of the development process. They have also seen how our Government has successfully steered the country through difficult times. They have experienced the joy of being citizens of a proud nation moving ahead with confidence. I have no doubt that when the time comes, our people will recognize the hand that made it all possible. The hand that alone can help our



nation on the road to peace and prosperity,” that was Pranab Mukherjee in Parliament on February 16, 2009 speaking to conclude his interim budget speech.

Well people have responded to his call and made a ‘sound decision’. Congress is back in power and Mr. Mukherjee in south block.

Ball is back in his court. It is now his turn to steer the country through the difficult times ahead.

The global financial crisis which began in 2007 is nowhere near a solution. US, Europe, Japan and almost all major economies have slid into worst ever depression with no clear indications of recovery in near future. Forecasts indicate that the World economy in 2009 may fare

worse than in 2008.

Government through the presidential address to the joint session of Parliament declared, “. My Government sees the overwhelming mandate it has received as a vindication of the policy architecture of inclusion that it put in place. It is a mandate for inclu-

*Revive Tax Structure to Sustain Market*

*Recession has robbed people of their capacity to purchase. A rejigging in tax rates will lay the foundation for a low but effective tax regime and help revive the market feels Shivaji Sarkar*

These are turbulent times for the economy and so also for Union Finance Minister Pranab Mukherjee who will soon present the Budget for the remaining part of the fiscal year. With too little in his kitty and people looking forward for a tax bonanza, it’s a tight rope-walk that he faces.

In the present economic scenario when the trends on the revenue front have not been encouraging, Mr Mukherjee has to closely review tax policy besides reducing prices, increasing industrial and farm production, and creating more jobs. The stimuli announced in December, January and in the

Interim Budget did not have a significant impact as the benefits of the indirect tax cuts helped industry but not consumers.

The Budget also has to counter the global protectionist trends in the West, which is hitting export-based industries hard. Besides fighting with the subsidies the US Administration is extending to different sets of industries and the farm sector, the Government has to rehabilitate the export units, which have sacked about 13 lakh employees, and create conditions for sustaining the IT industry. →



sive growth, equitable development and a secular and plural India. My Government is determined to work harder and better to realize these goals."

"A continuing priority of my Government would be to consolidate the ongoing flagship programmes for inclusion. This will require re-energising government and improving governance. It will require meeting the challenge of restoring economic growth, which is now hurt by the global economic slowdown, back to a higher growth path. High growth is necessary to provide the government

the capacity to expand opportunities for employment. It is necessary to provide resources to increase outlays in education, health care and infrastructure to meet the needs of all regions and all people. My Government will ensure that the growth process is not only accelerated but also made socially and regionally more inclusive and equitable. The yearning of our people for inclusiveness - economic social and cultural", continued HH Smt PRATIBHA DEVISINGH PATIL.

We don't disagree. Budget is the first step to transform that vi-

sion into action. Country is waiting to see how things are going to turn. Signals emanating from the government are not that encouraging. There is a feeling that instead of accepting the verdict in humility there are forces within the ruling party who are trying to high jack the mandate. Noises regarding WTO and sweeping educational reforms are distressing. Will a seasoned leader like Pranab Mukherjee kneel under pressure or will he rise to the occasion and present a budget that will be music to the Aam Aadmi. Let us wait and watch. □□

→ However, the World Bank's projections of a booming India cannot be achieved unless the Finance Minister writes the right prescription to inject fresh momentum into the national economy. And the time has come to revive the tax structure, particularly direct taxes, as the experiment with indirect taxes has not yielded the desired results.

Increasing the threshold limit for income tax is not a wise move. Letting a large section move away from the tax net is not desirable. Perhaps what the Government needs to do is to widen the tax base and lessen the tax-payers' burden.

Robbing almost a third of one's income is too harsh, impractical and leads to complicated procedures of seeking deductions through devious methods. These methods often help many people, proficient with rules and right connections, to reduce their burden to around 23-24 per cent. But others end up paying high taxes. Theoretically, they should remain taxpayers even if it is a token amount of Rs 1,000 a year.

The Finance Minister should

rationalise this not only for procedural reasons but also for the purpose of giving a boost to the sale of products and ensure sustenance for industry and entrepreneurship.

At a time when recession has robbed consumers of their capacity to purchase, rejigging will lay the foundation for a low but effective tax regime. Mr Mukherjee must ensure that there are not more than two tax rates beyond the threshold limit. Bringing tax rates down to 12 per cent up to an income of Rs 6 lakh per annum and 17 per cent beyond that will be a good move.

He may have concerns as how to tailor savings and certain other incentives traditionally the tax procedures ensure. Normally, the people should be trusted to do it. But in no circumstance can there be absolute trust. For this purpose he can include another two per cent in the tax rates or round it off at 15 per cent at the lower limit and 20 per cent at the higher end. Even after giving concessions his effective tax rate would remain slightly lower than the present accruable rate.

The direct benefit would be higher revenue realisation. Lower

tax rates would tempt many businessmen, who try to evade taxes, to pay it. Complicated tax rules must be simplified and the tendency of the Income Tax Department to harass taxpayers must be stopped. A technical non-inclusion of some tax measures is required to be seen in the proper light and the IT Department should do away with the provision of penalty in most cases.

The taxpayer must be given his/her due honour for participating in the process of nation-building and should not be treated as a criminal. In case of some miscalculation or oversight, the assessee should be let off after he/she pays the difference. The existing post-tax appellate procedure also has to be simplified as it is too time-consuming and burdens the exchequer.

Similarly, the procedure for withdrawal of provident fund, which invites high taxes, can be simplified by levying a flat token tax of a low sum. The basic concept should be to earn revenue on a regular basis and leave people with enough capacity to purchase. This way the market can be sustained. □

— The writer is a senior economic affairs journalist.

# Contradictions of neo-liberal welfare state

*Economic development leads to lowering of interest rates and rising of wage rates. That makes it profitable for businesses to use more machines and less labour. That leads to more unemployment and greater demand for welfare programmes. That leads to imposition of higher taxes, which leads to low economic growth. In the end the combination of free market and state welfare does not work* feels **Dr Bharat Jhunjunwala**

The new Congress agenda has two main thrusts. One, the party wants to liberate businesses from government control. This would lead to higher rate of economic growth and enable the government to collect higher revenues as taxes. Second, part of these revenues will be used to fund state-run welfare programmes like Employment Guarantee, loan waiver and free education. Perhaps Man Mohan Singh has taken the responsibility to implement the first point while Sonia Gandhi has taken the responsibility for the second. This formula appears to be successful at first sight as seen in the results of the recent elections. But there is a contradiction between the two which, if not removed, is likely to implode.

The reader will spontaneously see that free market eats away employment. There would arise no need to implement welfare programmes if that were not the case. This is seen most visibly in the experience of the developed countries. In his book *Community without Politics: A Market Approach to Welfare Reform*, David G. Green says: "It seems that thirty years after the introduction of the Great Society programs of the

1960s, it is finally being accepted that a fundamental mistake was made. Rather than eliminating poverty, reviving neighborhoods and communities, and raising up those who seemingly were left at the periphery of society, the welfare state has perpetuated poverty, destroyed families and neighborhoods, and created an underclass of unemployables." Nobel Laureate Prof Edmund Phelps says: "Although



such programs have been substantial in Europe and the US, the working poor remain as marginalized as ever. Indeed, social spending has worsened the problem, because it reduces work incentives and thus creates a culture of dependency and alienation from the commercial economy, undermining labor force participation, employability, and employee loyalty."

This happens because free

market adds to unemployment. The sequence of event is like this: Economic development leads to lowering of interest rates and rising of wage rates. That makes it profitable for businesses to use more machines and less labour. That leads to more unemployment and greater demand for welfare programmes. That leads to imposition of higher taxes, which leads to low economic growth. In the end the combination of free market and state welfare does not work.

The final impact of employment generated under NREGA will be similar. The government first imposes tax on running businesses to collect taxes for making these expenditures. Some businesses fold up due to this high burden of taxes. That leads to increase in the number of unemployed and more demand for relief under NREGA. The government has to impose yet higher taxes on the remaining businesses to collect the revenues necessary to foot the larger bill under NREGA. Additionally, businesses have to face higher wage costs. Workers refuse to migrate to places where they are needed. The government has, for example, made expenditures for providing employment to

workers of Bihar to uplift them. This led them to demand higher wages from farmers of Punjab and has raised labour costs of the latter. Businesses have to face two types of pressure from NREGA—higher taxes and higher wages. In this way a regressive cycle of increasing taxes, increasing wages and reducing commercial employment is established.

The problem becomes worse in the era of globalization. It becomes necessary for all countries to reduce the level of tax to the global minimum. Suppose China imposes excise duty of 10 percent on textiles while India imposes 20 percent. The cost of production of cloth in India will be higher than China. This will lead to imports and Indian textile factories will close down. Per force Government of India will have to reduce the level of taxes to 10 percent in order to protect its domestic industry. Similarly, say the wages of an unskilled worker in Bangladesh is Rs 100 against Rs 150 in India. The cost of production of cloth in India will be high. This will lead to imports from Bangladesh. In the end Indian workers will have to accept lower wages to remain competitive. The creation of a global market forces all countries to lower their rate of tax and wages to the global minimum.

The welfare programmes implemented by the developed countries in the sixties did not face this problem. They exported high-tech goods at high prices to the developing countries and used that revenue to artificially raise the domestic level of wages. Globalization has led to the spread of frontier technologies and such incomes are no longer possible. Thus welfare

programmes in developed countries are under tremendous pressure.

The Nordic countries of Northern Europe have tried to solve this problem in a different way. They have focused on giving welfare expenditures a productive orientation. They have spent more on research and higher education. This has led to the development of new technologies. For example, Nokia has become the leading player in mobile handsets. The costs borne by businesses due to the higher taxes are compensated by cheaper availability of new technologies. It may be difficult to implement such formula in India, however. The condition of our research laboratories is not anything to cheer about.

**The creation of a global market forces all countries to lower their rate of tax and wages to the global minimum.**

The Congress has to find ways of reconciling free market with people's welfare. I think the solution will come by withdrawing from globalization. Say, China imposes excise duty of 10 percent against 20 percent by India. Chinese goods are poised to enter the Indian market. Government of India can impose an additional import duty of 10 percent and neutralize the Chinese advantage. In other words, India will have to adopt free market policies within

the country while abandoning globalization.

The second problem is to remove the negative impact of welfare expenditures on domestic wages. The way, according to Prof Phelps is to replace unemployment subsidies with employment subsidies: "The best remedy is a subsidy for low-wage employment, paid to employers for every full-time low-wage worker they hire and calibrated to the employee's wage cost to the firm. The higher the wage cost, the lower the subsidy, until it has tapered off to zero. With such wage subsidies, competitive forces would cause employers to hire more workers, and the resulting fall in unemployment would cause most of the subsidy to be paid out as direct or indirect labor compensation. People could benefit from the subsidy only by engaging in productive work." Following this advice, the government could pay, say, Rs 500 per month towards the salary of each worker employed in a factory or a farm. Or government could pay both the employees' and employers' contribution to Provident Fund for all employees. Such policy would lead to reduction of cost of labour. Farmers and industrialists will use less machines and more labour. The consequent increase in commercial activity will generate taxes for the government and the expenditures made on subsidies will be much recouped. A fortuitous cycle of reduced labour cost, increased commercial activity and higher collection of taxes will be established. □□

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## *Outsourcing is a Compulsion not grace*

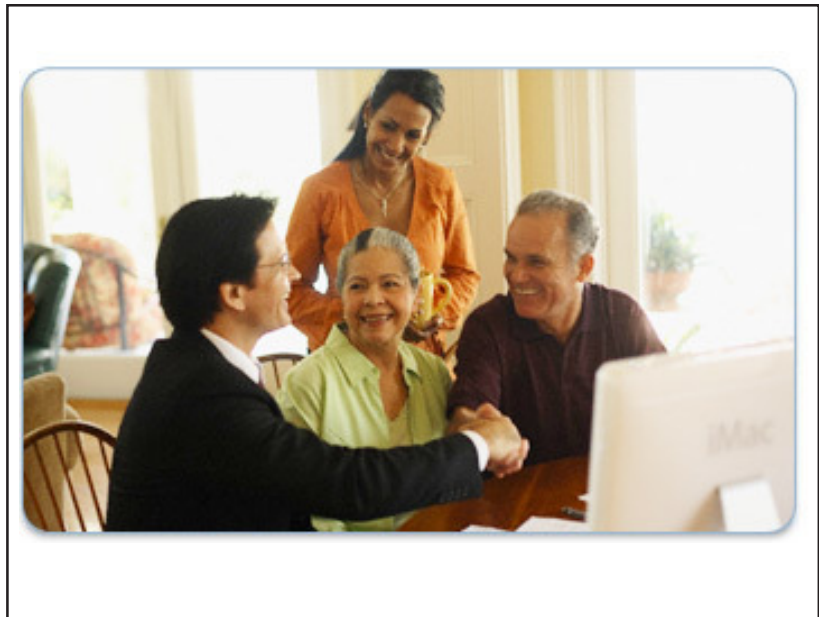
*Outsourcing is not a dole. It is direct fallout of high consumption, resource wasting and luxurious life style of Americans. They must change their life style to get rid of it, explains Dr. Ashwani Mahajan*

Though recession has taken the whole world into its grip but US and European countries are worst affected by the same. Many of US banks, other financial institutions and even their star corporates like General Motors are lying flat on the ground. Jobs of Americans are vanishing. According to a rough estimate between November 2008 and February 2009, in just four months about 3 million jobs were lost in USA. Similar position is there in Australia, Canada and countries of European Union (EU).

