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भूमि, जल एवं कृषि



Spirited efforts
generate

Persuasive Convergence



CONTENTS

COVER ARTICLE 4

Kissan Jamawda

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LETTERS 2

NEWS NATIONAL 32



INTERNATIONAL 34



WTO 36

11 NEIGHBOURHOOD

Receding Chinese Economy

..... Dr. Ashwani Mahajan

13 FOCUS

India @ 65 - Republic without Responsibility

..... M.R. Venkatesh

16 SCRUTINY

India's Economic and political Viability

..... Anil Javalekar

20 ECONOMY

Europe bailout will be ineffective

..... Shivaji Sarkar

22 OPINION

The meaning of Maruti's migration to Gujarat

..... Bharat Jhunjunwala

24 DOWN THE MEMORY LANE

Thengadi ji's role in Emergency of 1975-77

..... Saroj Mitra

26 COUNTER VIEW

Success sans Ethics

..... S. Gurumurthy

28 GOVERNANCE

We pay Rs 4,00,000 cr in 'bribe taxes' a year

..... Prof. R. Vaidyanathan

31 SCAM

Coal mining Scam

..... Swadeshi Samwad

Illegal immigrants

The increasing influx of illegal immigrants spreading to the adjoining states of Assam with highly deplorable incidents of ethnic and communal hatred resulting into eruption of brutal physical assaults against the original settlers, there is urgent need to analyze and undertake the remedial measures on war footing. Feeble response would add fuel to the fire and worsen the situation beyond manageable proportions. 1971 war culminated into disintegration of Pakistan with birth of Bangladesh as a bye product of the decisive military action of Indian forces.

In consequence thereof there was influx of Bangladeshi migrants into north-eastern states in particular and all over the country in general. The issue has been prominently orchestrated from time to time by the leaders of opposition in the Parliament and at other fora and despite that Bangladeshi immigrants have succeeded in getting permanent citizenship rights, ration cards, voting rights and have started asserting their burgeoning presence as original inhabitants creating fearsome and frightful environment of Bodos, the early settlers and congenial conditions for terrorists and radicals who issued coercive threats to engineer massive panic and fear psychosis which ultimately resulted into migration of around 2 lacs of people both Bodos and Muslims.

This is not an abrupt development or ethnic clash out of intolerance or religious bigotry but certainly a part of deep rooted strategy, conspiracy and low intensity war for demographic change to fulfill the dream of greater Bangladesh on the analogy of Kashmir wherein the radicals and trans border inimical forces became victorious to force the ethnic cleansing with total migration of Kashmiri Pandits. If we do not want Assam to turn into another Kashmir we shall have to be vigilant and act firmly to eradicate the brewing crisis from the roots. Bangladeshi immigrants must be identified rising above the vote politics and stripped off their citizenship rights. Plug all channels/sites to prevent misuse of social media networking by the terrorist outfits in the form of cyber invasion. All political variants need be united to foil attempts towards balkanization of the country.

– Prashant Sharma, Jammu

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Quote-Unquote



It's a huge stone off my chest...
This was one medal missing
from my collection.

Gagan Narang

Shooter, on winning bronze in London Olympics



Jawaharlal Nehru and Mahatma Gandhi learnt English but their wives did not learn English. So for their children, English was at best their 'father tongue', while Bengali, Marathi, Telugu, Tamil, Hindi and so on remained their mother tongues.

Kanchi Ilaiah

Dalit Activist



No, I am a vegetarian.

Sushil Kumar

Wrestler & London Olympics silver medallist, when asked
if he had bitten his opponent's ears in the semi-final.



In case Anna Hazare wants
my support, he must sever ties
with the Naxalites that are there
in his team.

Subramanian Swamy

Janata Party president

Public-private Partnership:

Camouflaged nexus to Plunder

"A policy is a temporary creed liable to be changed, but while it holds good it has got to be pursued with apostolic zeal."

— (Mahatma Gandhi)

Sudden shutting down of Delhi Airport Metro Express Line just 16 months after it became operational has raised serious questions about the much hyped PPP model of Investment. Public-private partnership (PPP or P3) described as a government service or private business venture funded and operated through a partnership of government and one or more private sector companies, involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. It was under this model that Delhi Airport Metro Express Line was projected as an urban infrastructure showpiece for the country. The 23-km high-speed metro rail, connecting New Delhi Railway Station to Terminal 3 of the Indira Gandhi International Airport has been built at a cost of Rs 5,700 crore and is the country's first metro rail project to be commissioned under the PPP model. Under the arrangement, the state-run Delhi Metro Rail Corporation (DMRC) completed the civil work, while the Delhi Airport Metro Express Private Ltd, promoted by Reliance Infrastructure and Spanish train maker CAF, was to operate the line for 30 years. It was supposed to be ready before the Commonwealth Games in October 2010 but overshot its deadline by almost five months. Former DMRC chief, E. Sreedharan, in December last year threatened to take over the track from Reliance if it did not improve train speed and frequency. Observers claim running the airport line has not been profitable for Reliance and it is preparing the ground to exit the project. They further say that Reliance has not been able to meet its initial revenue projections. Even though Reliance Infrastructure CEO claimed at a press conference that the decision to suspend services was "purely linked with safety", he however added that "the corridor is not making profits, but we would continue to operate the line." This sudden twist turning the focus of attention into an expensive eyesore has once again brought the PPP model under the spotlight.

In a PPP model of investment, capital investment is made by the private sector on the strength of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP also is in kind (notably the transfer of existing assets), capital subsidy in the form of grants, revenue subsidies, including tax breaks or by providing guaranteed annual revenues for a fixed period. The cost of using the service is mostly borne exclusively by the users of the service like the toll tax on Toll roads. The Government of India defines a Public-private partnership (PPP or P3) as "a partnership between a public sector entity (sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement system'. But this definition has remained confined to the official records only. On ground most of the projects commissioned under P3 model have either deviated from the original contract terms on most counts or have failed completely. The most common cause of failure of PPP projects lies in the overestimation of the potential demand for services, poorly drafted contracts; intentional frauds, overbilling, non adherence to even poorly drafted contracts, lack of transparency at almost every stage and similar other reasons. PPP had emerged as a well-accepted alternative to helpless governments miserably ill-equipped to provide basic services to its people and the exploitative nature of private players. It envisioned the achieving of what the government and private sector could not achieve individually. But sadly even this model seems to be a disappointment. It is time to ponder over the root cause of policy failure.



Kissan Jamawda - A Report

22-23 August, 2012 (New Delhi)

Participants of "Kissan Jamawda", An innovative congregation of farmer's, a farmer leaders and others involved with farm sector issues shared their experiences realised the need to join hands was clearly visible in the two day event.

Agriarian Scenario in India more so in the Post-reform period is A Story of Distress, Despair and Death. A lot of political noise is made from time to time in the name of suffering farmers. But problems faced by Agri-sector worsen with every passing day in spite of the tall claims made by government about its efforts to mitigate the same.

With this background and a lot of pain, anxiety, anguish and agonizing distress clearly visible on their exhausted faces over 800 farmer leaders from across the country came together for two days to participate in the "Kissan Jamawda" organized by Swadeshi

Jagaran Manch on August 22nd - 23rd, 2012 in Dattopant Thengdi Nagar created for the occasion in the premises of Adhyatam Sadhna Kendra, Chhattarpur, New Delhi. In just two days of collective pondering over different aspects of the issues involved isolated helplessness was replaced by hope, optimism and the firm resolve to launch a united decisive struggle to force the government to put an end to the discriminatory approach to farm sector.

The scene was full of enthusiasm, confidence and determination inspiring Sh. Rampal Jaat, the popular leader of Rajasthan to comment "Jamawda Jam Gaya"

that Jamawda has connected the chord with farmers.

"Kissan Jamawda" is an innovative concept of Swadeshi Jagaran Manch to persuade farmers agitating separately in different parts of the country for their issues to join hands in a manner that will make it difficult for policy planners to ignore the farm sector on which over 60% population of India still remains dependent. Agriculture sector, as we know, is a victim of a flawed perception of those at helm of affairs. This unsound discernment results in reduction in terms of government spending and also in according lesser priority to the issues of farm-



ers concerns and so on.

All these aspects were discussed thread bare in the two day Jamavda, that began on 22nd of August 2012 at 10.30 AM. The Jamavda was inaugurated by a galaxy of prominent farmer leaders from across the country including Dr. S.A. Patil (Karnataka), Dr. B.P. Sharma (Udaipur, Rajasthan), Sh. Mohini Mohan Mishra, Bharatiya Kissan Sangh, Sh. Yudhvir Singh, General Secretary, Bharatiya Kissan Union, Sh. Satpal Malik, Bharatiya Kissan Morcha, Sh. Rampal Jaat, Rajasthan Kissan Panchyat, Sardar Sukhdev Singh (Punjab), Sh. Verghese Thaodupurampill, Organising Secretary, Krishak Munnetram, Sh. Raju Xavier, Kerala.

Renowned economist Dr. Bhagwati Prakash Sharma, Vice Chancellor, Pacific University Udaipur, in his key note address described farming as the basis of life on planet earth. Citing figures he said that India with a huge cultivable land of about 16.5 crore hectares and abundant water resources from glaciers, rivers and also rainfall has potential of feed-

ing around 4.5 million people of world. These huge resources and immense potential has caught the eyes of powerful MNCs' of the world, particularly west, he added. Declining youth populations all over the globe, except India ensuring readily available workforce makes it further lucrative.

He expressed concern about new policies of the government which are destined to ruin the agriculture in the country. In this context he made a special mention about newly tabled proposed agreement of Public Private Partnership (PPP), which will pave the way for multinational corporations to acquire land of the farmers. He warned that the stage is set for handing over Indian agriculture to the multinational corporations by way of contract farming, FDI in retail and recently declared water policy. India which has got world's largest chunk of cultivable land and water resources, which can feed four hundred crore people is being ruined for the profits of corporates. MNCs are eyeing on Indian agricultural for their narrow

profit interest. WTO agreements made in the yester year have now started affecting our farmers and farming. Mandatory imports of food grains under WTO agreements push the prices down in the harvesting season, compelling the farmers to sell their produce at low prices. Dirty play of multinational Corporations in the MCX and future markets push the prices of agricultural commodities and profits of MNC's up, leaving the farmer's pockets high and dry.

Taking a dig at new economic policies of present regime, Sh. Yudhvir Singh, General Secretary, Bharatiya Kissan Union, said that in the past farmers either did not have a bank account or if they had one, it was with credit balance. Now all the farmers have bank accounts with heavy loans. New policies have ruined the farmers, he said.

It may be recalled that underlining the miseries of our farmers, suicides by lakhs of farmers in the country; exodus of crores of farmers from agriculture and misguided approach of our policy makers, exhibits a horrible atmosphere in the country. It clearly demonstrates that if something is not done immediately, agriculture will be destroyed, farmers would lose their livelihood and food security of the nation would be endangered.

Employing 60 per cent of our population and still getting merely 1 per cent of the total budget, agriculture has been the worst sufferer due to total neglect by the government. Attempts of the government to make legislative changes like seed bill, water policy, food safety and standards, contract farming, New Agricultural Marketing Act, land acquisition bill, B.T. & G.M. Technology etc.; are all aimed at pro-



Joint Declaration

We all know that India lives in its villages, we can not imagine a village without agriculture. It is now clear that the agriculture is in deep crisis. Farmer is either committing suicide, or leaving agriculture or is struggling on the street.