People in these countries, though understand that this sudden impact on jobs is due to recession, but still they consider the ongoing outsourcing of jobs to foreign countries including India and large scale migration of Indians into their respective countries.

### **What is Outsourcing**

When a company gets a part of its work done from same outside agency, it is called outsourcing of services, i.e. sourcing from outside the company. When such outsourcing is done from within the country, then theoretically there is no impact on employment opportunities in the country. For example, if Railways outsource its reservation and other services from IRCTC or some other agency, then jobs in Railways get reduced but at the same time jobs are



created elsewhere, within the country. Economic principle behind outsourcing is that it helps the concerned company or undertaking to concentrate on its core competence. It not only helps in reducing cost but also to improve efficiency in many ways.

But if a company gets its work outsourced from outside the country, this has a different type of impact. This kind of outsourcing causes a reduction in employment opportunities in the country. Today USA gets its professional/business related work outsourced to Business Processing Offices (BPO), and call centres legal service providers outsource their professional work to legal processing officer (LPO), knowledge relate work to

knowledge processing officer (KPOs) and medical related jobs to medical transcription services providers and many other jobs are being outsourced from abroad.

Thus the jobs which could have been accomplished by people of US, Europe, Australia, Canada etc are being outsourced abroad. This is being effected by companies to reduce their costs. IT giants like IBM and Microsoft get their software made from India and even in their own countries offices they employ mostly Indians. US government has been easing visa rules to smoothen the entry of Indians to facilitate their companies.

In the last decade outsourcing business has been growing at a rate of more than 40 percent per

annum. We understand that performance of a company is judged by the profits earned by the same. If a company incurs losses continuously even its existence may vanish in the long run. These way it be lave for maximizing profits or compulsion of its survival in the competition, American companies are driven to outsourcing from abroad.

### Obama and Outsourcing

In the election campaign for US president the issue of outsourcing was at the case. During the campaign Barak Obama out rightly took a position against outsourcing and promised to stop outsourcing.

After the elections Obama was facing a dual challenge of receding US economy and consequently vanishing job opportunities on the one hand and banning of outsourcing (for better job prospects for Americans) to fulfill its poll promise. Earlier Bush administration had already banned outsourcing by government departments. Barak Obama after taking over the reign of power ordered for making visa rules more stringent. Recently his administration made a legislation effecting withdrawal of tax benefits from companies indulging in outsourcing.

### Opposition par US companies

US companies have waged an open war against the Obama administrator against the new legislation. Companies openly level charge against Obama for working against the economic interest and their economic interest of USA. Since companies cannot do away with outsourcing, withdrawal of tax concessions can cause heavy damage to the interests of these companies. Thus opposi-



tion of new legislation by US companies is obvious.

So far US government willingly or unwillingly, knowingly or unknowingly has been facilitating outsourcing and migration of Indians by easing of visa rules. May it be recession or struggle for survival, people in US and other developed countries are rising against their own companies for indulgence in excessive outsourcing. In same countries even find racial attacks on Indians. Perhaps they think that they may be able to ensure jobs for themselves by sending back Indians or by banning outsourcing.

### Not a grace, outsourcing is a compulsion

Those who are opposing outsourcing or are opposing migration of Indians in their respective countries must understand that outsourcing is not a grace given to Indians. Outsourcing in being effected due to low wages and the capacity of India and Indians to provide services at low cost. For a job accomplished by an Indian working in Indian call centre for a meager sum of ten to twenty thousand rupees, an American compa-

ny may have to pay 2 lakhs per month in USA. **Cost efficiency is the business mantra today.** High cost US economy perhaps is not competitive enough to face the challenge of low cost India economy. Compulsion to reduce cost perhaps compels US companies to make in roads to India.

Costs in US and European countries are much higher in provision of medical, business or even civil services as compare to India. Cost reduction through outsourcing is a reality today, thanks to technological advancements. Obama and others who oppose outsourcing must realise the compulsion of US companies.

Today an American spends about 30 times more as compared to an Indian on an average. Universe is a global village. National foundation are vanishing. Such a large gap between US citizens and Indian citizens cannot be sustained. American people must change their life styles of high consumption, wastage of resources and luxurious life style. They must reduce their costs to service in the competitive world to get rid of the evil of outsourcing. □□

## *BJP fills the ideological space forsaken by Cong*

*The BJP had adopted Gandhian socialism and genuine secularism in 1980, compelled by the context of Indira Gandhi's return in 1980. But it discarded both in 1989, responding to the socio-political developments since 1987 thinks* **S. Gurumurthy**



Whenever an unexpected change occurs, some scholars excited by the change begin to discourse as if they conclusively see the future like the palm of their hand. Their excitement would not allow them to wait for a while to know what the effect of the change is on the future before they theorize their conclusions. They immediately settle the text of the future from the context of the change. The debate in the Indian media following the election to the 15th Lok Sabha, which resulted in unexpected victory for the Congress-led alliance, falls in this category. The debate, which is mostly centered on the Bharatiya Janata Party or BJP, is about whether ideological politics will work on or not in future for the BJP.

To judge the future, the surest guide is what, in comparable situations, had happened in the past. It is the socio-political developments in India in future, which is dynamic that will draw the BJP's road map. The BJP, like any political party, will, and will have to, respond to such developments. Recall what happened since 1989. The BJP had adopted Gandhian socialism and genuine secularism in 1980, compelled by the context of Indira Gandhi's return in 1980. But

it discarded both in 1989, responding to the sociopolitical developments since 1987. The BJP had faced the worst defeat, with just two elected members in the Lok Sabha against the Congress' 406, in 1984. But the developments later ensured that till today the Congress could not get half the seats it got in 1984, and the BJP emerged as its principal contender and remains so while displacing the Congress for six years as the ruling party.

The debate on ideology is only as meaningful as the debate initiated by Francis Fukuyama in 1992 saying ideological geopolitics

had come to an end with the fall of the Berlin Wall, and the world would thenceforth be free of conflicts with liberal democracy and free trade as the twin goals of all nations in the world. In less than two years Fukuyama was challenged by Samuel Huntington in 1994 who saw not the end of conflicts and history but the return of both in their most tribal forms. Many geopolitical experts say the later global developments validated Huntington more than they approved Fukuyama. The election results of the 15th Lok Sabha is ideologically far less profound than the fall of the Berlin Wall and In-





dia is far less modern than the Western world. Post-Berlin Wall fall, a different ideological model—civilizational groupings based on religion—has, in the opinion of many, begun influencing the world. Even the newest face of the modern world, Barack Hussein Obama has to recall the centuries of relations between the three Abrahamic religions to make his ideas politically relevant to the present.

The ideology of the BJP is a continuation of its earlier avatar, the Bharatiya Jana Sangh. The Jana Sangh was born to fill the political vacuum when the Indian Political Congress failed to be the true inheritor of the values that inspired the freedom movement led by the Indian National Congress. The political Congress disowned in the public domain all that had inspired the freedom movement—the worship of Mother India in “Vande Mataram” of Maharishi Bankim-chandra which made thousands to sacrifice their life and youth for the nation’s freedom; the goal of “Ram Rajya” set by Mahatma Gandhi for independent India which inspired millions to follow him; the ideal of “spiritual nationalism” which Swami Vivekananda had articulated as the core of India; the spirit of Sana-tana Dharma which Maharishi

**The election results of the 15th Lok Sabha is ideologically far less profound than the fall of the Berlin Wall and India is far less modern than the Western world.**

**Indian Political Congress failed to be the true inheritor of the values that inspired the freedom movement led by the Indian National Congress.**



Aurobindo saw as the very nationalism of India. The failure of the Congress created the need and the space for the Jana Sangh. The Jana Sangh was ideologically no Hindu Mahasabha, which was the pre-independence adversary of the Congress; in fact, it had repudiated Mahasabha’s views. Had the Congress party not turned its back on the core values of the freedom movement, the Jana Sangh might not have been born and there might not be a BJP at all. For there could not be two nationalist Congresses. It was Bharatiyata, not Hindutva, which was the ideological mascot of the BJP till 1990, and of the Jana Sangh earlier. In the 1990s, Hindutva emerged as the political thrust of the apolitical Hinduism to measure up to the challenges of pseudo-secularism that had become allergic to Hinduism.

This is where the greatest contribution to the BJP as well as national polity came from L.K. Advani’s famous rath yatra and his redefinition of secularism, distinguishing the genuine from the pseudo. With the Supreme Court’s stamp of approval to the idea of Hindutva as being compatible with secularism, it has become inter-

changeable with Bharatiyata. But these are just naming issues. But the content is the real issue and that is the same in both. If the identity of modern America could be asserted in the mainline debate as WASP (White Anglo-Saxon Protestant), which is a mix of race and religion, why can’t the BJP define the identity of India in cultural terms when the forefathers most Muslim and all Christians belong to that cultural stream?

The BJP exists because the Congress failed to preserve the idea and identity of India under the pressure of vote bank politics. If the BJP fails like the Congress did, it knows it will join the ranks of the grand old party as one more party. It also knows that if there are two Congress parties, people will choose the original, and not the carbon copy. There are many profound minds in the BJP who know what the failure of the BJP means to them and to the country. Not everyone in the BJP thinks only of the self. There are many, far too many, particularly moving down the hierarchy, who think of the country as well and more. □□

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## Education system: *Need to End the Monopoly*

*Demand for education from LKG to Masters Degrees is 10 to 100 times the available capacity. Government has neither funds nor managerial capability to undertake the required huge expansion. Allowing Accredited Educational Institutions with proven track record for competence and integrity, to admit many more students can be a wayout, suggests Professor N.S. Ramaswamy\**

As per PMs mandate, all Ministries have to produce visible results within 100 days. The Education System (ES) can do it immediately. Demand for education from LKG to Masters Degrees is 10 to 100 times the available capacity, causing anguish and tension to parents and tremendous disappointment to aspiring students. The ES can give immediate relief to millions of aspirants who do not get admission due to lack of capacity. Government should allow Accredited Educational Institutions (AEI), with proven track record for competence and integ-

riety, to admit as many students as possible. Government has enough information on institutions which can be trusted to undertake this responsibility.

AEI may be allowed to operate a second shift for 300 days a year, instead of 150 days. This would double capacity, where facilities and faculty are available or can be hired. Students and faculty can stay in outside buildings, till permanent arrangements can be made. Quality would not come down. Students denied admission would become vagabonds and a burden on society. Therefore, it

is better to give them some education, rather than no education. Quality requirement can wait. It is well known that class rooms give only 25% of what students need in life.

Government has neither funds nor managerial capability to undertake huge expansion. Only private sector has the flexibility and managerial capability to take such massive and difficult assignments. They should be taken in as genuine partners and encouraged, rather than being condemned, as at present, as profiteers. Due to worthless cumbersome procedures and humiliating treatment from governmental authorities (who have to give permission) distinguished citizens, philanthropists and Corporate sector are now reluctant to enter into ES. They would gladly do so, if their role is accepted and an honourable place is given to them. If the present monopoly and needless restrictions are removed, a large number of good entrepreneur educationists would enter into ES, thus doubling and trebling capacities of LKG to Masters Degree courses.

There is an unfounded fear that private sector would adversely affect the cultural values of students. Such an assumption is simply absurd. Most of the best institutions in our country are those run by private management. Indias ES is only transmitting information, knowledge and imparting skills, and finally, testing the memory power of students to retain

**It is better to give them some education, rather than no education.**

## *Execute Reforms after Public Debate: ABVP*

**P**ronouncement made by HRD Minister Kapil Sibal with regard to the restructuring of Education system within 100 days is welcome. But it is essential to underline the priorities. Since the proposed changes are bound to have long term repercussions for the nation as a whole, it is obligatory to have a proper debate on these issues of far reaching consequences before implementing them. Several commissions and committees have been constituted in past to improve education, but the recommendations of these commissions and committees could never become priority for any government. Knowledge Commission was just a latest addition to the plethora. But before it could do something, Yashpal Committee submitted its recommendations. Synchronization of all these important issues (taken up by the Minister) is crucial to avoid both overlapping and contradictions.

A National Commission (NCHER) for higher Education & Research is a good idea. ABVP supports co-ordination among different wings, departments and institutions under education Ministry and has been demanding an autonomous commission for this purpose. Regulatory bodies like UGC, AICTE, Medical council and dental council have lost control over education system. Their efficacy is also stands questioned. Several institutions connected with professional education have become dens of corruption. New mechanism is imperative in such a situation. But care must be taken to ensure that new mechanism is able to stop marketization of education besides addressing the weaknesses of centralisation. But at no cost shall central government strengthen its hold after appropriating powers of States.

Mushroom growth of deemed and private universities has taken place in absence of any effective law. In that context the announcement to ban new deemed universities and investigate existing one's is welcome. Strict law to prohibit commercialisation of education must be enacted at earliest available opportunity. This law must clearly define power, admission procedure, fee structure etc. and must be applicable to entire country.

Expansion of education is essential and it is vital to set up new colleges and universities for this purpose. But the role of government in this matter is central. Education can't be handed over to market forces. Even developed countries like USA etc. do spend adequate public funds on education. Karnataka state that has opened a large number of professional institutions is worth following. Several bills regarding effective management of foreign and private institutions are pending in parliament. They need to become law. PPP is acceptable in limited sense but it can't be an excuse for unrestrained profit making.

what they heard in the class. Education means character building and man-making, on which not even one percent of time is currently being spent. Therefore, ES both private and state owned - cannot do any harm to culture. If private sector is given a role in ES in a big way, as PPP or unaided insti-

**Undesirable elements, such as builders, contractors and profit seeking entrepreneurs have entered ES, bringing discredit to the private sector.**

tutions, they would even teach secular and humanistic values. The 2000 Management Institutes and 2000 Engineering Colleges are really Training Institutions, rather than educational. Therefore, the prejudice against private sector is not justified.

Private sector cannot obvi-

ously invest in the ES without a reasonable rate of return. They should be allowed to charge high fees to meet expenses and investment, which can be easily paid by the middle and upper class, who are the beneficiaries from development during the last 20 years. As regards backward, mediocre and poor students, government ought to set up institutions or subsidize their education in the private ES.

Because of restrictions and lengthy procedures, well meaning citizens are not entering ES. Instead, undesirable elements, such as builders, contractors and profit seeking entrepreneurs have entered ES, bringing discredit to the private sector. When the ES is opened, honest citizens would come in and drive away the bad ones. At present, it is a big racket and the spoils are shared by approving authorities and profiteering management. Parents have to pay for this unholy system.

Capitation fee is considered criminal and is condemned. Everybody is keen on merit. So far, there is no mechanism or medicines which can ensure that 100% children are brilliant. Only 50% are outstanding or good, while the rest are average or mediocre. An enlightened society should provide for below average and dull students also, who are desirous of getting education. From the lowest LKG to the highest at Masters level should be accessible for rich and poor,



brilliant and mediocre. Upper class parents are prepared to spend their white and black money on their wards, hoping that their children would improve. In 1970, I told the honorable Minister for Education: I wish to send my dull child to a mediocre school and can pay my own money (which you cannot take away from me) to get him educated. Why should government come in the way of what I do with my children as long as they do not go against the law of the land. That was the beginning of the government releasing the firm grip and monopoly on ES. Even today, the Kerala Government is against private sector entering into the ES. Government restrictions are the main stumbling blocks in expanding ES. In one go, this bottleneck can be cleared.

When good citizens of all categories enter the ES, quality would

go up, driving away the profiteering institutions. Parents are the best judges who can choose where their children should study. Government can help in guiding and counselling them. Many other measures can be taken by the government to open the ES, such as introduction of module system, changing the educational structure where each student

can take the course in schools or higher educational institutions by completing the course in the prescribed time or double the time, using the spare time in getting experience in industry or life.

Finally, ES has scope for tremendous employment generation. Millions will get jobs in creating infrastructure and as teachers and support staff. Further, ethics and morals as well as knowledge of Indian culture ought to be given some priority in ES. But under the misinterpretation of secularism, most Indians are Resident Non Indians, knowing nothing of Indian culture, except those from TVs, which are largely commercial and anti social. □□

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## Wall Street's Toxic Message

*When the current crisis is over, the reputation of American-style capitalism will have taken a beating—not least because of the gap between what Washington practices and what it preaches.*

*Disillusioned developing nations may well turn their backs on the free market, warns Nobel laureate **Joseph E. Stiglitz**, posing new threats to global stability and U.S. security.*



Every crisis comes to an end—and, bleak as things seem now, the current economic crisis too shall pass. But no crisis, especially one of this severity, recedes without leaving a legacy. And among this one's legacies will be a worldwide battle over ideas—over what kind of economic system is likely to deliver the greatest benefit to the most people. Nowhere is that battle raging more hotly than in the Third World, among the 80 percent of the world's population that lives in Asia, Latin America, and Africa, 1.4 billion of whom subsist on less than \$1.25 a day. In America, calling someone a socialist may be nothing more than a cheap shot. In much of the world, however, the battle between capitalism and socialism—or at least something that many Americans would label as socialism—still rages. While there may be no winners in the current economic crisis, there are losers, and among the big losers is support for American-style capitalism. This has consequences we'll be living with for a long time to come.

The fall of the Berlin Wall, in 1989, marked the end of Communism as a viable idea. Yes, the problems with Communism had been manifest for decades. But after

1989 it was hard for anyone to say a word in its defense. For a while, it seemed that the defeat of Communism meant the sure victory of capitalism, particularly in its American form. Francis Fukuyama went as far as to proclaim “the end of history,” defining democratic market capitalism as the final stage of social development, and declaring that all humanity was now heading in this direction. In truth, historians will mark the 20 years since 1989 as the short period of American triumphalism. With the collapse of great banks and financial houses, and the ensuing economic turmoil and chaotic attempts at rescue, that period is over. So, too, is the debate over “market fundamentalism,” the notion that unfettered markets, all by themselves, can ensure economic prosperity and growth. Today only the deluded would argue that markets are self-correcting or that we can rely on the self-interested behavior of market participants to guarantee that everything works honestly and properly.

The economic debate takes on particular potency in the developing world. Although we in the West tend to forget, 190 years ago one-third of the world's gross domestic product was in China. But

then, rather suddenly, colonial exploitation and unfair trade agreements, combined with a technological revolution in Europe and America, left the developing countries far behind, to the point where, by 1950, China's economy constituted less than 5 percent of the world's G.D.P. In the mid-19th century the United Kingdom and France actually waged a war to open China to global trade. This was the Second Opium War, so named because the West had little of value to sell to China other than drugs, which it had been dumping into Chinese markets, with the collateral effect of causing widespread addiction. It was an early attempt by the West to correct a balance-of-payments problem.

Colonialism left a mixed legacy in the developing world—but one clear result was the view among people there that they had been cruelly exploited. Among many emerging leaders, Marxist theory provided an interpretation of their experience; it suggested that exploitation was in fact the underpinning of the capitalist system. The political independence that came to scores of colonies after World War II did not put an end to economic colonialism. In



some regions, such as Africa, the exploitation—the extraction of natural resources and the rape of the environment, all in return for a pittance—was obvious. Elsewhere it was more subtle. In many parts of the world, global institutions such as the International Monetary Fund and the World Bank came to be seen as instruments of post-colonial control. These institutions pushed market fundamentalism (“neoliberalism,” it was often called), a notion idealized by Americans as “free and unfettered markets.” They pressed for financial-sector deregulation, privatization, and trade liberalization.

The World Bank and the I.M.F. said they were doing all this for the benefit of the developing world. They were backed up by teams of free-market economists, many from that cathedral of free-market economics, the University of Chicago. In the end, the programs of “the Chicago boys” didn’t bring the promised results. Incomes stagnated. Where there was growth, the wealth went to those at the top. Economic crises in individual countries became ever more frequent—there have been more than a hundred severe ones in the past 30 years alone.

Not surprisingly, people in developing countries became less and less convinced that Western help was motivated by altruism. They suspected that the free-market rhetoric—the Washington consensus—was just a cover for the old commercial interests. Suspicions were reinforced by the West’s own hypocrisy. Europe and America didn’t open up their own markets to the agricultural produce of the Third World, which was often all

these poor countries had to offer. They forced developing countries to eliminate subsidies aimed at creating new industries, even as they provided massive subsidies to their own farmers.

Free-market ideology turned out to be an excuse for new forms of exploitation. “Privatization” meant that foreigners could buy mines and oil fields in developing countries at low prices. It meant they could reap large profits from monopolies and quasi-monopolies, such as in telecommunications. “Liberalization” meant that they could get high returns on their loans—and when loans went bad,

**Colonial exploitation & unfair trade agreements, combined with a technological revolution in Europe and America, left the developing countries far behind.**

the I.M.F. forced the socialization of the losses, meaning that the screws were put on entire populations to pay the banks back. It meant, too, that foreign firms could wipe out nascent industries, suppressing the development of entrepreneurial talent. While capital flowed freely, labor did not—except in the case of the most talented individuals, who found good jobs in a global marketplace.

This picture is, obviously, painted with too broad a brush. There were always those in Asia who resisted the Washington consensus. They put restrictions on capital flows. The giants of Asia—China and India—managed their economies their own way, produc-

ing unprecedented growth. But elsewhere, and especially in the countries where the World Bank and the I.M.F. held sway, things did not go well.

And everywhere, the debate over ideas continued. Even in countries that have done very well, there is a conviction among the educated and influential that the rules of the game have not been fair. They believe that they have done well despite the unfair rules, and they sympathize with their weaker friends in the developing world who have not done well at all.

Among critics of American-style capitalism in the Third World, the way that America has responded to the current economic crisis has been the last straw. During the East Asia crisis, just a decade ago, America and the I.M.F. demanded that the affected countries cut their deficits by cutting back expenditures—even if, as in Thailand, this contributed to a resurgence of the AIDS epidemic, or even if, as in Indonesia, this meant curtailing food subsidies for the starving. America and the I.M.F. forced countries to raise interest rates, in some cases to more than 50 percent. They lectured Indonesia about being tough on its banks—and demanded that the government not bail them out. What a terrible precedent this would set, they said, and what a terrible intervention in the Swiss-clock mechanisms of the free market.

The contrast between the handling of the East Asia crisis and the American crisis is stark and has not gone unnoticed. To pull America out of the hole, we are now witnessing massive increases in spending and massive deficits, even as interest rates have been brought down to zero. Banks are being

bailed out right and left. Some of the same officials in Washington who dealt with the East Asia crisis are now managing the response to the American crisis. Why, people in the Third World ask, is the United States administering different medicine to itself?

Many in the developing world still smart from the hectoring they received for so many years: they should adopt American institutions, follow our policies, engage in deregulation, open up their markets to American banks so they could learn “good” banking practices, and (not coincidentally) sell their firms and banks to Americans, especially at fire-sale prices during crises. Yes, Washington said, it will be painful, but in the end you will be better for it. America sent its Treasury secretaries (from both parties) around the planet to spread the word. In the eyes of many throughout the developing world, the revolving door, which allows American financial leaders to move seamlessly from Wall Street to Washington and back to Wall Street, gave them even more credibility; these men seemed to combine the power of money and the power of politics. American financial leaders were correct in believing that what was good for America or the world was good for financial markets, but they were incorrect in thinking the converse, that what was good for Wall Street was good for America & the world.

It is not so much Schadenfreude that motivates the intense scrutiny by developing countries of America’s economic failure as it is a real need to discover what kind of economic system can work for them in the future. Indeed, these countries have every interest in see-

**The ideology that we promoted has been tarnished, but perhaps it is a good thing that it may be tarnished beyond repair.**

ing a quick American recovery. What they know is that they themselves cannot afford to do what America has done to attempt to revive its economy. They know that even this amount of spending isn’t working very fast. They know that the fallout from America’s downturn has moved 200 million additional people into poverty in the span of just a few years. And they are increasingly convinced that any economic ideals America may espouse are ideals to run from rather than embrace.

Why should we care that the world has become disillusioned with the American model of capitalism? The ideology that we promoted has been tarnished, but perhaps it is a good thing that it may be tarnished beyond repair. Can’t we survive—even do just as well—if not everyone adheres to the American way?