The struggle is also divided in pieces. At some place it is on seeds, or on fertilizers or it is against GM/BT crops. Struggle is going on against land acquisition, on support prices, on water, on electricity, on subsidies, for warehousing, crop procurement, against export restrictions, or allowing imports. Some times the struggle is against exploitation by companies or for compensation for losses due to natural calamities. In some cases farmers are able to get some momentary success.

Today livelihood of 60 percent of our population depends on agriculture but the budgetary allocation for agriculture is declining successively year after year. Today it is surprisingly and alarmingly low at nearly 1 percent of the central budget.

Seed bill, Bio-diversity Act, Bio-Technology Regulatory Authority of India Act, Water policy, Food safety and standards Act, Agriculture Produce Marketing Act, Subsidy, Land Acquisition Act, BT Technology, GM Technology, Free Trade Agreements (FTA), Cattle Policy, Infrastructural Facilities for Ag-

riculture (irrigation, electricity, fertilizer, marketing, loan etc.), many bills related to agriculture tabled in parliament clearly reveal that agriculture, farmers and villages have been increasingly excluded from the priorities of the policy makers. Its impact is also seen on political parties, media and other sections of the opinion makers. Even leadership related to agriculture in the political parties is also feeling helpless on these issues related to agriculture and plight of farmers.

A model of development, which excludes agriculture, farmers and villages; which is a model of jobless growth, is neither inclusive nor sustainable. Rural population is either migrating to the cities or living on doles like MNREGA. But this is no permanent solution for unemployment and the problems are also getting complex. MNREGA is also falling neck deep into corruption.

Though various individuals and organization have been working on the issues or even struggling, in view of the breadth and depth of the present challenges, a need is being felt about more coordinated and collective efforts by individual and organization fighting on different fronts. Probably only then a decisive pressure could be built on the policy makers and legislature.



This "Kissan Jamawda" strongly believes that there is a need to relook at the over all political system. This Kissan Jamawda unanimously declares decisive struggle to save agriculture.

After deep consultation and discussion for two days 735 delegates of 124 organizations from 19 states resolves that

1. Because of the wrong economic policies and priorities of the government, the farmers are not getting remunerative prices for their produce. This is resulting into loss of potential income for farmers causing economic distress. It is therefore demanded that a Farmers Income Commission be constituted to ensure minimum income for the farmers which shall enable him to live a dignified life.
2. The growth model for India should be in accordance with the needs of the nation and based on strengths and weaknesses and should be sustainable in nature. Agriculture and Animal Husbandry have unlimited potential for sustainable growth. Therefore a agriculture centric growth model should be developed keeping village as a unit for development.
3. Agricultural land should not be acquired for development of private sector industry or project
4. The proposed national water policy should be scrapped and the farmer should have complete

right over underground water resources

5. Keeping in mind the ill-effects of chemical farming, a time bound action plan for sustainable organic farming should be formulated
6. The efforts of the multinationals to promote the GM foods should be resisted and suitable legislation be enacted to protect farmers rights.
7. A system should be establish for immediate payment of farmers' produce. In case of delay payment should be made with interest.
8. While making export-import policy for agriculture produce farmers' interest should be kept in the mind & it should be linked with crop-cycle.
9. MNREGA scheme should be linked with agriculture.

This Kissan Jamawda is not in support of any government or political party or particular ideology. We are of the view that there are many individuals and organisations which are in agreement with these demands but they are not able to do anything.

So,

This Kissan Jamawda calls for strengthening agriculture centric leadership at each level before General Elections 2014. So that no government or political party has the courage to neglect them.

□

moting the interests of multinational companies and big corporates. Inadequate warehousing, increasing cost of inputs like fertilizers, pesticides and seeds and above all, negative policies of the government are all causing the decline in the incomes of the farmers. Agriculture, which used to provide 45 per cent of the GDP, gets hardly 14 per cent share in GDP today. This clearly demonstrates the deteriorating condition of the farmers and widening gap between the urban and rural areas.

Government has constantly been opening up the agriculture markets for foreign products through multilateral, bilateral and regional trade agreements. Farmers are not getting remunerative prices for their produce. In the name of foreign direct investment in retail sector, the government is bent upon leaving Indian agriculture at the whims of the multinational corporations. Farmers' wounds are getting deeper. Declining incomes of the farmers and constantly deteriorating conditions of the farmers, due to neglect of agriculture, has

worsen the agriculture crisis.

Others who spoke on the occasion were Dr. S.A. Patil, Sh. Mohini Mohan Mishra and Sh. Satpal Malik. All the farm leaders unanimously underlined the need to launch a decisive struggle to force decision makers to frame policies favouring farmers in distress and stop helping multinational corporates in maximizing profit.

Bills in the parliament related to farm sector came under intense discussion in the Jamawda. Prominent Bills those particularly troubled participants are Land Acquisition Amendment Bill, Seed Bill, Pesticides Management Bill, BRAI and also FDI in multi-brand retail.

Highlighting various aspects of these Bills and policy decisions Sh. Naresh Sirohi accused government of aiming at killing of agriculture sector by befooling people with catchy wordings.

Citing examples of different infra sector projects like Yamuna Express Way he said that while government deceives poor farmers by increasing circle rates giving

them an impression of siding with farmers mischief is inherent as the circle rates are before change in land use. He gave example of Greater Noida where a developer sold mere 5% of acquired land for 2000 crore rupees of profits. He demanded that farmers must be compensated at the rate of land according to its use.

Describing farm suicides as cold blooded murders, Pankaj Bushan of Kissan Swaraj blamed both government and multi-national corporations like Monsanto, Syngenta, Bookbond etc. for these deaths.

Pankaj Bushan also talked about agriculture and seeds being state subject and how centre was forcing its decisions on states on this issue. He also mentioned the report of parliamentary committee on Agriculture that has asked government to stop all field trials and sought a bar on GM crops like BT Brinjal, BT. Maize etc.

Sh. Samarpal Singh the well known legislator from UP drew the attention of participants towards increasing cost of inputs in agriculture and living costs declining returns from farming that has made farming a loss making proposition delayed payments for the produce is further worsening the situation, he added.

Parliamentarian from Rajasthan Sh. Ram Singh Kasva highlighted the declined number of members of Parliament related with the agriculture. Farmer leaders are unable to compete with the money and muscle power of professional politicians and hence hesitate to plunge into electoral politics, he stressed.

Those elected to parliament are unable to understand the problems faced by farmers and are therefore not in a position to raise



the issue properly, he opined. He suggested bill wise sensitization of the interested members of parliament to make the difference.

Sh. Rampal Singh also raised the issue of crop insurance that has not only failed to be beneficial to farmers but has actually become an instrument of exploitation. Explaining the point he said that insurance companies have evolved a deceptive mechanism of duping farmers by rejecting claims on the basis of weather forecasting instruments installed by these companies in such a manner as makes it almost impossible for the poor farmers to prove their case.

Sh. Rampal Jaat underlined the need for graduating from reactionary protests to affirmative action for positive agenda. Terming reactionary protests as defective, he asked farm leaders to demand guaranteed income for farming community. He asserted that government must ensure a guaranteed income irrespective of the reasons for loss of crops and include losses due to wild animals and other known/unknown reasons to compensate farmers. He suggested that income of the farmers must be calculated on the basis of highest yield in last 60 years. Rampal Jaat criticized the method and formula of determining MSP. He underlined the fact that about 65% consumers and producers are common in this country and govt is cutting them on both sides.

Muralidhar Rao in his address talked about the approach of policy makers and industry leaders to agriculture and how it was opposite to the experience and understanding of vast majority of stake holders.

He asserted that imported outlook will not work and hence re-



mains unacceptable. Any insinuation that small land holding size was responsible of for poor production will be opposed as it correct was not correct. He further added that irrespective of whether we like or dislike small and marginal farmers are going to stay. They will not disappear simply because some people wish so. It is, therefore, imperative for policy planners to focus their-thinking around this chunk of farming community.

Similarly, he continued, to say that “growth rate in agriculture beyond 2-3% is impossible smacks ignorance.” Agriculture has to be the engine of Indian growth story, said Murali ji, he cited the example, of MP, Gujarat and Bihar to point out that a growth rate of above 10% was possible.

Terming competent, hard-working, honest and knowledgeable Indian farmers as gifted human resource, Murali ji opined that It was the incompetence of govt. and policy maker’s not to use them efficiently. He stressed the need to end such politically induced inefficiency.

Member Parliament Rajushetty described rulers of Delhi as dishonest people. Hitting out at PM

for pleading reduction in subsidy to farmers he said that 75000 crore subsidy on fertilizers was being pocketed by companies. He asked PM to calculate losses incurred by farmers on account of intervention by govt. in determining prices. Rajushetty also criticized MSP fixing mechanism and asked farmers to make rulers in Delhi understand in the language they know and recommended suspending supplies to Delhi.

Sh. Kashmiri Lal ji defined “Kissan Jamawda” as a critical invention of SJM that helped farming community to not only come together on such a scale but also converge on most aspects of the problems faced by farmers. “Joint Declaration” was a direct outcome of such a spirited convergence, he declared. Kashmiri Lal was all the praise for farmers of India and pointed out variety of products patented by illiterate farmers in different parts of the country.

Praising all the participants and the organisations they represent, he appealed to encourage positive action. SJM will continue to bring diverse section together, he concluded. □□

Comprehensive report of Parliamentary Standing Committee Urges Government not to push BRAI blindly

In one of the most comprehensive assessment of genetically modified (GM) crops in the country, the report of Parliamentary Standing Committee on Agriculture titled “Cultivation of Genetically Modified Food Crops – Prospects and Effects” tabled in Lok Sabha has asked government to bar GM food crops and also ‘Probe how Bt brinjal seed was allowed to be commercialised’

Releasing the report at a press conference, the chairperson of the committee, Mr Basudeb Acharia said, “The committee has come to the conclusion that since concerns on the potential and actual impacts of GM crops to our food, farming, health and environment are valid, GM crops are just not the right solution for our country.”

Flaying the unnecessary haste with which the Union government has been promoting GM crops he stated, “The government should stop parroting the promotional lines of the biotechnology and seed industry and their cronies within the technocracy and stand by scientific reasoning and greater public good.” The committee, over a period of two and half years, travelled across the country and consulted various stakeholders in the debate including farmers, farmer union leaders, biotechnology industry representatives, relevant departments in the Union government, state governments, scientists and civil society members.

Commenting on the only GM crop commercially cultivated in the country, the report states that Bt cotton has not improved the socio economic condition of cotton farmers in the country and in fact had furthered their distress especially in the rainfed areas of the country which forms the majority of cotton and farmer suicide belt.

The report points at the grave inadequacies with the current regulatory system on GM crops and the proposed BRAI mechanism by the Government. Instead the committee recommends a regulatory body that is not just for the approval of products of modern biotechnology but instead has bio safety as its main mandate. Besides recommending a decision making role for state governments in any open release of GM crops the report also strongly recommends the discontinuation of open field trials due to the danger of contamination.