To be sure, our influence will diminish, as we are less likely to be held up as a role model, but that was happening in any case. America used to play a pivotal role in global capital, because others believed that we had a special talent for managing risk and allocating financial resources. No one thinks that now, and Asia—where much of the world’s saving occurs today—is already developing its own financial centers. We are no longer the chief source of capital. The world’s top three banks are now Chinese. America’s largest bank is down at

the No. 5 spot.

The dollar has long been the reserve currency—countries held the dollar in order to back up confidence in their own currencies and governments. But it has gradually dawned on central banks around the world that the dollar may not be a good store of value. Its value has been volatile, and declining. The massive increase in America’s indebtedness during the current crisis, combined with the Federal Reserve Board’s massive lending, has heightened anxieties about the future of the dollar. The Chinese have openly floated the idea of inventing some new reserve currency to replace it.

Meanwhile, the cost of dealing with the crisis is crowding out other needs. We have never been generous in our assistance to poor countries. But matters are getting worse. In recent years, China’s infrastructure investment in Africa has been greater than that of the World Bank and the African Development Bank combined, and it dwarfs America’s. African countries are running to Beijing for assistance in this crisis, not to Washington.

But my concern here is more with the realm of ideas. I worry that, as they see more clearly the flaws in America’s economic and social system, many in the developing world will draw the wrong conclusions. A few countries—and maybe America itself—will learn the right lessons. They will realize that what is required for success is a regime where the roles of market and government are in balance, and where a strong state administers effective regulations. They will realize that the power of special interests must be curbed.

But, for many other countries,

the consequences will be messier, and profoundly tragic. The former Communist countries generally turned, after the dismal failure of their postwar system, to market capitalism, replacing Karl Marx with Milton Friedman as their god. The new religion has not served them well. Many countries may conclude not simply that unfettered capitalism, American-style, has failed but that the very concept of a market economy has failed, and is indeed unworkable under any circumstances. Old-style Communism won't be back, but a variety of forms of excessive market intervention will return. And these will fail. The poor suffered under market fundamentalism—we had trickle-up economics, not trickle-down economics. But the poor will suffer again under these new regimes, which will not

deliver growth. Without growth there cannot be sustainable poverty reduction. There has been no successful economy that has not relied heavily on markets. Poverty feeds disaffection. The inevitable downturns, hard to manage in any case, but especially so by governments brought to power on the basis of rage against American-style capitalism, will lead to more poverty. The consequences for global stability and American security are obvious.

There used to be a sense of shared values between America and the American-educated elites around the world. The economic crisis has now undermined the credibility of those elites. We have

given critics who opposed America's licentious form of capitalism ample ammunition to preach a broader anti-market philosophy. And we keep giving them more and more ammunition. While we committed ourselves at a recent G-20 meeting not to engage in protectionism, we put a "buy American" provision into our own stimulus package. And then, to soften the opposition from our European allies, we modified that provision, in

turned to Wall Street to manage the recovery. They see continued redistributions of wealth to the top of the pyramid, transparently at the expense of ordinary citizens. They see, in short, a fundamental problem of political accountability in the American system of democracy. After they have seen all this, it is but a short step to conclude that something is fatally wrong, and inevitably so, with democracy itself.

The American economy will eventually recover, and so, too, up to a point, will our standing abroad. America was for a long time the most admired country in the world, and we are still the richest. Like it or not, our actions are subject to minute examination. Our successes are emulated. But our failures are looked upon with scorn. Which brings me back to Francis Fukuyama. He was wrong to think that the



effect discriminating against only poor countries. Globalization has made us more interdependent; what happens in one part of the world affects those in another—a fact made manifest by the contagion of our economic difficulties. To solve global problems, there must be a sense of cooperation and trust, including a sense of shared values. That trust was never strong, and it is weakening by the hour.

Faith in democracy is another victim. In the developing world, people look at Washington and see a system of government that allowed Wall Street to write self-serving rules which put at risk the entire global economy—and then, when the day of reckoning came,

forces of liberal democracy and the market economy would inevitably triumph, and that there could be no turning back. But he was not wrong to believe that democracy and market forces are essential to a just and prosperous world. The economic crisis, created largely by America's behavior, has done more damage to these fundamental values than any totalitarian regime ever could have. Perhaps it is true that the world is heading toward the end of history, but it is now sailing against the wind, on a course we set ourselves. □□

Joseph E. Stiglitz, a Nobel Prize-winning economist, is a professor at Columbia University. This is well-written informative article is reproduced under "fair use" policy for the benefit of Swadeshi activists. (Courtesy Vanity fair)

# Climate Change's Challenge To India

*To grapple with climate change, a different approach is required. The new Congress government needs to bring to this task the real spirit of "young India", suggests* **Mira Kamdar**

A strong, stable Congress government may be good for business, but can it contend with the real, looming threat of environmental catastrophe?

Business and financial communities reacted with outright euphoria to the recent landslide victory of India's National Congress Party. Mumbai's stock exchange soared. Foreign investment poured in. Pundits at what used to be known as investment banks trumpeted the results as nothing less than India finally throwing off the shackles that have held it back from greatness: the limitations of a weak coalition government beholden to Communists. India, we are told, is free at last to embark on a project of wealth creation that the rest of the world will be hard-pressed to imitate.

India is expected to recover smartly from the current global recession, hitting an annual economic growth rate of 6.9 percent by next year. Meanwhile, bearish economists are warning that structural weaknesses will delay the recovery of the US economy until well into 2011. The icing on this cake: General Motors is soothing investors rattled by its recent bankruptcy in the United

States with the assurance that its India operations will not be affected. Charles Wilson, a former GM CEO, once quipped that "what's good for General Motors is good for the country." That quaint, 20th century line now begs only one question: which country? The world's financial press buzzes that India could be the "new China"; capital (at least some of it) is stampeding from Shenzhen to Bangalore; and the US dollar is in free fall.

about the Communists spoiling its new friendship with the United States or its own version of GM's old dictum: "what's good for India Inc. is good for India."

Knowing that half the country's population - and most of tomorrow's voters - is under the age of 25, Congress has put fresh faces in ministries, including some in their twenties. Thirty-seven-year-old Rahul Gandhi is the heralded heir apparent of the Congress dynasty that stretches back to his great-grandfather, India's founding Prime Minister Jawaharlal Nehru. At 63 years of age, the Republic of India is young again.

## The impending supernova

What could possibly hold India back now? Surely Congress's substantial mandate gives it the power to enact the bold policy measures India requires to overcome the many obstacles in its

path to greatness. The list is long: laughably poor infrastructure, desperate farmers committing suicide in droves, peasants and so-called tribals or Adivasis dispossessed of their lands by aggressive resource extraction and industrial expansion (and a related Maoist insurgency), overloaded cities, water shortages, energy deficits, high rates of illit-



eracy, and a notoriously bad national health care system. Add to these a wealth gap that has widened, not narrowed, in globalization's wake; the fact that the majority of the world's malnourished children live in India; the fact that, while 250,000 Indians may qualify as USD millionaires, 800 million live on less than 2 US dollars per day.

As staggering as these challenges are, they pale in comparison to the one supernova on track to blow them (along with the rest of us) off the navigable charts of human reckoning: climate change.

As every major report on climate change has alarmingly pointed out, the impact of global warming will be most felt by developing countries. In a final injustice of geography and imperial history, the world's developing countries are by and large also the world's warmest and most densely populated. Of all the emerging economies whose fortunes are rising, India is one of the most vulnerable to climate change.

### **A weapon of mass destruction**

India has one of the world's longest coastlines. Rising sea levels are already swallowing up the Sunderbans at the mouth of West Bengal's mighty Hooghly River. Next door in Bangladesh, 15 percent of whose land mass will be under water if sea levels rise as predicted, things are even worse. Little wonder India is building a fence along its border with Bangladesh in anticipation of a wave of climate-change refugees. At 4,000 kilometers in length, the Indo-Bangladeshi Barrier will rival the Great Wall of China. One can only imagine what rising sea levels will do to the millions crammed onto re-

**Of all the emerging economies whose fortunes are rising, India is one of the most vulnerable to climate change.**

claimed land in Mumbai or in India's new auto manufacturing hub of Chennai, around which one trusts the government of India has no plans to build fences.

Climate change is also already causing the glaciers of the Himalayas to melt at an alarming rate, the rivers they feed are receding. Some scientists are predicting that the sacred Ganga, whose waters have nourished the great grain-producing Gangetic plains as well as the souls of untold millions of Hindu faithful through millennia, is in danger of simply drying up. Three billion people-half the world's current population-depend on the Himalayas for water. The impact of that water dwindling away is terrifying.

If temperatures rise in India by even a couple of degrees Celsius, which they are already well on track to do, the very viability of food plants will be threatened. Yields will plummet in plants simply not evolved to thrive in higher temperatures. More immediately, climate change causes predictable weather patterns to become unpredictable. This is not good news for a country where the vast majority of agricultural production depends on the regular arrival, duration, and bounty of the monsoon rains. No wonder William Cline, in his meticulously researched book *Global Warming and Agriculture: Impact Estimates by Country* (Center for

Global Development 2007) projects that agricultural production in India will decline by as much as 38 percent over current levels by 2080 as a direct result of climate change alone. By that year, India will have added 450 million more people to its population.

### **Shifting priorities**

Climate change is a weapon of mass destruction. Mitigating global warming by whatever means necessary should be the new Indian government's priority number one.

The government should make a major push to develop low-cost alternative energy technologies that don't require finite, toxic fuel sources (which means both fossil and fissile energy sources).

It should help India's small-scale farmers return to the cultivation of traditional hardy (and higher in protein) food plants such as millet and buckwheat, and install low-cost, highly effective micro-irrigation systems to get the biggest plant-growing benefit for every drop of precious water.

It should require all new construction across the country to be green construction, naturally cooler with little or no air conditioning, and with roofs that collect and channel rain when during monsoons.

It should recognize that the infrastructure India so desperately needs is green infrastructure that encourages public transportation and the use of bicycles, a realization at long last sweeping cities in richer nations.

India cannot afford to do as the west did: get dirty to get rich, and then start to think about cleaning up the mess. It also cannot expect wealthier countries to push the hardest to deal with climate change, the global menace that will devas-

tate India far more than it will them.

### A new path

The new Congress-led government should hitch its strong mandate to India's emerging economic power to force the west - sorely tempted by the current economic crisis to ratchet down its efforts - to do the right thing and pay for its share of not only reducing current carbon emissions, but accounting for the carbon accumulated over centuries of western industrial expansion. It should provide incentives to investors willing to put capital behind green technology ventures, especially small-scale technologies quickly scalable among India's still largely poor population, and it should identify and support the untold number of

locally-adapted, grass-roots, inexpensive solutions that business is simply never going to be interested in because they cannot be made into profit-making ventures.

India has momentum and history on its side. The new government should propose a new bilateral pact focused on climate change to Secretary of State Hillary Clinton when she visits India in July. And it should do so in a spirit very different from that of the nuclear deal where, at least on the US side, billions of dollars in corporate profits and arms sales were major drivers.

To grapple with climate change, a different approach is required. The new Congress government needs to bring to this task the real spirit of "young India", the

spirit of Mahatma Gandhi who warned decades ago that the "earth has enough to satisfy man's need but not every man's greed."

A climate-change pact between the governments of two of the world's great democracies should include agreement on bold commitments that would anticipate real progress when the nations of the world gather in Copenhagen later this year to address this rapidly worsening calamity. There is no better way for two nations so key to our collective survival to address the challenge that imperils us all. India must embrace a new path to equity and sustainability, without which democracy will merely be one casualty among many too terrible to imagine. □□

Courtesy: opendemocracy.net

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## EU-India free trade agreement

### *Will India Accept TRIPS-PLUS Protection?*

*Oxfam Germany and Church Development Service Commissioned an analytical study of EU-India FTA under negotiation. Swadeshi Samwad brings for you some aspects of the report conducted by Carlos M. Correa.*

India and the European Union (EU) are embarked in the negotiation of a free trade agreement (FTA) that includes – in line with the policies deployed by the EU and the United States in the last ten years – a comprehensive chapter on intellectual property rights (IPRs).

The need to integrate IPRs into broader development policies has been widely recognized in authoritative reports and in international fora. The 'Objectives' of the IPRs chapter in the proposed FTA overlook the differences in the levels of development of India and the EU. The stated objectives are limited to facilitating the production and commercialization of 'innovative and creative products between the Parties' and to achieving 'an adequate and effective level of protection and enforcement' of IPRs. They seem to view IPRs as an end in themselves, rather than as an instrument to be applied in a way that permits countries to address their development constraints and needs. The absence of objectives outside the protection of IPRs in itself is noteworthy in the light of the involvement of both India and the EU in the discussion of the Development Agenda within WIPO.