The report is seen as a major setback to the proponents of genetically modified technology in farm crops. The committee report has demanded a “thorough probe” into how permission was given to commercialise Bt. brinjal seed when all evaluation tests were not carried out.

It said there were indications of a “collusion of the worst kind from the beginning till the imposition of a moratorium on its commercialisation in February, 2010, by the then Minister for Environment and Forests.” The report came a day after Maharashtra cancelled Mahyco’s licence to sell its Bt. cotton seeds. It also flayed the government for not discussing the issue in Parliament and observed that the Ministry failed in its responsibility by introducing such a policy, ignoring the interests of the 70 per cent small and marginal farmers. The report criticised the composition and regulatory role of the Genetic Engineering Approval (Appraisal) Committee and the Review Committee on Genetic Manipulation (RCGM). Citing instances of conflict of interest of various stakeholders, the panel said the government must put in place all regulatory, monitoring, oversight and surveillance systems.

Raising the “ethical dimensions” of transgenics in agricultural crops, as well as studies of a long-term environmental and chronic toxicology impact, the panel noted that there were no significant socio-economic benefits to farmers. On the contrary, farmers have incurred huge debts because of this capital-intensive practice. “Today, 93 per cent of the area is under Bt. cotton because no alternative seeds are available,” Mr. Acharia said. □

Receding Chinese economy



Economists generally are not convinced with the data advanced by the Chinese government. They examine the facts and figures with caution and try to use other proxy indicators to assess the situation. Some economists believe that China's growth rate may be lower than the official figures, finds Ashwani Mahajan

Markets around the world today boast of Chinese goods. The bulk of electronic equipment — laptops, television sets, cell phones, pen-drives, toys and clocks — carry the “Made in China” tag. All over the world, Chinese companies are securing contracts for the construction of bridges, setting up of telephone exchanges, generation of electricity and infrastructure in general. Over the past two decades, the Chinese economy is moving ahead on the fast track. The country's growth-rate has exceeded the 14 per cent mark. In terms of gross domestic product (GDP),

however, the rate of growth has been more than 10 per cent in the last decade.

Ironically enough, this fast-track growth has turned out to be a major problem for the Chinese economy, and a source of worry for policymakers. In the past, the country had a centrally-planned economy, driven by public sector enterprises. At present, it is increasingly under the influence of market forces. Despite the Chinese government's effective control over the economy, the market is the driving force.

Recently, the International

Monetary Fund (IMF) reduced the estimates of China's GDP growth rate to 8 per cent. For India, the IMF has reduced its estimates to 6.1 per cent. Whereas the rate of growth has been rallying between zero and three per cent in the developed countries, the economies of India and China have been growing at rates that range from 7 to 10 per cent. This has not only increased global production, but has enhanced the clout of these nations internationally. The Chinese economy today ranks second in the world — next to America — in terms of economic power. A US intelligence agency places the Indian economy in the third position in terms of GDP and the purchasing power parity. If the Chinese economy continues to grow at the present rate, it may surpass that of America by 2025. However, China has been passing through economic recession for the past one year. According to the official estimates released in China, the growth rate has been 7.6 per cent in the second quarter of 2012 (April to June 2012). And this rate has been declining during the last six quarters.

The IMF, therefore, has reduced the estimates of China's GDP growth to 8 per cent; the government has lowered its esti-



mates even further to 7.5 per cent.

In a market-based capitalist economy, it is imperative to create additional capacity and produce new products. This is necessary in order to maintain a grip over the market and sustain demand whether external or domestic. However, should the demand decline for whatever reason, the problem of excess capacity will crop up. China is grappling with a lack of overseas demand due to global recession.

The USA is yet to overcome the impact of the 2008 recession. The European Union is facing its

turn may help increase domestic demand.

However, there are other issues which would be difficult to address. Notably, the decline in foreign investment despite the fact that the country is an attractive destination for foreign direct investment (FDI). Foreign investment declined by three per cent last year.

Restrictions on owning a second home in China appear to have affected foreign investment in real estate.

Economists generally are not convinced with the data advanced

there has, of late, been a significant slowdown.

Industrial development also depends on large-scale migration of labour from rural areas. Approximately 150 million to 200 million people from the rural areas have migrated to urban centres over the past two decades. This supply of labour has helped industrial development.

According to an estimate, merely 1.5 crore people are unemployed in rural areas, and they could well relocate to the cities. The “one child norm” adopted by the Chinese government has served to reduce the labour force and the number of senior citizens is on the rise. There are 120 million people above 60.

Consumerism alone explains why Chinese households have been borrowing heavily; even the companies are under huge debt. Under these circumstances, it would be difficult to increase the demand by raising the quantum of credit. Though the monetary policy has been relaxed over the past year, there has been no marked increase in borrowings and credit.

The country's per capita income is US\$5,000. This has increased the cost of living and the cost of production as well. There are many countries with low per capita income and they are in a position to compete with the Chinese economy, using the strategy of an export-based economy.

The Chinese economic model is excessively controlled. Its policymakers believe that the growth rate can yet be increased. However, recent developments have disproved this claim. The Chinese economy, affected by global upheavals, has in fact started receding. □

Restrictions on owning a second home in China appear to have affected foreign investment in real estate.



worst-ever economic crisis. Greece is reeling under a severe sovereign crisis. Italy, Portugal, and Spain are also grappling with economic problems. The cohesion of the European Union is under threat and fears that the entity might disintegrate are substantial. The governments of these countries are under severe pressure to reduce expenditure. A fall in income levels has resulted in a fall in demand.

The Chinese economy, which depends primarily on external demand, has been contending with a decline in export. Chinese policymakers speak of a silver lining in this demand recession as it may ease inflationary pressure, which in

by the Chinese government. They examine the facts and figures with caution and try to use other proxy indicators to assess the situation. Some economists believe that China's growth rate may be lower than the official figures. Their estimates are based on electricity production, rail transport and building activities. In May this year, Chinese exports were down by 11 per cent and imports by 6 per cent.

The Chinese economy suffers from structural weaknesses. Development has been based on infrastructure investment and not on exports. The country's highways are second in the world, next only to the USA. However, these activities cannot go on indefinitely and

India @ 65 - Republic without Responsibility



What is agitating the collective conscience of some well-meaning citizens of this country is that there is a complete failure of our public servants to discharge their “duties,” explains MR Venkatesh

The experiences of 2G scam have demonstrated that at 65, India can be best described as a Republic without Responsibility; a Democracy without any Duty

The 2G scam, I pointed out in one of my previous columns to be a story of Somebody, Nobody, Everybody and Anybody. Somebody could have stopped it. Everybody was watching it, albeit silently. Nobody did want to do anything while anybody could have decisively intervened.

While all of them watched the outbreak of the scam from close quarters, documented evidences

suggests that public servants including ministers at the highest level knew about the scam not on real time basis but even prior to the outbreak of the scam.

Correspondences available in the public domain between the former telecom minister (the person in the eye of the storm Mr A Raja) and his cabinet colleagues, notably the then Finance Minister (FM) and Prime Minister (PM), suggest that they were completely in the know of these developments.

Yet, most in the know were silent and continue to be silent even

to this day. What is galling is that they continue to occupy their office without let or fear for the simple reason that there is no “Duty” cast on them under our Constitution to have stepped in, acted and protected the interest of the revenue. Flummoxed? Read on.

Remember, a question of “breach of duty” arises if and only if some duty is statutorily defined in the first place. In the absence legal definition, duty is a delightfully vague idea. No wonder in our system Somebody, Nobody, Everybody and Anybody continue to proliferate leading to deep freeze in governance.

Deep freeze in governance

This deep-freeze is one of the most disturbing development in recent times. What is agitating the collective conscience of some well-meaning citizens of this country is that there is a complete failure of our public servants to discharge their “duties.”

And this abdication of responsibility by public servants has been, in my considered opinion, the reason for the 2G spectrum scam. Let me elaborate through something that relates to me professionally.

Sections 224-231 of the Com-



panies Act, 1956 deals with the appointment, qualifications, rights, duties, responsibilities and disqualifications of an Auditor of a company. Simultaneously, section 233 of the Companies Act deals with penalty to an auditor for non-compliance of his duties prescribed under the Companies Act.

Further, The Chartered Accountants' Act 1949 deals with the manner in which an Auditor can be hauled by the Institute of Chartered Accountants of India for violating the code of professional ethics or failing to meet the professional standards expected of them.

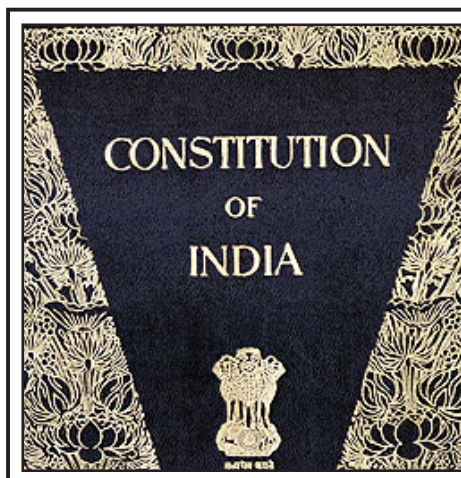
All this may be rarely done but the fact of the matter is that a legal benchmark exists. Similarly, The Companies Act is peppered with several provisions prescribing in liberal doses the duties, responsibilities, qualifications and disqualifications to directors of a company along with penal consequences for not discharging the same.

Simultaneously, the revenue or labour laws casts responsibilities on the directors or on specific officers, employers, owners, partners or any such persons to carry out certain duties and prescribes punishment should they fail to do so. In short, most modern statutes are all about rights, duties and responsibilities of various parties.

But is there any duties prescribed by any law or for that matter the Constitution for our ministers including the PM? What are the duties prescribed for our public servants? Crucially what is the punishment for their failure to carry out their duty or responsibilities?

Fatal flaw in our Constitution

The Indian Constitution is



There seems to be a fundamental flaw in the design of our Constitution.

considered to be a sublime by experts. Several countries grappling with their internal plurality or diversity have often looked to our Constitution for inspiration.

But decades later there seems to be a fundamental flaw in the design of our Constitution. The words duty and responsibility are conspicuous by their absence. The first instance of prescribing duties to its citizens was in 1976 through Article 51A.

Accordingly, it shall be the duty of every citizen of India to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem; (Note that the National Song is not mentioned for obvious reasons!); to cherish and follow the noble ideals which inspired our national struggle for freedom; to uphold and protect the sovereignty, unity and integrity of India; to defend the country and render national service when called upon to do so and the list goes on with high utopian ideals with no direct penal consequences.

All that is stated under Article 51A is merely a “vision statement” and should there be a violation of say the National Flag one may be held guilty and punished by a sep-

arate legislation - the Prevention of Insults to National Honour Act, 1971- but not by the Constitution. Interestingly even this vaguely worded “vision statement” was inserted by the forty-second amendment in 1976 during emergency.

Further according to Article 78, it shall be the duty of the PM to communicate to the President all decisions of the Council of Ministers relating to the administration of the affairs of the Union. Similarly Article 167 deals with the duty of the chief minister and his duty to communicate to the Governor.

But what about specific duties for a minister? Where are his responsibilities? One is afraid that there is no constitutional obligation specifically cast on any Ministers on these lines.

Of course there is a oath of office for a Minister for the Union who before taking office affirms that he will bear true faith and allegiance to the Constitution of India as by law established, that he will uphold the sovereignty and integrity of India, that he will faithfully and conscientiously discharge his duties as a Minister for the Union and that he will do right to

all manner of people in accordance with the Constitution and the law, without fear or favour, affection or ill-will.

Conscientiously discharge his duties? Exactly, but where is the duty prescribed, listed or sequenced for ministers in the first place? Students of law know that a legal position is violated if and only if the legal benchmark is established in the first place. And in the absence of the legal benchmark, whatever may be morally repugnant to us, one cannot be accountable legally.

Consequently, most students of law have come to a conclusion that duties for our public servants is a constitutional imperative at best, poor drafting at worst. The reason for the same is not far to seek. The Constitution of India, let us not forget is a mere rehash of a Government of India Act of 1935, drafted by the British during colonial times.

Being drafted by the British, it obviously did not contain the idea of “Duty” or “Responsibility” for our colonial masters towards us. But what about “Duties” for our elected representatives once we attained independence and declared ourselves as a Sovereign Republic? No wonder, for many, independence represents a transfer of power – from White Sahibs to the Brown ones!

At the core of this conundrum is that our Constitution is structured on Social Contract theory that suggests individuals have consented, either explicitly or tacitly, to surrender some of their freedoms and submit to the rule of law or to the decision of a majority, in exchange for protection of their fundamental and inalienable rights.

This idea of rights is funda-

mentally rooted in Greek Philosophy and Roman Law - not on Duty or Dharma which is traditionally an Indian concept. That explains substantially if not wholly why India at 65 has become a country where everyone has well-defined rights but most of us do not have any duty or wherever prescribed it can be held in breach.

This logjam in our functioning - I owe you nothing except that I need to take care that I do not violate your fundamental rights - stems from the lack of a sense of duty. No wonder, the PM and FM have every “Right” to be in power but no “Duty” in preventing the loot of the exchequer in 2G scam.

For some time now civil society has been demanding a Judges Accountability Act. The 2G saga clearly points out that we also need press for another one too - The

Public Servants Accountability Act. In the alternative we need to specifically state in our Constitution what we need to expect of our public servants.

In short, civil society may need to legislate Dharma. Not a bad idea after sixty-five years of independence I guess.

As we pay our taxes, the least we need to know is whether the FM is duty bound to protect the revenue, the Defence Minister to defend us and public servants to serve us. And should they fail, how do we punish them.

The experiences of 2G scam have demonstrated that at 65, India can be best described as a Republic without Responsibility; a Democracy without any Duty. In this diffused scenario Everybody, Somebody, Anybody and Nobody with thrive, not you and me. □

SC Slams TV Channels for Irresponsible Live Coverage of 26/11

The Supreme Court, in verdict of its 26/11 Mumbai terrorists attack slammed Indian media for working against the national interest by broadcasting live visuals of the incident. Supreme Court has stated that it is evident by transcript of communications of terrorists during the attack, that they were watching TV in live and instructing attackers based on that.

“..it is beyond doubt that the way their operations were freely shown made the task of the security forces not only exceedingly difficult but also dangerous and risky. By covering live the terrorists attack on Mumbai in the way it was done, the Indian TV channels were not serving any national interest or social cause”, says the judgement.

The court also said that it is evident that the terrorists who were entrenched at those places and more than them, their collaborators across the borders, were watching the full show on TV. The court also stated that an action tending to violate another person’s right to life, which is guaranteed under Article 21 or putting the national security in jeopardy can never be justified by taking the plea of freedom of speech and expression. The judgment was delivered by a two-judge bench of Justices Aftab Alam and CK Prasad.

The leftist inclined Indian media has always shown signs of lacking professionalism by its irresponsible conduct. By over emphasizing on the baseless allegations and refusing to highlight the facts which it finds undesirable, the media has tried to portray issues in a manner which suits their ideological interests. □

India's Economic and political Viability

The financial meltdown of a country like America affects almost all countries adversely in one way or other and the economic globalization spread volatility in financial stability of countries. India is no exception, explains Anil Javalekar

The Euro crisis has brought one thing to forefront. The concept of nation is still valid and strong as was before. Nation is first and all other things after. It is true that each world leader was once talking of globalised unification for sharing all the human and other resources for the development of all and sympathizing with world's poor. European debt disaster and American financial meltdown have, however, changed this perception. Now most leaders are talking of national priorities over international cooperation. The debt crisis leads to problems of adjustment burden and its sharing. The financial meltdown of a country like America affects almost all countries adversely in one way or other and the economic globalization spread volatility in financial stability of countries. India is no exception. It is therefore important to check the viability of India as a nation as the globalization and integration of Indian economy with world economies may be a costly affair in future and may even put India's sovereignty at stake.

India's international standing

i. India is known culturally and geographically for more than 10000 years. However, India's current identity is since 1947. India now is 7th largest country

in the world and second with its population. India never was a dominating military power and there is no possibility of becoming one in future taking in to account the current polity, philosophy and democratic ideas demonstrated during last 60 years.

ii. World considers India a low income country and ranked it with low HDI. More than 30% of world's poor are in India though **India's GDP was among the top 4 in the world.** India was ranked 91 among 110 countries studied for Prosperity Index 2011, published by the

London-based Legatum Institute. Other important rankings were: economy 53, educational facilities 88, health services 95, Per Capita GDP 85, WEF Global Competitiveness Index 51/139, UN Human Development Index 119/169 and sub-index of safety and security 97. These ranking shows India's low international standing compared to other countries.

iii. India, after independence, desired industrialization and adopted centralized economic policies initially promoting mixed economy with public sector at commanding heights.



This has led to growth of basic industries and infrastructure required for economic development. However, liberalization and globalization policies changed the perception since 1990s. Now India is open for easy movement of international capital and international trade. The MNCs consider India as growing market with ample opportunities to exploit Indian natural and human resources for profits.

India as economic power- A myth

i. India aspired to become eco-

India accounts for a very small proportion of the total foreign exchange market turnover in the world as compared to other countries.



nomie power based on its comparatively high growth rates, its IT sector developments and higher level of foreign exchange reserves apart from demographic dividend. The policies adopted to open Indian economy to world capital and trade in the name of the globalization and liberalization have however, already started showing effects in terms of volatility in Indian stock, currency, commodity and financial markets and Indian government and its agencies found losing control over the Indian economy and its constituents. Rising prices and failure to control it is one example. Rupee's changing fate is

another. Both affecting adversely the Growth rate and balance of payment position.

- ii. The factors that contribute to the status of economic power are not favorable to India. Some factors are as under:
 - a. **The status of Indian Rupee is weak** in international currency market as regards to its acceptability. RBI study on Internationalization of Indian Currency (2010) reported that the Indian rupee is rarely being used for invoicing of international trade. India accounts for a very small proportion of the total

foreign exchange market turnover in the world as compared to other countries.

- b. **The Balance of payment position** cannot be considered as favorable to India as it is more dependent on imports than exports. As per Handbook of Statistics on Indian Economy (RBI-September 2011), the foreign trade balance in US Dollar for Oil and Non Oil was always negative right from 1973-74. Even in Rupee terms, the balance was negative most of the period. **India's Overall Balance of Payments in US Dollar** for the period 2001-02 to 2010-11 though looks

positive, the current account balance under **Merchandise was negative all the time.** The current account balances were positive under invisible head mainly from Software services and the financial and business services were erratic. Even the total current account balances turned negative from 2004-5 to 2010-11. The overall total capital account balances were positive for the period 2001-02 to 2010-11 but mainly under loans and foreign investments and again more under loans. The foreign investments were also mainly under equity and portfolio investments. The flow under loans was mainly under commercial borrowings.

- c. **Self sufficiency in food grains** is an important factor. The present status is of stagnation in production of food grains and it is safely presumed that the production cannot be said as sufficient to meet the current and future needs of Indian growing population. Domestic demand for food grains is projected to reach 235.4 million tons by the end of Eleventh Five-Year Plan and 280.6 million tons by the year 2020-21. It is important to mention that these projections do not include export demand. The production has reached to 241 Mt for 2010-11 but likely to fall in current year. Per Capita Net Availability of Food grains (Per Day) in India which was at 394.9 gram in 1951 and reached to pick to 510.1 gram in 1991 declined to 438.6 gram in 2010 questioning the self sufficiency in food grains. Moreover, the area under food grain is shrink-

ing & will aggravate the problem of food security.

- d. Indian **foreign trade policies** lack efforts in reducing its dependability on imports. India has trade deficits even with countries like China. India's expected entry in to import or export market changes the perception of world trade and affect the prices and stock availability of agricultural commodities. The **international trade is volatile** with its speculative influence and cannot be considered as dependable source of development. The items proposed for export are also required domestically, and thus cannot be made available for export. The so called surplus is always doubtful for many commodities (wheat, sugar, raw cotton). Even the items deemed to be export surplus turned in to net import items (cashew). The demand for Indian goods also likely to be eroded by other countries which are exporting similar products.
- e. Indian Domestic demands, including necessary imports, whether it is for quality coal for energy or petroleum products for industry and other **consumption are not within the limitations of domestic production** and or within the limitations of export earnings. And this is the reason for negative balance of payment. Indian policies have not focused on reducing such excess demands.

Viability of a nation

- i. The economic and political viability of a nation is important to its sovereignty. This economic viability can be measured in various ways but its

political survival will remain with its military capabilities, its efficient administration and justice oriented law & order system apart from committed leadership and nationalist population. The force behind economic globalization of any kind throughout the history was a certain structure of political power. Ronald Findlay & Kevin H O'Rourke, duo economists, have shown in their book 'Power and plenty' that the ebb and flow of globaliza-

is a well developed financial and banking (include *Briton Wood institutions*) sector *ready to* lend to governments and private parties. Countries cross the limits of borrowings or fell to utilize it for productive purposes and fall in the debt trap.

- iii. After globalization, debt and other obligations between countries have increased dramatically as every country has aspired for industrialization. This has pushed many countries to borrow more and land in

The economic and political viability of a nation is important to its sovereignty.



tion have been intimately linked with military conflict, the rise of political power and competition among the great powers.

- ii. It is true that in modern times, Nations are not living in isolated conditions and have to interact with each other for trade and development including financial help to solve instant crisis like natural disasters. Such trade or development or crisis assistance is not coming out of charity. Every nation has to pay price acceptable to other nation/s. This price is normally paid in terms of commodities, currencies and other acceptable assets. In ancient systems, this was mainly through mercantile trade or by straight handing over the territorial rights. Now, there

debt crisis. As per the Jubilee Debt campaign report (May 2012), in 1950s and 1060s the number of governments defaulting on their debts averaged 4 every twenty years but since 1070s this has risen to four every year.

- iv. It is desirable for a country to live within its sources. Any nation needs to utilize human, financial and other natural resources judiciously. If failed, the resources may go to creation of speculative assets & profits for few without development and may take country to bankruptcy.

India's viability can be at stake in future

- i. India has gone once through the financial crisis and even gold

was shifted physically to foreign land. In fact, that was main reason why India adopted financial and trade liberalization policies. The current global political economy has not changed much and most of the factors determining the status of economic power are not favorable to India.