Despite the European Parliament's repeated calls on the Euro-

pean Commission not to seek TRIPS-plus standards of protection in developing countries, particularly as they may affect access to medicines, article 2.1 of the EU-India draft FTA indicates that 'this chapter shall complement and further specify the rights and obligations between the Parties *beyond* those under the TRIPS Agreement and other international treaties in the field of intellectual property to which they are parties'. Hence, the intention to exceed the TRIPS standards is explicit. This approach ignores that India, notwithstanding its recent economic performance and the expansion of its research and development capabilities, is the home to one of the largest populations of poor people in the world. Higher standards of IPRs protection can only aggravate the exclusion of the poor from access to essential products, such as medicines and inputs for agricultural production, the very basis for the survival of the largest part of Indian population.

Unquestionably, India has the expertise and the negotiating capacity to address the IPRs issues in a way consistent with its national interests and with its position in international fora. While the EU may, expectedly, condition certain trade concessions of interest to India to India's acceptance of high-

er standards of IPRs protection, it will be up to the Indian government to assess whether the possible trade benefits (often ephemeral in the light of changing competitive conditions) actually offset the permanent constraints on development and costs to Indian society that such higher standards may generate. Coherence with the position that India has so far maintained in WIPO, WTO and other fora would suggest that India will endeavor to avoid TRIPS-plus commitments in the context of the agreement with the EU. There might be, however, exceptions notably when there is a declared interest in TRIPS-plus standards as it is the case in relation to geographical indications, or when the proposed additional standards would not have a social or economic impact nor require substantial changes in the domestic legal system. It should be borne in mind, in any case, that as a result of the Most-Favoured-Nation clause, any TRIPS-plus standard agreed upon with the EU should be extended automatically and unconditionally to other WTO members without any trade concession from them.

The negotiating texts so far known do indicate that India is resisting many aspects of the EU demands of higher IPRs standards. While in some cases, India has ap-

parently rejected some particular EU proposals (e.g. extension of the patent term, data exclusivity), in other cases its strategy has apparently been to accept certain obligations but only to the extent admissible under 'existing' or 'applicable' or where the proposed measures are deemed 'appropriate' by the relevant authorities.

Many provisions proposed by the EU, particularly in the area of trademarks have been simplified. In the area of enforcement, many provisions with mandatory intent ('the Parties shall...') have apparently been redrafted by India as facultative ('the Parties may...') or converted into a best effort obligation ('the Parties shall endeavor...').

In the following sections a more detailed analysis of some of the provisions under discussion is made.

The EU-India draft FTA practically covers all areas of IPRs. The EU attempts in article 2.2 to embark India in the protection of 'non original databases'. Apparently rejected by the Indian government, the *sui generis* protection of such databases, as contained in the Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, creates rights (including what is termed the 'extraction right') that may generate a significant obstacle to access to knowledge in the public domain.

The impact of strengthened and broadened standards of IPRs protection on transfer of technology is a concern of many developing countries, including India. Soon after the adoption of the TRIPS Agreement, India noted the absence of disciplines in the

TRIPS Agreement to ensure an effective transfer of technology on fair and reasonable terms. Such disciplines are notoriously absent in the EU-India draft FTA. There is nothing therein that would enhance technology flows from Europe to India.

Article 3.1 of the draft EU-India FTA limits itself to the Parties' 'exchange of views and information on their domestic and international policies affecting transfer of technology' and to the creation of an 'enabling environment for technology transfer in the host countries, including issues such as the relevant legal framework and development of human capital'. This general declaration seems to

**They seem to view IPRs as an end in themselves, rather than as an instrument to be applied in a way that permits countries to address their development constraints and needs.**

put on India the burden of creating the appropriate conditions for the transfer of technology to occur, without any substantial obligation on the EU.

Parallel imports are an important mechanism to prevent market fragmentation and allow access to IPRs-protected products. While article 4 ('Exhaustion') of the EU-India draft FTA seems to confirm the Parties' right to provide for parallel imports (under the principle known as 'exhaustion of rights'), the final proviso ('subject to the provision of the TRIPS Agreement') raises some concerns,

since article 6 of the Agreement exempts exhaustion, as contemplated under national laws, from any challenge under the WTO dispute settlement mechanism. The referred to final proviso seems to subordinate each Party's right to establish its 'own regime for exhaustion' to unspecified provisions of the Agreement, in contradiction with the broad exemption conferred under article 6 of the Agreement, subject only to the provisions of Articles 3 and 4 thereof.

As in other EU trade agreements, in the EU-India draft FTA the EU requests the accession by India to a number of international conventions on IPRs that India has not ratified so far. The EU demand shows the complementarity of plurilateral and bilateral efforts by the EU to increase the levels of protection of IPRs in foreign countries.

Indian legislation in the area of copyright and related rights provides a considerably high level of protection. Some copyright-based industries, such as the film and the software industries, generate significant income for the country.

Interestingly, the TRIPS Agreement does not obligate all WTO members to comply with the Rome Convention despite that it pre-existed the TRIPS Agreement negotiation.

India has apparently not accepted so far the obligation to adhere to such conventions, nor many of the provisions proposed by the EU in the area of copyright, as discussed below. The copyright section of the EU-India draft FTA reflects the trend, promoted by developed countries, towards the extension of the term for copyright protection. □□





# National Council Meeting Kullu

## – A Report

National Council Meeting (NCM) of SJM was held in Devbhoomi Kullu, renowned for its unique Dusshera celebrations. NCM started at 10 AM on 6<sup>th</sup> June under the guidance of Sh. Madan Dass ji Devi, A.B. Precharak Pramukh of RSS. SJM National Convener Sh. Arun Ojha presided over. Sh. Desh Bandhu ji, convenor SJM Himachal Pradesh welcomed members from all over the country.

Recalling the events after last NCM in Bangalore in Dec. 2008, Sh. Arun Ojha said that several changes including a renewed mandate for the incumbent government of UPA in centre have taken place in the intervening period. He expressed apprehensions about the future course of direction of policy planning based on the indications spelt out by H.H. President, Smt. Pratibha Devi Singh Patil in her address to the joint session of Parliament. Emerging situation is a challenge pressing us to act with audacity, he added.

**Reporting:** State units from all over India reported in brief the account of activities of SJM undertaken in their respective states after Bangalore meeting. National Sangathak Sh. Kashmirilal ji informed the National Council (NC) that he toured 17 states in 93 days, excluding travel time. He had amazing experiences during his tour of rural, tribal and remote areas of Bharat and had an opportunity to interact with different organizations regarding co-ordinated efforts, creation of literature, Vichar Kendras

and media. Kashmirilal ji stressed the need to have further regular visits by senior leaders. He asked for economic independence of the working. He informed that he was able to identify 165 active units of SJM during his tour and suggested efforts for consolidation of these active units besides expanding their numbers.

Sh. Yoganand Kale delivered a talk on “Economic Model based on Indian value system: He said that five people lost job every minute in 2008 because of the economic model being followed at present. 80000 job losses have been reported by ILO on 26<sup>th</sup> Jan 2008 only, the learned prof. said.

Economic slowdown began as downfall went on to become recession and is heading towards great depression as was the case in 1929, he added.

Prof. B.M. Kumaraswamy, All India Co-convenor of SJM presented his views on “The Third Way”, the way suggested by Rev. D.P. Thengadi. Shree Basav Raj Patil of Karnataka presented his views on “Swadeshi way of Life”.

**Public Meeting:** A grand public meeting was held in Kullu on 6<sup>th</sup> June 2009. A large number of people attended it. Prof. Kumaraswamy, speaking on the occasion, said that WTO-the new avatar of GATT created by 14 countries in 1945 is exploiting people all over the world. Dr. Mahesh Chandra Sharma gave an account of how SJM has been keeping alive the flame of Swadeshi in country for last 20 years. Kash-

## Resolution - 1

## The Global Capital Crisis and lessons for India

The whole world is passing through the worst economic crisis of the Free Market Capitalism. India is no exception. Under international pressure, India adopted the Free Market Model in the year 1991. The signing of the WTO treaty in 1994 gave further fillip to the process of globalization.

The government claims that Indian GDP reached historical rate on account of opening of the economy to foreign capital. It also claims that BSE Sensex attained 20,000 mark attracting more of foreign investment. India has produced the largest number of Dollar Billionaires over the 18-19 years of globalization. Government boasts about these achievements.

However globalization has also its negative achievements, about which the government keeps silent.

- More than 200,000 farmers all over the country are forced to commit suicide.
- Agricultural growth rate has come down to 1-2%.
- India has become a major importer of several Agri-products such as wheat, rice, turdhal, edible oil and so on. This has under mined the policy of food self reliance of the country.
- Unemployment has reached serious proportions.
- Arjun Sen Gupta committee points out that 78% of the population is forced to live on less than Rs. 20 per day.
- Human Development Report 2008 points out that India's rank among 127 countries has fallen from 126 in 2007 to 128 in 2008.
- World Hunger Index Report of the UN points out that India is one of the hungriest countries of the world.
- The gap between the rural and the urban India is rapidly widening. So also between the rich and the poor.
- Health and education sectors are increasingly commercialized. Consequently the vast majority of the deprived classes cannot access these essential services. This is more serious in the absence of social security to the majority.

The global economic crisis of September 2008 has further worsened these problems.

The government must understand that India is

not USA. The strength of Indian economy lies in its decentralized economic system, the cottage and small industries run on cluster basis by various communities. The agrarian rural economy, the so called unorganized sector which provides 93% of employment, the family system, the self restraints on consumption and emphasis on family savings and investment.

SJM urges the general public of the country to think whether the government is to continue its same old economic policy of LPG, which has made the lives of the majority, miserable, for the affluence of the few, or they want an economic policy which generates employment and income for the suffering majority, provides quality health and education services to them at affordable costs, and makes India secure sovereign and self reliant economy.

SJM demands the government –

1. Not to blindly follow the Free Market Economy and to learn lessons from the recent global economic melt down.
2. Give up the export led growth model and focus on domestic market.
3. Give the greatest priority to employment generation.
4. Strengthen and modernise agriculture and rural sector with emphasis on organic farming.
5. Develop Cottage, micro and small industries and industrial clusters on top priority.
6. Strengthen the family values of restraint on consumption and generation of savings.
7. Provide quality health care and education services to the needy masses at affordable costs.
8. GDP should not be the only criteria of economic success but improvement in the living standards of the people.
9. Ensure the development of rural infrastructure.
10. Strengthen environmental sustainability of our development programmes.
11. Stop integration of domestic financial sectors with global financial system as the latter is highly unregulated and has caused global financial melt down.
12. Develop India on its own terms and do not make it a carbon copy of America. ■

mirilal ji spoke about the environmental aspects of Swadeshi and challenges ahead. Arum Ojha ji remind-

ed members Dr. APJ Abul Kalam's warning about depleting stocks of natural resources.

**Resolution - 2**

## **Expectations from the government**

People of India has been given mandate for yet another Congress led government in the centre. Swadeshi Jagaran Manch welcomes new governments. At the same time this has given rise to the expectations of the people from the government and the look forward for greater prosperity and happiness of the common man in the next 5 years. 100 days road map of the present government as also been presented by the president Pratibha Devi Singh Patil in her address to joint session of the parliament. The government has given following issues in the said road map-

1. Disinvestment of the public sector undertaking.
2. Reduction in subsidies.
3. Reform in banking, insurance and pension sectors.

Swadeshi Jagaran Manch has always been opposed to the disinvestment of the profit making public sector undertakings. Reduction in subsidies may adversely affect poor farmers and workers of the nation. Foreign investment in banking and insurance sector is not in best interest of the country. Learning from the experience of USA's economic crisis, disallowing the foreign capital in these sectors would be the best policy. Workers interest should be kept on the top priority before making pension reforms. There is a need to critically examine the impact of foreign investment in various sectors.

We welcome the government's announcement of brining Food Security Bill. We also need to ensure the sufficient availability of food grains at reasonable prices. While making this law. Government is also talking about speedy economic reforms. They may include foreign investment in retail trade and going fast on the policy of Special Economic Zones (SEZs). Farmers are opposing SEZs all over the country. SEZs are not in national interest. Global economic crisis has given an opportunity to the government to reconsider the policy on SEZs. Swadeshi Jagaran Manch has been opposing the policy of SEZ and foreign investment in retail trade.

Deposits of Indian citizens in foreign banks is

a matter of great concern. This is pure black money. There is an urgent need to make this money available for the development of the country. Government of India must make diplomatic efforts, ensuring the return of this black money back to India under a time bound program.

Government must take serious note of the impact of global economic recession on Indian economy, while making the road map. Various sectors have been adversely affected due to their recession. Production of manufacturing sector has come claim by 3.5 percent in the last three months. Diamond industry, garment industry, infrastructure sector, tourism sector and information technology sectors have been worst hot by this recession. Our exports have come down by 15% in the last 3 months. Employment opportunities are also declining very fast. Labour Minister in the earlier government Sri Oscar Fernandes informed the Lok Sabha that in just 3 months from October, 2008 to December 2008, 5 Lakh jobs were lost. According to Federation of Indian Exporters Organisation (FIEO) 2.5 Lakh labourers lost their jobs in the export sector and in the next six months at least another 4 lakh will lose their jobs in textile sector. In IT sector 1 Lakh have lost their jobs.

All this shows that De-coupling theory as published by government of India has failed. Rashtriya Parishad of SJM at Kullu demands:-

1. Policy of SEZ should be re considered.
2. Foreign investment and investment by corporate houses should not be allowed in retail sector.
3. While considering the impact of recession on the economy, investment in agriculture, small scale industries and infrastructure be maximised.
4. There should not be any disinvestment of profit making public sector undertakings.
5. There should be reasonable compensation for workers losing their jobs due to recession.
6. Foreign investment norms for banks and insurance sector must not be altered.
7. Deposits of black money held by Indians abroad must be brought back to India at the earliest. ■

Expressing his views on the defective interpretation of the recent mandate given by people to the government, Sh. Muralidhar Rao asked members to

remain vigilant and help people understand the mandate in factual perspective. The mandate is clear and loud in favour of "Swadeshi" issues and against glo-

## Resolution - 3

### Swadeshi Agenda for the Seventh WTO ministerial conference in Geneva, Switzerland

Doha agenda is in deadlock since the 4th Ministerial Conference held in November 2001. Several subsequent rounds of Mini Ministerial and Ministerial Conferences have failed to resolve the contentious issues on agriculture and for lack of determination to reduce the trade distorting subsidies by the developed countries and for their illegitimate demand for market access by reduction in tariff on agricultural and industrial goods. The nomenclature of Doha Development Agenda is misleading and lacks the spirit of development of the rural poor and the farmers of the developing countries. Under such circumstances of growing dissatisfaction and the lack of trust on the WTO functioning that the seventh WTO ministerial conference has been called on 30th November to 2nd December 2009 in Geneva, Switzerland.

The seventh session of the Ministerial Conference has two distinctive features as per the announcement made by the chairman of the General Council on 26th May 2009. **Firstly** it has been called after a gap of four years as against the mandatory provision of article IV of the WTO to hold Ministerial Conference within two years. The fifth and the sixth conferences were held in Cancun in 2003 and in Hong Kong in 2005 within the mandatory time limit despite differences on carrying out the disputed Doha Development Agenda. **Secondly** the Seventh Ministerial Conference has been scheduled only for three days as against the general practice of 5-6 days for a meaningful discussion and negotiations. The chairman of the General Council has emphasized on a new terminology 'FIT' which implies full participation, inclusiveness and transparency as if these principles were missing in earlier Ministerial Conferences, where decisions were taken through Green Room diplomacy and brinkmanship. The challenges before the Seventh Ministerial Conference is the global meltdown and economic recession.

The agenda of this conference has already been set at the G-20 meeting held in London on 2<sup>nd</sup> April 2009. Although there is a talk to restrain the protectionism which was one of the reason for the prolonged Great Depression of 1929. It is observed that the developed countries have already started the process of protectionism for import of goods and services from

the developing countries. It is a fact that the present economic crisis is the result of consumerism, greed, high level of leveraging by the financial sector and WTO induced globalisation based on laissez faire. It is also a fact that there has been unbalanced growth, increase in inequality and poverty over past several years of globalisation. Millions of farmers have been subject to death and suicide due to increase in the cost of inputs and non-remunerative farm prices and the food security is going to be the major concern in the coming decades. The world farming communality has been the biggest loser as about 80% of the world population derive their livelihood support from agriculture but this sector shares only 2% of the global GDP. The fallacy of the present global economic system is that the manufacturing sector shares 25% & the service sector shares 73% of the global GDP as against the total population dependency of about 20% only. There is a need to remove these imbalances by equity and justice to the farm sector. SJM National Council therefore demands:-

1. Agreement on agriculture be dismantled and agriculture should be dropped from WTO negotiation.
2. All existing agenda and implementation issues as mentioned in the Uruguay Rounds should be the first priority and no new agenda should be discussed before completing the existing agenda. There is also need to renegotiate and redefine the existing agreements on TRIPS and other issues on the principle of special and differential treatment to developing countries.
3. Services agreements should include free movement of labour & the only consideration should be national security and economic needs test should be scrapped.
4. Mass Campaign shall be undertaken all over the country on the Swadeshi Agenda for WTO ministerial conference and a common approach paper would be submitted to the Director General of WTO, Dr. Pascal Lamy and to the Prime Minister of India.
5. A networking would be developed with the like minded civil societies all over the world and a meeting would be organised of all such like minded people and organisation at the WTO venue in Geneva with SJM representatives for a effective change in WTO agenda. ■

balization. But attempts are being made to present the mandate as an endorsement of globalization. He

further said that since UPA – the executers of global economic model have emerged stronger after elec-



tion; they will try their best to project their victory as an indicator of the people's faith in their model of development. Government ought to invest more in infrastructure and Agriculture. Govt. shall enhance its efforts to increase domestic production. We must study undertake study of clusters and present it to the government he opined. NCM also passed three resolutions unanimously. NCM discussed it in detail and decided to promote CBMD as a unit based on Swadeshi thought process. CBMD will be re-organised to help it attain professionalism. SJM units at state & district level will try to organize Swadeshi Melas at as many places as is possible.

**1. BT Brinjal:** Monsanto is launching Bt Brinjal in Indian Market from Nov. 2009. It is very harmful for health. Govt has allowed it on the basis of lackadaisical and biased research. State unit were asked to take the issue to people through media and other publicity medium.

**2. Ski-village and Gagret SEZ:** Narendra Parmar, Advocate of Matribhoomi Sangarsh Samiti and Sh. Maheshwar Singh Ex-MP Kullu gave detailed information to the council about struggle going on against Ski-village and Gagret SEZ.

**3. Sh. Kashmirilal ji** gave information about research centre and web portal. He said that several articles are published on [www.swadeshionline.in](http://www.swadeshionline.in) regularly. He asked members to visit the site regularly. Regarding research centre he said that Dr. Ashwani Mahajan is leading a research project on FDI in retail trade. The report will be ready in 6 months. Research cell will begun its regular activities at 4 places in next 3 months. A report on black money will be ready in 2 month according to Dr. D.R. Aggarwal.

## Future Programmes

### ● Abhiyas Vargas.

- ❑ 3,4,5 July 2009 Balasore Orrissa. ( Assam,Orrissa, Bengal,Bihar, Jharkhand)
- ❑ 7,8,9 August 2009 Indore MP. ( MP, Chattisgarh, Gujarat, Maharashtra, Vidarbha).
- ❑ 4,5 ,6,7 September 2009 Jaipur Rajasthan. ( Rajasthan, Delhi, Punjab, Haryana, HP, J&K , UP).
- ❑ 11,12,13, September Mangalore Karnatka. ( Kerala, AP, Tamil Nadu, Karnatka and all English speak-

ing activists)

- Birth day of Sh. M.G. Bokrey, the writer of Hindu Economies 18 May 1926. Every state will organize function in this connection.
- Swadeshi Week from 25<sup>th</sup> Sept., Birthday of Deendayal Upadhyay to Oct. 2<sup>nd</sup> birth day of Gandhiji.
- Retail Trade: Agitation throughout country.
- Youth Conferences: It was decided to organize as many youth conferences as is possible on issues related to youth.
- Memorandum will be submitted to President from Aug. 2-9 on Black Money.
- Central working committee meeting will be held on 29-30 August 2009 in New Delhi.
- 10 Nov. ,birth day of Rev. Thengadi ji. Programmes to be organized at state and district level.
- 12 December; Babu Genu Balidan Divas. Pro-

grammes to be organized at state and district level.

● State level Vichar Varga's and Conferences shall be organized by all states.

● National Conference will be held on 6,7,8 November 2009 at Prayag UP. National Council will meet at same venue on 5 th November. Sh.Yogesh Shukla will be convener of the conference.



## New Appointments

National convener declared following appointments with immediate effect.

1. Sh Anil Gajkey will look full time after CBMD, he has been relieved of all other responsibilities of SJM.
2. Sh Jagat Narayan Singh will be co-convener of MP-Chattisgarh Zone.
3. Sh. Anil Faujdar will be Mahanagr convener of Pune and also member of National Council.
4. Sh. Shailendra Sengar will be incharge of Vichar Kendra delhi state.

## Miscellaneous

A Book titled Global Melt Down-Road Ahead written by Dr. Dhanpat Aggarwal was released in the NCM.

Extensive coverage was given by the local media to the all aspects of the event.

Sh. Sanjeevan ji, Prant Precharak of HP was also present in concluding session. ❑❑

## *Airport Based Special Economic Zone Gagret:* A Reality Check

Revenue department of Himachal Pradesh government conducted survey of various villages in Gagret, District Una (Himachal Pradesh) in Feb. 2008 for Airport Based SEZ. People started opposing the survey from the very beginning and in March 2008 'Matrabhoomi Raksha Sangarsh Samiti' was formed with shree Durlabh Singh as its president, Ms. Seema Rani general secretary, Vice president Shyam Kaur, and Narendra Singh Parmar, advocate as legal advisor. The committee was expanded to the affected villages. The people of affected area held demonstrations and registered their opposition to the proposed SEZ under the banner of Matrabhoomi Raksha Sangarsh Samiti at tehsil, district headquarter and in Shimla at the house of Chief Minister. The party in government was opposing this project during the rule of congress party, but as soon as their government came in power, they took a U-turn, and started to weaving a cob web of words like if people want, then it will be made, people won't be displaced etc-etc.

Company got principal approval for the project from UPA govt. in New Delhi for 8 thousand acres on the basis of an erroneous survey. Sangarsh Samiti registered "By Name" complaint against revenue officials responsible for conduction of the survey report. Survey by revenue officials had fallaciously reported number of houses in the area to be 345 only. Non-residential constructions were

shown to be 24 and total trees were numbered to be 57728. The report was apparently prepared by the revenue department for its own benefit after assumingly being bribed by the benefactors. Whereas facts on the spot from these 8 thousand acres reveal that more than 20,000 non-residential structures like schools shops, Panchayat, Sarai's etc. exist on ground and more than 10 lakh trees are standing still. All the employees involved in conduction of the survey accepted their blunder of making a wrong appraisal. The Sangarsh Samiti met chief secretary (H.P.) govt. for this case and got just a hollow promise about discarding the survey.

The survey in question has not been conducted according to the original map proposed by the Skil Company for the project. Because the tribal population in the area demarcated in the map prepared by company is substantially large.

Our farmers are working very hard, putting in a lot of efforts to produce as much food as can be possible. They toil to produce enough to not only fill their own family's stomach but also to feed people living in towns and cities. This land is precious to them as it is the only means for earning their livelihood. Farmers of Himachal Pradesh have never taken a self destructive step like suicide. The question arises, why they are being displaced in the name of development. Why is government machinery working on behest of a private enterprise and abdicated its respon-

sibility towards the people who voted it to power? Why did the revenue department prepare a misleading report showing even highly productive fields as barren land?

Govt. has installed hundreds of tube wells in the area for irrigation. These tube wells as well irrigating thousands of acres of productive agricultural land. Will that all go waste? How will the government punish those employees who got kickbacks from the company owners to compile a fake report?

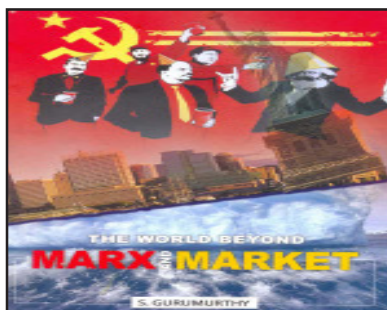
The issue involved is the question of protecting highly productive agricultural land of poor farmers from being snatched by profit hungry Corporates under the garb of infamous SEZ Act. It is also a situation where law makers are forcing law abiding people to take law in their hands.