- ii India is marching towards integration of its economy with that of world economies. India's two way trade (merchandise exports plus imports), as a proportion of GDP, was 40.7 per cent in 2008-09, the crisis year, up from 19.6 per cent in 1998-99. The ratio of total external transactions (gross current account flows plus gross capital account flows) to GDP – an indicator of both trade and financial integration – was 112 per cent in 2008-09 up from 44 per cent in 1998-99 (Shri G Padmanabhan, Executive Director RBI 28 July 2012). RBI's Financial Stability Report (June 2012) have pointed out that the external sector position weakened in the period under review, driven by a worsening CAD, rising external debt and weakening Net International Investment Position (NIIP). All the key external sector vulnerability indicators - the reserve cover of imports, the ratio of short-term debt to total external debt, the ratio of foreign exchange reserves to total debt, the debt service ratio and NIIP-GDP ratio – deteriorated.
- iii India is an import dependent country and its export led growth model assisted by foreign capital and technology may lead to undesirable balance

of payment problem and debt crisis. India needs to learn not only from third world debt crisis but also from first world (European) debt disaster. Foreign capital is more speculative

than productive as last decade has shown and thus not dependable. Excess globalization may bring India's economic viability in danger and thus the political as well. □□

Indian economy worst hit because of existing vulnerability: YV Reddy

The Indian economy has suffered more acutely from global troubles because it was already in a vulnerable position, said former Reserve Bank of India (RBI) governor Y.V. Reddy.

"The domestic economy was already vulnerable, and global problems intensified the situation," Reddy said. He identified three problems: the large fiscal deficit that has left policymakers with less headroom to stimulate domestic demand, the fact that fiscal expansion was led by consumption spending and the structural deterioration in public finances because the stimulus is difficult to withdraw. The Indian economy has been rapidly losing momentum and the growth rate has fallen for four quarters in a row. Economic growth in the fourth quarter of fiscal 2012 was at its lowest level in almost a decade. Slowing growth has been accompanied by persistently high inflation and a wide current account deficit, a sign of deep structural imbalances in the economy. Earlier this year, RBI governor D. Subbarao said in an interview that the potential rate at which the Indian economy can grow without high inflation is 7%, or 1.5 percentage points lower than before the crisis. Reddy said that he agreed with his successor's assessment. "When we were clocking 9% growth, it was clear to me we were growing above potential. I had even described it as overheating," he said.

The former central banker was in Mumbai to launch *Of Economics, Policy and Development: An Intellectual Journey*, a book of essays by I.G. Patel, described by Prime Minister Manmohan Singh as "the dominant economist in the finance ministry" during his tenure. Patel was also RBI governor, executive director of the International Monetary Fund and director of the London School of Economics. The book has been edited by economist Deena Khatkhate and Reddy.

In a discussion, Reddy said that the global crisis has created an intellectual vacuum that is encouraging economists and policymakers to take lessons from the past. "The tools used earlier may not all be irrelevant," he said. The former RBI governor pointed out that there is now need for a more eclectic rather than ideological style of policymaking, with due recognition given to the ground realities in various countries, a style that would have appealed to Patel. Among the tools that could be resurrected, suggested Reddy, are selective credit controls and moral suasion. He also pointed out that some countries in Latin America are reconsidering the advantages of public sector banking. The central bank under Reddy had been criticized by purists during the boom years for trying to cool down the Indian economy, often through policies such as sector-specific controls that were frowned upon by the conventional wisdom of the day. However, Reddy's reputation has risen after the crisis exposed the instability that can result from an uncontrolled financial sector. "What was then considered unconventional may become mainstream in the future," he said.

"We need to learn from the problem-oriented and pragmatic approach that Patel followed, despite the fact that he was also an accomplished technical economist," said Reddy. "Technical skills are used these days only as an endorsement of scholarship rather than for solving practical problems." □

Industrial gloom Tap available solutions



It is time for us revert to strengthen our own industries, give protection to it and save it from predatory moves of large foreign conglomerates. The economy needs a new diagnosis. It needs some mix of indigenous input to instill confidence in its people and corporate, advises Shivaji Sarkar

The gloom continues. Industrial production slumps again to minus 1.8 per cent. Jobs are not growing. People are not purchasing. Government finances are coming under pressure. Inflation is showing its fangs in a wider area. The June 2012 consumer – largely food-price inflation is measured at 10.8 per cent. This is over almost 29 per cent inflation on an average during the last three years.

It is contracting private purchases, according to official NSSO figures. People are putting off purchases due to high prices and interest rates. Many people have also seen their wages shrinking and many others are losing jobs.

In such a situation it is only natural that the nation sees contraction in manufacturing, capital goods and possibly it would affect the services sector as well in the near future. The industrial growth has turned out to be negative in three of the last four months. The economic growth rate expectation as per the Reserve Bank has shrunk to 6.5 per cent.

The fact that capital goods output shrunk by 28.7 per cent shows that corporates are not investing in assets and machines to expand existing capacity. This is a



critical statement. The corporates are lacking confidence in the future growth prospects. They are not making fresh investments which create more jobs and incomes. It in turn generates more demand.

A contraction in capital goods has the reverse effect of dragging down the economy. Poor demand has pulled down the growth of manufacturing sector to 3.2 per cent. The mining sector is in the pits with output growing by only 0.6 per cent – a decline of 1.1 per cent in the first quarter. It has only been contracting during the past few months.

The RBI is often blamed for hawkish monetary policies and high interest rates. It certainly has choked the consumer demand and the corporate are avoiding taking

Afflicted by large defaults by power sector and real estate companies, the RBI policy has insulated the banks from further defaults by small lenders.

Govt. should lower the individual I-T rates so that more money is available to individuals.

credit. The flip side is that this keeps the banks' capital safe. Afflicted by large defaults by power sector and real estate companies, the RBI policy has insulated the banks from further defaults by small lenders. The policy by default is acting as a safety device.

It is a moot question whether the RBI should allow banks in the country to face more difficulties in the face of almost Rs 450 lakh crore non-productive assets – NPA. The system is finding mopping up capital difficult. As private insurance companies like Aegon Religare are gobbling up insurers' investment, now fewer people are investing in insurance and mutual funds. It has shaken the confidence of small investors. They are estimated to have lost a few lakh crore to these fly-by-night operators through supposed legal instruments.

The method of insurance regulator – IRDA – itself is being questioned. It is not just an issue of expense ratio and agent commission. The Government needs to direct all Religare-type companies to refund the principal investments made by both the poor middle and lower middle class investors. These are being “adjusted” on the pleas that their policies have lapsed.

If the investor is shaken, as it is now, the market of insurance cannot be expected to thrive. It

may be recalled that insurance business was nationalised in 1950s for such reasons only.

Another shocking issue is the taxes. There is General Anti Avoidance Rule, GAAR, which is to afflict companies such as Vodafone and others. Corporates are demanding stimulus. Clearly, the Government has to streamline GAAR or give it up. It only complicates tax computation. However, no direct stimulus in tax terms is needed to be given to the corporate. Instead, the Government should lower the individual income-tax (I-T) rates so that more money is available to individuals. This would in fact be an indirect stimulus to corporate.

Obviously, as more money would be available to the people they would be able to flock the market to boost demands. Even otherwise tax rates need to be lowered and tailored to inflation rates. Indians pay high taxes – an average salaried employee loses two to three months wages as taxes. Is this not high?

As a stimulus the Government needs to raise the exemption limit to Rs 10 lakh and put a maximum rate of not more than 20 per cent. This would release a large sum for the market to thrive. As purchases increase, it is likely that inflation would also take a downward turn and Government revenues would increase. Let us think out of the box of bureaucratic wisdom, which the new Finance Minister Chidambaram is capable of.

This would blunt the criticism of Moody's Analytics, which cut the growth forecast to 5.5 per cent – one per cent lower than the RBI. Some of its advice in its “India Outlook: Below Potential” needs

to be pondered over. The agency, a division of Moody's corporation, said the economic slowdown was broad based and sharper than anticipated and deeply entrenched across all sectors.

Recall, in June, Standard & Poors like Moody's blamed the leadership in the Government for the shaky economy. In short, the economy cannot and should not be left to be managed by the bureaucrats alone. It has to be managed with political wisdom which the new Finance Minister has to show.

The country also needs to have a look at 1991 Forex crisis. Despite such a crisis the domestic sector was hit the least then. Its small scale industries had cushioned the impact successfully. It is over now as small industries all over the country are vanishing. India is increasingly dependent on foreign capital. The real fear is what will happen to our balance of payments should the money exit at this rate (fall of rupee against dollar despite a weak US economy).

It is time we revert to strengthen our own industries, give a protection to it and save it from predatory moves of large foreign conglomerates. The economy needs a new diagnosis. It needs some mix of indigenous input to instill confidence in its people and corporate.

The Government may hold meetings with leaders of political leaders to understand various dimensions of different regional aspirations. Solutions may be worked out accordingly. It should veer round how Indian corporate sitting over Rs 1 lakh crore of capital at the least is encouraged to invest. There are ways to rescue the economy. As a nation we all need to act. □□

The meaning of Maruti's migration to Gujarat



Many Multi-national Corporations are shifting back their high-end manufacturing facilities to the United States from China. They have found that the increased costs due to bad governance are more than the savings from cheap labour, observes
Dr Bharat Jhunjhunwala

Maruti Suzuki is speeding up its manufacturing facility in Gujarat. It is only natural that a company will try to locate such that it can have access to cheap labour. The flip side of 'cheap labour', however, can be worker's oppression. The British procured indigo cheap from India because Indian labour was cheap—courtesy their oppression. Multinational Companies are locating their manufacturing facilities in China because the Government does not tolerate industrial unrest much. It becomes easy for companies to pay less and extract more work with government backing.

I used to run a card board factory in a small town of Uttar Pradesh. The unit was established near a sugar factory to use bagasse as raw material. Workers of the card board factory soon made a trade union, influenced as they were by the goings on in the nearby sugar factory. Workers were paid minimum wages as per law. However, the workers were totally disinterested in the works. They would openly tell me, "Remove me if you wish, but I will work only as I do." They knew that it was difficult, if not impossible, to dismiss a worker because of the labour laws. I became difficult for me to face competition from new-



er factories because they were not pulled down by such labour troubles. They were mostly employing casual labours who were both cheaper and more alert towards their works. Ultimately I incurred losses. Expensive and inefficient workers led to closure of the factory in a competitive environment.

Similar pressures appear to be at work at the Maruti factory at Manesar. More than one-half of the profits of Suzuki Japan are earned in India. There was pressure on the India outfit to maintain, if not increase, these profits. Japanese nationals were given key positions in management considering the importance of the India operations. They did not under-

stand the culture of Indian workers, it seems. They expected workers to be alert, fast and committed to the work. In contrast Indian workers mostly follow the 'do as you please' policy. Indian society believes in friction as regulator. Pressures of competition were operating at the same time. Competitor companies were bringing in new models. It was necessary for Maruti to keep its cost of production low to face this challenge. Maruti was using casual labour in large numbers to attain this objective. The Company opposed formation of a trade union. It had bought off the union leader during the previous strike leaving the workers high and dry. The work-

ers were feeling pressures from all sides—wages were low, pressure of work was high, there was less communication with the management and the Company was adept at buying out the leaders of the trade unions depriving the workers of any legitimate voice. A small argument between a worker and a supervisor got blown up and resulted in death of a manager due to this simmering tension.

Globalization has made the problem yet more difficult. Say, the Government of India provided protection to the trade union at Maruti to secure the welfare of the workers. The casual labour system was abolished as provided in law of the country. The cost of production of Maruti would have increased. In such circumstance, Maruti would be inclined to leave Haryana and move to a state where the government does not implement the labour laws. Or it may move to Bangladesh or Vietnam. Such is being done by companies the world over. Caterpillar, the manufacturer of bulldozers, asked its employees at its London factory to accept wages of \$ 16.50 per hour against \$ 35 that was prevailing. The employees did not agree. Thereupon Caterpillar declared lockout at its London facility and moved production to its Indiana unit in the United States. American major General Electric has closed old units and moved production to newer factories where old agreements with labour are not applicable. A long and militant strike took place in the textile mills of Mumbai in the eighties under the leadership of Datta Samant. Today these factories have moved to Gujarat. This could happen because companies could move production to

low wage states or countries. Implication is that the wages of all workers have to necessarily come down to the global minimum.

Maruti's migration to Gujarat could be seen as the latest episode of this global race to the bottom. The Company has to pay more to purchase peaceful work in Haryana hence it is migrating to Gujarat. Objective of the Company is to produce cars at the least cost. Low cost labour helps here. The other factor is good governance. Let us say the Company has to pay huge bribes to sundry state government officials, false cases may be lodged on not paying the grease money, water and roads be badly managed, time taken in land allotment be large and refunds of sales taxes be obtained with much difficulty, in such case also the cost of production will increase. Many Multinational Corporations are now shifting back their high-end manufacturing facilities back to the United States from China. They have found that the increase costs due to bad governance are more than the savings from cheap labour. Therefore, migration of Maruti to Gujarat is to be condemned if it is in search of cheap labour; but commended if it is due to good governance.

We will have to revisit the impact of globalization on the common man. Globalization opens up the global markets and increases demand for our labour. But it does the same for other low wage countries as well. This leads to the lower wage countries emerging ahead. We must accept globalization only in such calibrated manner that it does not lead to decline in wages for our workers. We will have to impose import

The best way to ensure welfare of our workers is to increase demand for labour.


duties and provide export subsidies to enable our companies to pay higher wages and yet remain competitive in the global marketplace. Fruits of globalization should accrue not only to the employers but also to the employees.

The best way to ensure welfare of our workers is to increase demand for labour. This can be done by providing tax breaks to companies using higher number of workers than the industry norm. Employment subsidies can be provided to smaller factories. Workers would have sought another employment instead of bearing the pressure at work and accepting low wages at Maruti had the job market been buoyant.

Labour laws may be simplified after the impact of these job-creating policies is clearly manifest in the economy and wages show a rising tendency. Employers may be given the right to hire and fire and to start or close down factories in that circumstance because the workers would easily get another job. Companies would be able to manage their work force as per requirements of the global market without adversely affecting the workers. Such a policy will be beneficial for both the employees and employers. However, multinational corporations are likely to oppose this as it will restrict their ability to make large profits from short-term employment of cheap labour. □□

Thengadi ji's role in Emergency of 1975-77

(Memorable night of 9 September 1975 in Kolkata)

 Saroj Mitra

On 12 June 1975, Justice Jagmohanlal Sinha of the Allahabad High Court found the then Prime Minister of India Smt. Indira Gandhi guilty on the charge of misuse of government machinery for her election campaign. The court declared her election null and void and unseated her from her seat in the Lok Sabha. The court also banned her from contesting any election for an additional six years. Indira Gandhi instead of resigning from the post of Prime Minister decided to bring democracy to a 'grinding Halt.' President Fakhruddin Ali Ahmed a 'rubber-stamp' appointee who she had got elected earlier on, declared a State of Emergency upon her advice, as the Prime Minister, on 26 June 1975. Almost entire leadership of Non-Congress, Opposition Parties was

arrested at mid-night. Leaders of CPI and CPI (M) were the only exception. JP was also arrested. Before his arrest JP or Jaiprakash Narayan declared Nanaji Deshmukh as head of Lok Sangarsh Samiti to lead and continue the movement. It was, as we know, an underground movement.

I was asked to carry on the movement in Odisha. Soon letters from Nanaji as head of Lok Sangarsh Samiti reached us. The letters meticulously explained in detail how emergency was declared and how to encourage people to raise their voice against imposition of emergency suspension of democratic freedom. Today those who have not experienced those dark days of emergency will find it very difficult to properly appreciate the environment of those days. It is more difficult for people like me

to explain to the post emergency generation what type of fear psychosis prevailed then.

All newspapers were being strictly censored. Media dared not to publish any word against the government and the ruling party that is Congress. Even in public places like Buses and Trains people were afraid of talking about emergency and its impact. Communists and Congressmen were the only exception and both were moving freely.

Nanaji Deshmukh also was arrested within a couple of days and Robi Roy took charge of Lok Sangharsa Samiti thereafter. After Robi Roy's arrest Dattopant Thengadi took charge of Lok Sangarsh Samiti. Thengadi ji, a man of principles, resigned from Bharatiya Mazdoor Sangh as its General Sectary and started tour-



***He was un disturbed
in most disturbing
situations.***

ing throughout India to organise movement against imposition of emergency. To avoid arrest he remained underground. Government announced an award of rupees fifty thousand to anybody giving information to secure arrest of Thengadi ji.

I got a message to meet Thengadi ji on Kolkata in 9 September 1975. Accordingly I arrived at the appointed place taking full care. In a house in central Kolkata, the venue for the meeting, we ten to fifteen persons assembled at night. Thengadi ji arrived there at 9 p.m. It was a most memorable night. We first started reporting and nar-

rating incidents and arrests made by police. Prevalence of the atmosphere of fear all-around was the common to all submissions. Desperation was so dominant that someone expressed that Indira Gandhi will not lift emergency as she was getting full support from government employees and her henchmen. She was a dictator whom no one could challenge, was the refrain. All opposition parties too declared Indira Gandhi to be a dictator during that period.

Thengadi ji after listening patiently replied in an unbelievable optimistic manner. He said that this govt. would last for sixteen months only. He gave it a grace period of thirty more days at the most and predicted that at the end of seventeen months no trace of this government would be there.

“Is it astrology” I asked?
“No” replied Thengadiji.
“Observing the functioning of a government carefully it can be easily ascertained when it will come to a grinding halt” Thengadi ji continued. “Moreover though Indira Gandhi was acting like a dictator she lacks the basic attributes of a dictator which at her age now she could not inculcate. Dictators execute their actions through most trusted persons around them which Indira Gandhi did not have. She trusts none and no one trusts her. So this exercise was bound to fall”, explained Thengadi ji.

Thengadi ji was prophetic. Exactly after seventeen months Indira Gandhi led govt. collapsed in March 1977. Such a keen observer was Dattopant Thengadi. He was un disturbed in most disturbing situations. □□

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Success sans Ethics



The politics centered on success that Indira Gandhi pursued has changed the grammar of polity and substituted political power for political morality. This paradigm shift has disconnected the India of Indira from India of Gandhi, Nehru and Shastri, yielding the India of Sonia Gandhi at present, finds S. Gurumurthy.

The flight from Delhi to Chennai was about to take off. After a central minister, on the other side of the aisle, and I had just wished each other, he suddenly pointed to the passenger in the window seat next to mine and asked whether I knew him. He introduced him to me, went into reading his book. The gentleman was a Tamil Nadu cadre IAS officer, known for high integrity. As we began discussing, we could recollect having met long back. Our talk inevitably ended on how the main state actors — politicians and civil servants — had steeply declined in morals. Finally, I asked him a straight question: “Can you point at when exactly did the decline start?” He was equally straight. Political morality, he said, crashed with the “advent” of Indira Gandhi, and business, he added, became buccaneering with the “rise” of Dhirubhai Ambani. That was exactly my view too. A simple comparison of the standards of political morality before and after Indira Gandhi’s advent and the norms of business before after Ambani’s emergence would prove what he had said. Here is that comparison which turns into a truthful, even merciless, recall and introspection.

Jawaharlal Nehru, Indira Gandhi’s father, lived by democrat-

ic values to guide the fledgling Indian democracy. His other failings notwithstanding, Nehru’s political morality was unquestionable. More than Nehru, as Indira Gandhi’s immediate predecessor, Lal Bahadur Shastri is more relevant. Morally Shastri stood well above Nehru. The aristocrat Nehru never faced financial stress. Shastri, a poor man with a large family, was ever-stressed. Yet, born poor, he lived and died as one, despite being Union home minister and prime minister.

Known as the ‘homeless home minister’ of India, he had

rented a house in Lucknow and lived in a government house in Delhi. Shastri occupied just two small rooms of 10’x20’ in the government accommodation, both opening into a backyard porch with a huge mango tree under which only his sons got married. When Shastri resigned as Union railway minister owning ‘moral responsibility’ for accidents, he forthwith surrendered his official car, stood in a queue in a bus stand for a bus to his home. After he had resigned under the Kamaraj Plan, Ramnath Goenka saw him waiting for a bus again and drove him



Indira Gandhi substituted political power for political morality.

home. Goenka used to recall Shastri tearfully as the decline had started after him. An illustrious Shastri had kept his personal life and political office of the prime minister he had held, clean, investing both with the highest moral authority.

Such was the high moral stature of the office that Indira Gandhi inherited from Shastri after he mysteriously died in 1966. While the ruling paradigm was political morality, Indira Gandhi soon substituted political power for political morality. She blatantly used political power and discarded political morality by engineering the defeat of the party candidate for presidency and ensuring the victory of the opposition candidate. Raw power became her weapon to subdue her own party and government and ultimately the country itself.

She deliberately split the party, trivialised all senior leaders — including the illustrious K Kamaraj, who made her prime minister — as ‘Syndicate’, threw them out of the party, allied with all enemies of the Congress, won the elections with their support, but forthwith turned her back on them too. She amended the constitution to acquire more power to the ruling party (read herself). In the words of Nani Palkhivala, she “defaced” and “defiled” the Constitution. She made political success, not political morality, as the ultimate test.

It was during her time that the

office of the prime minister, always beyond reproach, lost its moral stature, faced charges corruption (Maruti affair) and was even suspected of other crimes (Nagarwala scam). It was in her time that thick-skinned politics evolved, shamelessness replaced shyness in public life. Finally, she imposed Emergency in 1975 and threw all political leaders, including dissenters in her own party, into jail. Thinking that the nation was dead and her government alone was alive, she ordered elections in which the people threw out her regime.

Jayaprakash Narayan wrote to her from jail saying that she had inherited great institutions and values, but, she was leaving behind “a miserable wreck of all that”. Thanks to “wrecked” values, hard politics replaced the soft, and ‘moral responsibility’ disappeared from polity. Politicians charged with corruption and other offences began shamelessly seeking protection under rules of criminal law like criminals do — namely proof beyond reasonable doubt in courts. The nation is still in drift and decline, despite isolated attempts to restore political morality like when L K Advani, facing the Hawala prosecution, voluntarily resigned from Parliament and vowed not to contest elections till he was cleared of all charges.