Govt. unfortunately is playing villainous role. The office bearers of Sangarsh Samiti are being framed in many false and fabricated cases. Cases are filed against common people in order to suppress their voice. Swadeshi Jagaran Manch has been supporting Matrabhoomi Sangarsh Samiti from very beginning. Shri Muralidhar Rao in particular has guided the Samiti from time to time Samiti is also thankful to Shri Kashmiri Lal Ji, All India Sangathak of SJM and Shree Desh Bandu Ji-Convenor SJM Himachal Pradesh for their support and encouragement. The people of Gagret are determined and declare that not an inch of land will be given to this SEZ. □□

## *The type of Capitalism which Marx had critiqued does not exist today – Gurumurthy*

Even the kind of capitalism that Marx opposed does not exist and has ceased to be. With knowledge economy and sophisticated digital money and derivatives replacing hard assets, co-opting more and more people into the category of capitalists without capital through entrepreneurship, the character of the capitalism and the class enemy Karl Marx had set as the target of revolution has undergone a metamorphosis. The neo-capitalism is a very different animal. It is not the same thing as the capitalism which Adam Smith had conceived, or that which Marx opposed - there has been a total transformation in the character and content, the reach and the power of capitalism. Capitalism of today is not driven by actual money. Today its fuel is paper money or the virtual money. It is not driven by the Capitalist. It is driven by the professional class. The theory of surplus value which is the foundation of the Marxian economics is buried under the huge knowledge embedded machine that is not any more based on hard assets which only Marx had seen.

Actual goods and actual services command less value and power than virtual money. The world of market economics today is more notional than actual. The world of finance is more virtual than actual. The control of global economics has long ceased to be the domain of the capitalists. It is now the clev-



er and intelligent minds, the greedy professionals—whose greed is legitimised as the drive for growth—who constitute the knowledge power.

So, the best minds in the world, most of them without “capital”, are now using, exploiting both the capitalists and their capital. The capitalists are exploited, like the proletariat was under the traditional capitalism, by the greedy professional under the new form of knowledge-driven capitalism, which was not found in the universe of Karl Marx. The notional, virtual economy innovated by the professional is hundreds of times more voluminous than the actual money of the capitalists. The actual trade in goods and services across the globe is some \$9 trillion, while the daily volume of virtual money transactions is over \$ 3 trillion a day, which means that the actual economy is less than 1% of the virtual or the digital economy. The evolution of currency derivatives, the change in the definition and measure of money, the digitisation of money, the globalisation of money besides trade, commerce, investment in varying degrees, and

the divide between the virtual and the actual economy, have made the theories of both Adam Smith and Marx and the political, social and economic assumptions underlying them, out-dated.

Thus the neo-capitalism, driven by virtual trade, was not the one Adam Smith had expounded and this did not exist in the times when Karl Marx was protesting against the traditional capitalist model. In the financial, commodity and investment markets of today, virtual activity as a mode of profit-making has outstripped actual trade, production and investment, by over a hundred times or more. The outstanding derivatives position held outside the balance sheets of the banks is \$ 596 trillion – this is in 2007, and the figure in 2002 was just \$100 trillions. This figure is more than ten times the value of the GDP of the world and more than six times the real estate value of the world.

Most of these are operated by the best minds of the world, who use and play on other's capital. Thus the movements and mutations of speculative capital are now beyond the capacity of any nation-state or national and global regulatory framework. Marginalising the traditional instruments of credit and capital, virtual stocks and bonds, exotic financial and other derivatives, have stormed the financial market like a tsunami. Derivatives represent the trading of risk-

underlying assets without trading the assets themselves. Today, the perceived risk on everything is being traded, including even weather predictions! Derivative trading has long ceased to be just a hedge. It has become unbridled speculation, by players who have no real stakes in the actual trade in specific commodities, stocks and financial markets. It has the potentiality to dynamite the real economy. Warren Buffet, regarded as the most successful investor in the world, has described the derivatives as financial WMD (Weapons of Mass Destruction) and has said that it is a "genie out of the bottle" which cannot be called back, indicating how impossible it is to fold back the derivative regime. This is precisely what has now hit the global financial economy, as if irretrievably, and has caused its melt down, and that is now slowly destroying the real economy. This was beyond the imagination of both Adam Smith, the exponent of capitalism and Karl Marx, the founder of communism. Their theories stand superseded and invalidated by the new financial order based on derivatives. The derivative-driven financial economy is not under the regulation of any authority, nor can it be subject to regulation. While Karl Marx had envisioned a market-less state, and ultimately a stateless society, Adam Smith never conceived of a stateless market or a society run just by market. But, on the contrary, stateless market or a society run by market alone is the direction in which the Anglo-Saxon free market system has taken the world economy. And this is precisely what appears to be the terminal illness of free market capitalism.

But one thing is definite.

Communism, which is actually a materialist cousin of capitalism, finally lost out to its slick, more efficient, materialist brother for obvious reasons. Seen in another way, communism failed because it could not produce intelligent and sincere communists, despite becoming a mass movement; while capitalism could generate more capitalists, even capitalists without capital, & turned itself into a mass movement through professional & community-based entrepreneurship, supported by a process which could provide upward mobility for a large population. The reason is simple. Communism demanded a degree of selfless discipline which was impossible to acquire & transmit, while capitalism needed only self interest, ranging from the enlightened to the gross, which was not difficult to generate. Now let us turn to free market capitalism, which has emerged victorious in the battle between the two cousins.

Fall of communism and the rise of the Anglo-Saxon liberal democracy and free market capitalism—Hegel recalled again!

When communism collapsed in the end 80s and early 90s, the West was in a state of euphoria. Immediately and without any deep inquest into the causes of its collapse, the West appropriated the collapse as the victory for not just capitalism, but also for liberal democracy, both being founded on unbridled individualism. Hundreds of thousands of pages have been written citing high philosophic grounds for the victory, and again Hegel was brought in to explain what happened. To recall Hegel, he had said that the most perfect society was one where human beings would feel that there was no need

for further reformation, progress or perfection, as the process and tussle of Thesis-Antithesis-Synthesis has stopped with the Ultimate Synthesis of perfect society. And, that, according to Hegel, is the highest and the most ideal state of the society - the Ideal State as Hegel would say. So, Francis Fukuyama, one of the most acknowledged intellectuals of the West, claimed in his book "End of History and Last Man" that, in the Hegelian sense, the perfect society was at hand after the collapse of communism. He said that free market and liberal democracy, based on individualism, were the highest perfection a society could achieve. With the end of communism, the challenge to these ideals has come to an end too. So there is no more scope for conflicts, and thus history which is just a catalogue of conflicts has so to say ended with the collapse of communism. He prophesied that, henceforth, the whole world would be free of conflicts. And his book became the Bible of global capitalism. Fukuyama's theory, simply stated is this: with the demise of the conflict-prone cold war, the world would henceforth live without violence, which meant that the human race has reached the ideal state. And what is this ideal state? He defined the ideal state to be the one that the West has stood for. That is to say, that the traditions of liberal democracy and free market which the West had evolved have finally won against the rest, and it is for the rest to follow the west as the best. This was the simple explanation he offered for the collapse of communism and the 'victory' of capitalism.

But is Fukuyama right? Has free market capitalism come to prevail as the victor for ever hereafter? □



## Spectrum reserve price at Rs 4,040 crore

Clearing the way for unleashing the next generation mobile telephony, the government decided to auction 3G spectrum at a reserve price of Rs 4,040 crore, which will be allocated to six private operators besides state-owned MTNL and BSNL.

Telecom Minister A Raja and Finance Minister Pranab Mukherjee met Prime Minister Manmohan Singh to finalise the reserve price and other parameters of the spectrum auction for which, highly placed sources said, the reserve price had been fixed at Rs 4,040 crore. However, Raja maintained that no final decision has been taken and it would be either the Group of Ministers or the Cabinet which would take a call on the spectrum reserve price, as directed by the Prime Minister.



"There are several options being discussed for the reserve price and Rs 4,040 crore, as suggested by the Finance Ministry, is one of them," he said. According to him, the decision is expected within a week.

Initially, six private operators, apart from state-owned MTNL and BSNL, would be allowed to offer 3G services that enable

high-speed internet, videos and many other value-added services on the mobile phone by the end of the year.

## Insurance regulator set to define pre-existing illness

Insurance Regulatory Development Authority (IRDA) has decided to introduce a uniform definition of pre-existing illnesses that will be binding on all companies to deal with the disputes over medical insurance claims as companies



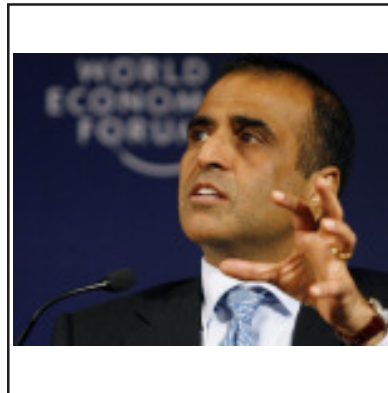
are rejecting most of the claims citing 'pre-existing illnesses.

According to IRDA applicants have to submit their medical records, details of ailments, diseases, diagnosis and hospitalisation of the previous four years when taking medical insurance policies. But private sector insurance firms ignore it and provide medical insurance without even a simple check-up.

IRDA is also set to notify disclosure of valuation, investment portfolio, and product offerings and distribution channels disclosures by the companies that are planning to launch initial public offerings (IPO) to raise capital to help investors gauge the financial strength of insurance firms that are planning to list.

## Hire & fire not acceptable in India: Sunil Mittal

Supporting the idea of labour



reforms in the country, telecom czar Sunil Bharti Mittal has said "hire and fire policy" is not going to be acceptable in the country and asked India Inc to be much more benevolent.

"I think labour reforms again are something desirable but having a hire and fire policy in a country like India is not going to be an acceptable task, neither should that be the requirement from the industry," Mittal, chairman Bharti Group said.

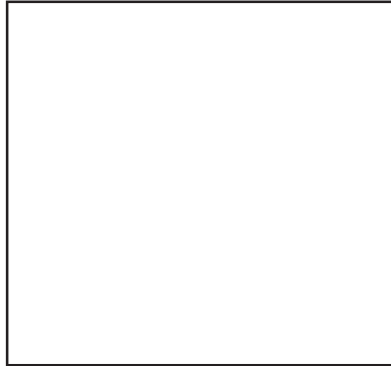
"We have to be much more benevolent much more care taking of our labour force and our people and that at least is the philosophy that I hold very dear to myself and I think all industry players must.

However, he maintained that there will be times of distress for corporate houses, when they may take such steps. He thus voiced for a "platform" where the government and industry can hold discussions on such a subject.

"...there will be industries in distress ... and they need to have some flexibility from time to time so it will be desirable for the in-

dustry and government to come together create a platform on which they can have a discussion when in trouble, how should industry behave,” he added.

## Bill to extend ESI healthcare facilities in the offing



“The government will introduce a Bill in Parliament to amend the ESIC Act, 1948, so that the beneficiaries of Rashtriya Swasthya Bima Yojana can use the ESI healthcare facilities in the country,” ESIC Director-General P C Chaturvedi told reporters. At present, only those who are insured under the Employees’ State Insurance Corporation (ESIC) Act can avail of the corporation’s healthcare facilities.

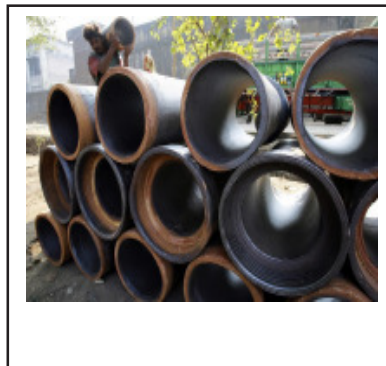
The Rashtriya Swasthya Bima Yojana (RSBY) is a cashless health insurance cover of up to Rs 30,000 for workers below the poverty line in the country. All insured workers under the scheme are issued smart cards that can be used at all empanelled healthcare facilities.

The earlier UPA government wanted to extend the benefits of ESI healthcare facilities to RSBY beneficiaries, immediately after implementing the scheme on 1st April 2008. It also issued an Ordinance on 3rd July 2008, amending the ESIC Act, 1948, but the edict

expired after six months in January this year. Although the government introduced the ESIC (Amendment) Bill 2008 in Lok Sabha in October, it lapsed with the dissolution of the Lower House. The Bill now will have to be reintroduced.