In competitive politics, however, his own party is unable to live up to such high morality. Yes, the politics centered on success that Indira Gandhi pursued has changed the grammar of polity and substituted political power for political morality. This paradigm shift has disconnected the India of Indira from India of Gandhi, Nehru and Shastri, yielding the India of Sonia

Gandhi at present.

Now about Ambani. He became invincible by co-opting the rule-makers to make sub-rules comfortable for him comply with, thus making the breaking of rules unnecessary. Partnering the state and non-state actors and sharing with them the illicit fortunes of his business, Ambani vaulted over Tatas, Birlas, Mahindras, Bajajs and the rest. If a J R D Tata was the symbol of business ethics, Ambani became the model of business success. Media not only mocked at a Tata’s ‘failure’ to succeed like Ambani but glorified Ambani’s success sans ethics.

Ambani applied Bhishma’s advice in Shanti Parva in the Mahabharata — that a great general should win a war without a battle — to his business model. So, Ambani never fought the bureaucracy or media like Indira Gandhi did. He bought them instead. He measured everyone’s worth in cash. It was only when his money proved impotent against Ramnath Goenka, that he had to face a war. He forged a letter and deflected that war away and on to Rajiv Gandhi. Ambani shifted the paradigm, transformed business into buccaneering.

Today’s scams of billions of dollars or cash-for-news have their origin in the Ambani model of partnering the main state and non-state actors and sharing the spoils with them.

Then, is everything lost? No. Still there are good men and women in politics and business, battling the corrupt atmosphere. Ordinary people still retain their simple and non-corrupt lifestyle. They all await a Shastri-like leader to emerge. □□

Real scam: We pay Rs 4,00,000 cr in 'bribe taxes' a year



*Everyday corruption is breaking the backs of the aam aadmi, including the much-reviled middle class. The index of middle-class misery can be measured by adding up the official tax rate, the inflation rate and the corruption rate, says **R Vaidyanathan***

In this post-Anna, post-Baba Ramdev phase, it seems there is no limit to the brazenness of our netas and babus when it comes to corruption. But then, salt cannot be made more salty.

There is an advertisement, often shown on TV, in which a young boy exhorts his father to be honest and pay taxes, since the money will help the government build infrastructure, etc. Unfortunately, there is no ad showing the daughter of a government official or politician encouraging him to avoid taking bribes.

Everyday corruption is breaking the backs of the aam aadmi, including the much-reviled middle class. The index of middle-class misery can be measured by adding up the official tax rate, the inflation rate and the corruption rate.

In this article, we attempt to estimate the real cost of bribes and corruption using various calculation methods and assumptions. And here's the big number: the informal "taxes" we pay in the form of bribes probably add up to Rs 4,00,000 crore annually – nearly 6 percent of GDP. Add the big corruption scandals, and the figure could add up to 12 percent of GDP (explained below).

However, this bribe-related taxation is not discussed in open



forums by businesspersons since they are worried about the next round of bribe-giving that may fall due. On the contrary, they even take out full-page advertisements to defend the stealing of public money – whether it is the allocation of coal blocks or airport land.

It is smaller businessmen who bear the brunt of this corrupt state. The smaller the business, the larger the share of bribe one has to pay the minions of the powers-that-be. For instance, a retail vegetable vendor earning Rs 400-500 a day may end up paying Rs 40-50 as bribe to the police and other agencies. This comes to nearly 10 percent of his gross income, and a phenomenal

proportion of net revenue.

Government employees collect taxes on two accounts – the client account, which is intended for the government's coffers, and the "personal account", for their own pockets. Often, the "personal account" collections significantly exceed what is collected on the government account.

Innovative mechanisms are thought of by government officials to do this, as in the case of a registrar's office in Tamil Nadu where regular "bribe collectors" are employed by officials. This way, even if they are caught, the actual bribe collectors can always deny any wrongdoing.

Collections on the “client account” can be done only by employees in tax-related (like direct & indirect taxes) departments. But “personal account” collections can happen in almost any human endeavour involving the state – and it can be collected through inaction, speed, inducement, lure, threat or intimidation by any govt employee or his agent. It is to be noted that without political patronage “personal account” taxes– bribes, in simple terms– cannot exist.

We can call this “bribe taxes” to distinguish them from taxes imposed by budgets. It is also a total solution situation – imposed on us from womb to tomb. To get a birth certificate, parents need to pay a bribe upwards of Rs 1,000 in some states (depending on the number of originals needed). For collecting a death certificate, the payment can run into thousands of rupees if the government official senses that it is important for transferring a huge amount of assets.

Recently, there was a report suggesting that in government hospitals in Bangalore, a newborn child is shown to the mother only on payment to hospital employees engaged to provide this “service” to patients. The “fee” is Rs 300 for a boy baby and Rs 200 for a girl, which reveals an obnoxious gender bias, even in corruption.

Government employees collect bribe taxes from citizens on many counts, some of which are presented in the accompanying table. It is clear that the bribe tax collection is a birth-to-death levy and, more important, is no longer considered improper. An informal survey was done over the last three years in different parts of an Indian city to obtain an idea of the

Govt employees collect bribe taxes from citizens on many counts.

type of bribe taxes collected in practice and to estimate the amounts changing hands.

This, coupled with various media reports about graft cases/ Lokayukta reports published in newspapers, has been used by this writer to arrive at bribe tax details. This does not cover large amounts of bribe taxes pertaining to major/ minor projects awarded at the state & central levels. It is estimated that for all categories, the revenue generated in one city on account of bribe taxes could be around Rs 5-8 crore a day. And this is only for those nodal points not directly involved in collecting govt taxes.

Based on an average of 250 days of activity in government offices, the annual bribe tax would be at least Rs 2,000 crore in each major city. At the national level of, say, 50 cities/towns (minimal estimate) it adds up to a whopping Rs 1,00,000 crore for 2010-11.

According to the Economic Survey 2011-12, the combined tax receipts of the central & state govts in 2010-11 were Rs 12,37,344 crore. If we use the thumb rule that in general taxes are under-collected upto 20 percent of what is due (again, probably an underestimate), then the actual taxes would have been Rs 15,46,680 crore. The difference of Rs 3,09,336 crore arises out of bribe tax reasons.

Putting the earlier estimate of Rs 1,00,000 crore generated in all government activities plus this estimate of Rs 3,09,336 crore of

bribe tax in tax departments, we get an estimate of Rs 4,09,336 as bribe taxes. Our GDP at market prices during 2010-11 was Rs 76,74,148 crore and corruption money thus amounts to nearly 6 percent of GDP.

This is without taking into account the huge corporate transactions on contracts worth billions of rupees on airports, expressways, coal blocks, spectrum allotments, power plants, IT parks, defence purchases, etc. If we add them all, the bribe tax collections would be at least 12 percent of GDP, when the aggregate tax-to-GDP ratio is around 16 percent.

This implies that on a bribe tax plus regular tax basis, our tax-GDP ratio is nearly 30 percent, which is highly comparable to many developed economies. We may conclude that our “effective tax rate” is around 30 percent of our national income, which is twice what is shown as the “nominal tax rate”. Hence, the chorus by Leftist economists that India is an under-taxed nation is an untenable theory, based only on regular taxes.

In this case, several hundreds of miles separate reality and Leftist experts. The bribe tax is one of the important reasons why a large number of posts in various government departments are apparently auctioned to the highest bidder by our political masters.

Needless to add, bribe tax collections are done with the connivance and/or encouragement of the top political leaders, who get a large share. The important issue is the use of the humongous amount of bribe tax by receivers. A substantial portion of the unorganised credit market is serviced by bribe tax amounts and the police is said

to be emerging as a major credit provider/collector in the unorganised trade and retail markets. This has far-reaching implications for civil society and the credit markets.

The Gangotri of corruption is the illegal money stashed abroad

and recycled as foreign direct investment (FDI) or portfolio flows into the country. The brazenness exhibited during the 2G scam & the recent Coalgate scam does not augur well for our republic, since it sends a signal that bribery, thievery and

thuggery are all acceptable forms of governance as long as you can use organs of coercion like the CBI and the Enforcement Directorate to arm-twist your opponents. □□

The author is Professor of Finance, Indian Institute of Management, Bangalore.

Discussion on PPP MODEL of Development

PPP Model of Development, presently being viewed as the best model of investment was the topic of Discussion in monthly talk held regularly in central office of SJM in Ramakrishna Puram, New Delhi.

Discussion was initiated by Ajay Bharti, Editor, Swadeshi Patrika with introduction of subject. Recalling the background in which PPP Model was conceived and thought to be a viable alternative, he said that when for long governments failed to deliver basic amenities to the people and exploitative nature of private sector was still unacceptable partnership between the two was evolved as an alternate option. But the experiences have shown that PPP has miserably failed in its primary objective.

Sh. Shivaji Sarkar, the main speaker began his presentation by referring to CAG report and acceptance of steel Ministry that it lost 2000 crore in Iron ore sale at a time when private companies were making profits. Taking about **DIAL, a joint venture consortium of GMR Group (54%), Airports Authority of India (26%), Fraport & Eraman Malaysia (10% each** in development of airport, he said while GMR made a paltry sum of 2400 Crore as its contribution and entire re-

maining resources were contributed by government as public resources, the ownership has been changed in favour of and GMR earned Rs. 3400 Crores and is still Claiming to be making losses. He termed model as official loot of natural resources of the nation.

P3 was not a new concept, Sarkar Continued. But it was only after 1990's that private Sector looked at it as profitable venture. Citing example in Enron, Shivaji observed that change in government, makes no difference in the PPP model of profit making, that has become official Siphoning of public funds. Well known Advocate of Supreme Court Bikramjit Banerjee was the next speaker. He

gave a brief background of the Private public partnership and said that it was in place from very old times. He cited the example of East India Company and the British Crown joining hands to ransack India. He described zamindari System also as a form of PPP. Bikramjit Banerjee, however, asserted that there was a fundamental change and difference between old and new models. The fundamental change is the transfer of ownership rights to private hands, he added. Never before was a contractor of executer of a project given exclusive ownership rights. Sh. Naresh Sirohi, Dr. Ashwani Mahajan and others made valuable contribution to the Discussion. □□

An interaction on "Current Issues and Developments in North East"



On September 2nd 2012 a get together was organised in Delhi in which BJP National Secretary Shri P Muralidhar Rao interacted with a group of young professionals and students from various parts of North East living in Delhi. The programme was organised on behalf of Swadeshi Jagran Manch and Knontuaang Delhi (an organisation of indigenous people of North East) at Dattopant Thengadi Bhavan in New Delhi.

Coal mining Scam

Coal Mining Scam or Coalgate is a corruption scandal in which the Comptroller and Auditor General of India (CAG) office accused the Government of India for providing the nation's coal deposits to private and state-run entities in an irregular and arbitrary manner instead of publicly auctioning them off to the highest bidder, resulting in a loss of approximately 186,000 crore (US\$33.67 billion) to the exchequer during the period 2004-2009. There were leaks of the report in media in March 2012 which claimed the figure to be around 1,060,000 crore (US\$191.86 billion). It is called by the media as the Mother of all Scams. Discussion about the issue was placed in the parliament on 26th Aug, 2012 by the prime minister Manmohan Singh with wide protests from the opposition.