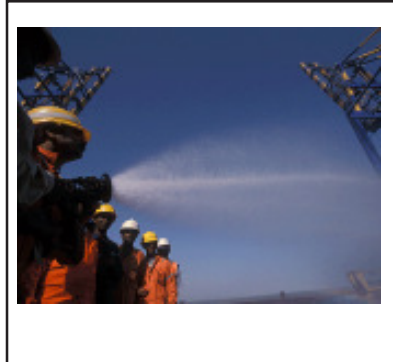
All those non-seasonal power consuming units which have 10 or more workers need to be covered under legislation. Those workers who are getting wages up to Rs 10,000 are provided this health cover under ESIC Act 1948 and can use ESIC health care facilities across the country. ESIC caters to about 4.69 beneficiaries. It has 144 hospitals with 23,923 beds, 42 hospital annexes and 1,397 dispensaries in the country.

## India pays penalty for not using loans from agencies



While India is negotiating more loans from the World Bank to fund Top 10 challenges for India infrastructure development and to upgrade urban transport, an Top 10 challenges for India internal assessment of the finance ministry has revealed that many of its past projects are running far behind schedule to the extent that the government has been paying commitment charges of several hundred crores every year.

In 2007-08 and 2008-09 alone, India paid Rs 240 crore as commitment charges for the non-disbursed portion of sanctioned loans to World Bank and other multilateral agencies such as Asian Development Bank (ADB) and some bilateral donors. In the five years between 2004-05 and 2008-09, the government paid close to



Rs 700 crore as commitment charges. An estimate of such expenditure since 1991 puts the figure upwards of Rs 1,400 crore.

Review of the ADB portfolio showed undisbursed loan amount having increased from \$850 million in 1999 to \$3.5 billion at the end of 2006. Fresh loans were negotiated even when the existing basket reflected huge under utilisation.

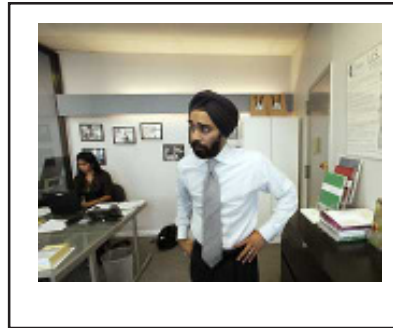
Commitment charges are a penalty on the recipient for its failure to utilise the committed aid. It is partly an indicator to assess the recipient government’s bureaucratic capacity of aid absorption and to measure the pipeline effect of the rate of utilisation of credit. Questions have also been raised on the way the loans have been negotiated. In many cases, the government had bargained loans with commitment charges as high as 0.75% when the rate of interest in the international market hovered around 1%. □□

## Indian immigrants harassed

Indian immigrants have complained of harassment at British airports on returning to the U.K. from trips abroad, according to Highly Skilled Migrant Programme (HSMP) Forum, a non-profit organisation campaigning for the rights of skilled migrants.

The Forum, which has taken up the issue with immigration authorities, cited the case of Sujit Nair, who was harassed at the Glasgow airport after returning from a holiday in India. "The immigration officer at the Glasgow airport bombarded me with questions. Subsequently, I was questioned by a police officer despite having permanent residency in the U.K. I felt very intimidated and unwelcome," said Dr. Nair, who works at the National Health Service (NHS).

The Forum said that similar complaints had come from non-EU (European Union) immigrants,



but a majority were from the Asians. "How did their employer allow them to go on a long holiday?", "Why had they chosen to work in a particular field?" and "Why didn't they find a job in some other area?" were some of the "irrelevant" questions the "interrogation" usually consisted of.

Amit Kapadia, Executive Director of the Forum, said they were treated like "criminals." "We are very

concerned and have raised the matter with the U.K. Border Agency.

## Rising number of Babies with birth defects

Coal has brought riches to a few, jobs for many, and environmental pollution that experts say has led to a high number of babies born with birth defects in the Shanxi province, the centre of China's coal industry. Experts say coal mining and processing has given Shanxi a rate of birth defects six times higher than China's national average, which is already high by global standards. "They looked normal when they were born. But they



were still unable to talk or walk over a year later," said farmer Hu Yongliang, 38, whose two older children are mentally handicapped.

The number of birth defects in Chinese infants soared nearly 40 per cent from 2001 to 2006, China's National Population and Family Planning Commission said in a 2007 report.

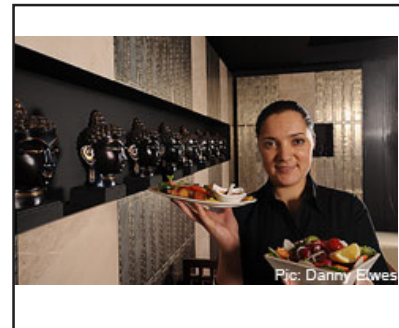
The rate of babies born with birth defects rose from 104.9 per 10,000 births in 2001, to 145.5 in 2006, affecting nearly one in 10 families, the report said. Infants with birth defects accounted for about 4 to 6 per cent of total births every year, or 800,000 to 1.2 million babies, higher than World Health Organization estimates that about 3 to 5 per cent of children worldwide are

born with birth defects.

"The fact that the rate of birth defects in Shanxi province is higher is related to environmental pollution caused by the high level of energy production and burning of coal," said Pan Xiaochuan, a professor from Peking University.

## UK to promote ghee-free Indian food

Alarmed that people with or-



igns in the Indian sub-continent have a 50 per cent risk of dying prematurely from cardiovascular diseases, Britain's health officials have initiated a plan to promote a ghee-free diet.

The Department of Health has launched an online nutrition centre in partnership with the Aga Khan, head of the Ismaili Muslim community. The centre features authentic recipes and is aimed at families who enjoy South Asian, African and Middle Eastern food.

"We know that there is an increasing incidence of certain conditions within the South Asian community, typically type-two diabetes and coronary heart disease. One of the ways to prevent these conditions is by providing healthy recipes for a diet traditionally eaten within the South Asian community," leading Indian dietitian and TV presenter, Azmina Govindji, said.

Information and advice on the centre is based on the traffic-

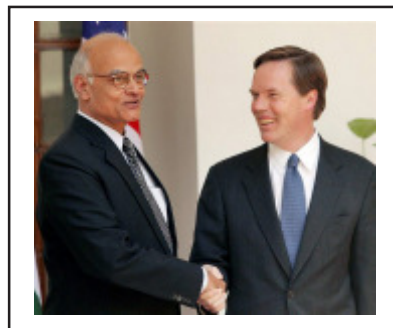


light system of red, amber and green. Users can call up familiar recipes to check their fat content.

"For example, a lamb biryani can have very high levels, but lentil-based dishes, like a dhal, can be healthy," Govindji said, adding that the site will suggest which ingredients can be replaced by healthier alternatives without losing the overall taste.

## 'Trade, tax issues may hit Indo-US ties'

The Federation of Indian Chambers of Commerce and In-



dustry (FICCI) has warned that contentious trade and taxation issues, if not addressed appropriately by the Obama Administration, could "damage" Indo-US ties.

FICCI is also concerned that outsourcing, relaxation of export-controls on dual-use technology are other issues that can "hinder" the burgeoning relationship.

"We are deeply concerned that there are serious trade issues that can damage our relationship," FICCI general secretary, Mr Amit Mitra, told PTI in a joint interview with president Mr Harsh Pati Singhania.

"There are issues like GSP (Generalized System of Preferences) which are going to end soon," said Mr Singhania. GSP is a programme designed to promote economic growth in the developing world by providing preferential

duty-free entry for about 4,800 products from 131 designated beneficiary countries and territories.

The GSP would expire in July, and there is thinking in the US that they may not be renewed. "The United States believes that India does not need it any more. We believe this is not correct," Mr Singhania said.

## US keen for investment treaty with India

The recession hit US said it wants to enhance dialogue with India on key trade policy issues, including the bilateral investment treaty under negotiation. US Trade Representative Ron Kirk will be discussing these issues with India's Commerce and Industry Minister Anand Sharma during a roundtable at the US-India Business council.

"USTR Ron Kirk is commit-



ted to enhancing the US-India trade relationship by fostering enhanced dialogue on important trade policy matters including a US-India Bilateral Investment Treaty," the USTR said in a statement. The bilateral investment agreement would help protect private investment and develop market-oriented policies in partner countries, it added.

The two countries have been trying to bridge differences on the investment protection treaty. While India is willing to give 'post-stage'

protection on private investment, the US wants 'pre-stage' benefit. In simpler terms, if an American company suffers some losses even at the feasibility stage of an investment proposal because of change in government policies, it would like to be compensated.

## 85% Australians feel racism exists in Australia

In the backdrop of increasing attacks on Indian students in Australia, a new survey has said that 85 percent Australians feel



that racial discrimination is rampant in the country with one in five of them being a victim of verbal abuse.

An 11-year study by a collaboration of Australian universities has found that a considerable number of the 16,000 Australians surveyed feel that although cultural diversity is good for the country, the differences may stop everyone from getting along.

Over 40 percent of those surveyed feel that cultural differences pose a threat to societal harmony, Kevin Dunn from the University of Western Sydney's school of social science said. "The Cronulla riots and the recent attacks on people of Indian descent are an example of this. The figures show that 85 percent of Australia acknowledges there is racial prejudice in the country," he said. □□



## India demands visas for professionals, presses for WTO talks

Trade and Commerce Minister Anand Sharma says rich countries must grant Indian professionals more visas as he pressed for a resumption of stalled global trade talks.

Sharma told a gathering of prominent British and Indian businessmen the logjam in the so-called Doha Development Round of trade talks "must be broken". But he accused rich countries of erecting new trade barriers in response to the global recession.

"I am talking about new subsidies being introduced which were given up by countries, trade distorting measures being taken, professionals being refused visas, measures being introduced which are incompatible with the WTO," Sharma told a meeting of the Confederation of Indian Industries (CII).

"Protectionism is also when you do not have Indian doctors coming in freely, Indian nurses coming in freely, Indian IT professionals moving," he said, voicing a long-standing Indian demand for greater flexibility in allowing the temporary movement of skilled professionals.

Sharma, who was in the US for talks last week, said India had suggested a resumption of the trade talks based on the two existing draft documents on agriculture and manufacturing. He said trade diplomats in Geneva had already begun initial discussions for a possible resumption of talks and that he was keen to see a "roadmap" and "some positive results" by the time the US plays host to a Group of 20 (G20) summit in Pittsburgh in September.

"There is much progress that has been made. The two draft reports should be used as the base documents for the resumption of negotiations. I also referred to countries negotiating to find a middle ground. It's not possible to get absolutely perfect solutions. What is definitely possible and achievable is a fair, honourable and equitable solution." "Until the formal sector-specific discussions resume, our Ambassadors have already been advised in Geneva and we are talking. Beyond that I would not like to get into crystal gazing. I remain an optimist - that's all," he added.

## U.S., E.U. launch WTO case against China on raw material exports

The U.S. filed a complaint with the World Trade Organization (WTO) regarding China's restrictions on the export of key industrial raw materials, said U.S.

Trade Representative Ron Kirk, the Standard reported. The E.U. joined the U.S. in the complaint because China refused to cut export tariffs or raise quotas.

The U.S. and the E.U. said that China's export restrictions provide Chinese companies an unfair advantage and distort world competition, thus breaking WTO rules. According to the WTO's dispute settlement procedures, the three parties will have 60 days to settle their dispute through talks. If talks fail, the U.S. and the E.U. can request a WTO panel to investigate and make a decision.

Zhou Shijian, managing director of China WTO Research Society, said that it was unreasonable for the U.S. and the E.U. to take the WTO action since every country around the world is trying to protect its resources and environment. Zhou added that the complaints made by the U.S. and the E.U. went against WTO regulations, which largely relate to imports and not exports.

The raw materials relevant to the dispute include coke, bauxite, fluorspar, magnesium, silicon metal and zinc, showed the complaints sent to the WTO.

## Diluted Indian stand on farm product imports music to US ears

India has indicated that it may dilute its stand on market access for foreign farm products in an effort to breathe new life into the Doha Round of WTO trade talks. These were stalled due to New Delhi's previously strong opposition on the issue.

India's new commerce minister, Anand Sharma, has reportedly conveyed New Delhi's position to US interlocutors, including Secretary of State Hillary Clinton and Commerce Secretary Gary Locke, on his recent visit to that country. The US-India breakthrough on the issue has sent wave of excitement in trade circles where David Walker, New Zealand's ambassador to the WTO in Geneva, who steers its negotiations on agricultural goods, was quoted as saying the pledges were "very much music to my ears."

The Indian stand was anticipated in some quarters ever since the new government took office with a renewed mandate and the cabinet appointments saw Anand Sharma replace Kamal Nath as the commerce minister. Kamal Nath was credited with taking a strong, protectionist stand that did not go well with the Americans. Several people believe that Kamal Nath was eased out because he had soured things with Washington over Doha, although in all other aspects, he forged closer trade ties with the US and counted many friends here. □□