According to the Comptroller and Auditor General of India, this is a leak of the initial draft and the details being brought out were observations which are under discussion at a very preliminary stage. On 29th May 2012, Prime Minister Manmohan Singh offered to give up his public life if found guilty in this scam.

The government continued to give away coal blocks without bidding even after a meeting headed by Manmohan Singh (in his role as coal minister) on October 14, 2004 decided that all future allocation would be through the competitive route, says the CAG report. The government auditors' report on performance of coal block allocations also says the Centre opted for the longer process of amending mining laws when it could have introduced competitive bidding through an administrative order under an existing law governing contracts.

The report says that the October 2004 meeting with the PM as coal minister decided that applications for mines received after June 28, 2004 would be processed under the new competitive bidding regime. The government chose this as the cut-off date since the intention to introduce competitive bidding



for coal blocks was first made public on this date at a ministry meeting with stakeholders, the auditor says.

“However, the ministry of coal continued to follow the screening committee route for subsequent allotments till date with the approval of the Prime Minister’s Office,” says the CAG’s report. The report records how the government has failed to introduce the bidding process even after the necessary changes in the laws have been made.

The law ministry had twice suggested ways to introduce auction for coal blocks while the coal ministry was tossing around the option of amending the Coal Mines (Nationalisation) Act of 1973 or the Mines and Minerals (Regulation and Development) Act of 1957, a CAG draft report says. As early as July 28, 2006, the CAG report notes, the department of legal affairs told the ministry the government could, if it wished, introduce competitive bidding by amending the “administrative instructions”. If the government chose to do so, the allotments could be done under the Indian Contract Act of 1872.

According to the lists of allotment in the CAG draft, 61 coal blocks were allotted to private companies in 2006. This is the highest number of allocations made between 2004 and 2009 in terms of how many blocks were given away in a year. However, in terms of reserves, 2009 stands out as the government gave away a reserve of 5,216 mt (million tonne) through 12 mines against 3,793 mt in 2006. Of this around 3,000 mt was given away to two private parties, a Tata group joint venture and a Jindal group unit, on a single day, February 27, 2009, barely a month before the Lok Sabha elections that year. □□

Rashtriya Matadata Manch PLEA on Assam

Rashtriya Matadata Manch in a letter to hon'bl. President of India has pleaded convention of all party meeting on Assam. The letter reads, "Every nationalist in the country is concerned about the situation in Assam and wants a nationalistic solution to the mess in Assam created by short-sighted policies by a section of politicians in Assam and also supported from Delhi. The misguided section of Muslim politicians is fomenting trouble giving credence to the arguments that Muslim infiltration from Bangladesh has already posed a serious problem to na-

tional integrity and social amity and cohesion."

We request you to convene an all-party meeting in Delhi to demonstrate that the whole country stands behind our Assamese brethren and will not be cowed down by Bangladeshi Muslim infiltrators and a section of Muslims in the country siding with them and creating trouble at many places resulting into going back of Assamese from their places of work and study all over Bharat. We sincerely hope you will start a new chapter by calling such a meeting, the Manch prayed. □

RBI, government not in sync

Parliament's finance committee has highlighted the divergence between the Reserve Bank of India's emphasis on taming inflation and UPA's push for growth even at the cost of high prices.

RBI governor D Subbarao bluntly told the committee he disagreed with the government's contention that monetary tightening was responsible for the growth slowdown. Tossing the ball back, he said the government had failed to keep its end of the bargain in terms of fiscal policy. "The government's statement before the committee saying that the growth moderation has been because of RBI's monetary tightening implying that it is entirely because of RBI's monetary tightening... I do not agree with that," Subbarao told the panel.

The RBI governor said monetary and fiscal policy must act in tandem. The easing of interest rates was in anticipation of government taking matching steps. But while RBI did its bit, the government failed to keep its part of the deal. Subbarao pointed to negative domestic and foreign investment sentiments, uncertainty on policy issues, infrastructure blocks and skill shortages as matters falling squarely in the government's domain, the committee's report on the status of the economy said.

DRDO staffer arrested for terror links

An employee of a DRDO division and a journalist were among 11 men, all in their twenties, arrested by Karnataka police for alleged links with global terror outfits. Police said they had been told the group had plans to assassinate MPs and MLAs from the state, a businessman and two journalists from Bangalore.

Six of them were picked up from Bangalore, hours after the others were arrested in Hubli. Police

said all had links with Lashkar-e-Taiba and Harkat-ul-Jihadul-Islami. Ejaz Mohammed Mirza, one of the men arrested, works for Airborne Early Warning and Control System, a DRDO division, sources in central intelligence and state home ministry said. An imported 7.65 mm revolver, seven bullets, computers, hard disks, mobile phones and religious tracts were recovered from the men, state police chief Lalrokhuma Pachau told reporters. Those arrested in Bangalore are Muthi-ur-Rahman Siddiqui, 26; Shoaib Ahmed Mirza alias Chhotu, 25; Abdullah alias Abdul Hakim Jamadar, 25; Ejaz Mohammed Mirza, 25; Mohammed Yusuf Nalbandh, 28; and Riyaz Ahmed Byahatti, 28.

Panel on Mining Bill gets third extension

The Parliamentary panel on Coal and Steel has been given a third extension for completing its report on the much delayed legislation, even as the UPA Government is struggling to weather the storm kicked up by the Opposition on the coal allocation scam.

The panel, which is headed by Trinamool Congress MP Kalyan Banerjee, was supposed to finalise its report on the MMDR Bill 2011 by July-end after it had been given a three-months extension earlier this year. However, with several States like Chhattisgarh and Orissa having raised serious objections to various clauses of the proposed legislation which they feel encroach upon on their rights - especially those concerned with giving Centre the authority of investigating and prosecuting offenders involved in illegal mining - the panel, sources said, had sought another extension for completing its report.

The approval for a three-month extension from the Speaker's office has been granted to the Standing Committee and incidentally this is the third time that the panel has sought extension.

SC orders Sahara to refund Rs 17,400cr to investors

The Supreme Court has ordered the real estate arm of Sahara group to refund Rs 17,400 crore it had collected from investors with 15% interest. The apex court asked Sahara to deposit with the SEBI the entire money with the interest amount. A bench of justices KS Radhakrishnan and J.S. Khehar directed SEBI to take action against the companies, Sahara India Real Estate Corporation and Sahara Housing Investment Corporation, if they fail to refund the money.

The apex court allowed the regulatory body to attach properties and freeze bank accounts of the two companies if they did not comply with its order. The court also directed the Sahara group to submit all documents relating to investors' money within 10 days with SEBI. It asked SEBI to verify the credentials of investors before effecting the refund. The apex court appointed former SC judge B N Agrawal to oversee the entire process culminating in investors getting their money back. □

GDP growth down to 5.5 pc

Showing persistent sluggishness, economy grew by 5.5% in the April-June quarter this fiscal due to poor performance of manufacturing, mining and farm sectors. The gross domestic product (GDP) had expanded by 8% in the April-June quarter of 2011-12. During the quarter ended 30th June, the manufacturing sector grew marginally by 0.2%, against 7.3% growth in the same period of 2011-12, according to the official data released on last day of August. Mining and quarrying sector recorded a growth of 0.1% during the quarter under review, as against a contraction of 0.2% in Q1 of 2011-12.

Farm production expanded by 2.9% in the first quarter against 3.7% in the same period last year. The trade, hotels, transport and communications segment also witnessed lower pace of growth at 4% compared to 13.8% expansion in the same quarter year-ago period. The growth rate of electricity, gas and water supply also dipped to 6.3% in Q1, from 8% in the corresponding period last fiscal.

However, the growth in the construction sector was robust at 10.9% during Q1 of 2012-13, as against 3.5% in the year-ago period. Growth rate of services sector, including insurance and real estate, also improved to 10.8% in the first quarter, from 9.4% recorded in April-June quarter last fiscal. Economic growth in the January-March quarter was at nine-year low of 5.3%, as the provisional estimate released earlier.

Govt moots compulsory 25-yr power purchase pacts for new projs

The govt has proposed mandatory efficiency rate for electricity generation as well as 25-year long purchase pacts for developers planning to bid for future coal-fired projects. The changes, proposed to be part of the revised bidding norms for future projects, are

aimed at providing "relative advantage available with developers with different fuels to the end consumers," according to the Power Ministry.

Sources said the Ministry proposed these changes to various developers, including private players, at a meeting held on 21st August. According to official documents, instead of multiple parameters for bidding of power projects, there would be only a single variable for future plants. However, no changes have been proposed for future projects that would be based on imported coal.

Hubli became terror hotbed in last decade

Terror and Hubli go hand in hand. The arrests of five people with suspected links to Lashkar-e-Taiba and HuJI, indicate how deep-rooted the terror menace is in the commercial capital of North Karnataka. Footprints of terror surfaced first in July 2000 when a bomb blast was reported at a church on Gadag Road.

A special court in Bangalore convicted 23 activists of Hyderabad-based banned outfit Deendar Anjuman for their involvement in the serial blasts that rocked churches, including the Hubli one in 2008. This was also the first time that those accused of terror activities in the state had been convicted.

Hubli earned the dubious tag of being the terror hotbed in 2008, when police arrested Mohamed Ghose, 23, alias Riazuddin Naser from Hyderabad, the South India commander of LeT. Ghose had befriended Asadullah Abubakar, a final-year student of ayurvedic medicine at Hubli, and the two later befriended Mohamed Asif, a final-year medical student of KIMS, Hubli, before they were arrested. During interrogation, they said they frequently held meetings and trained sympathizers at a nearby forest. The confessions indicated that they had made Hubli the main centre for their operations in Karnataka. □□

70 years on, professor born in British India faces UK deportation

In a bizarre case involving Britain's immigration laws, a 70-year-old academic born in British India and hailed as the symbol of national resilience after being a victim of the July 7, 2005 London attacks, is reported to be facing deportation.

John Tulloch, a prominent academic born in India in 1942, belongs to a family that served in colonial India for generations. His father was a major in Gurkha Rifles while his great-grandfather was in the Indian Civil Service.

The Sunday Telegraph reported that since he was born in colonial India, he was conferred a lesser form of UK nationality known as a 'British subject without citizenship'. After studies in Cambridge, Sussex and a career in British academia, he took a job in Australia and later acquired Australian citizenship. Due to his being a 'British subject without citizenship', his acquisition of Australian citizenship cancelled both his British nationality and his right to live in Britain. □

Global food prices soared 10% in July

Global food prices soared 10 per cent in July, increasing the threat to millions of the world's poor especially in Africa and the Middle East, the World Bank said. Drought and soaring temperatures in the United States and Eastern Europe have savaged some of the key grain crops that feed much of the world, with prices for corn (maize) and soybeans hitting records.

The Bank warned that a repeat of the price surges of mid-2008 and early 2011 endangered the health of millions in food-importing countries, with sub-Saharan Africa most at risk. "Food prices rose again sharply threatening the health and well-being of millions of people," World Bank president Jim Yong Kim said in a statement.

"Africa and the Middle East are particularly vulnerable, but so are people in other countries where the prices of grains have gone up abruptly," he said. From June to July, the prices of both corn and wheat jumped by 25 percent while soybeans were up 17 per cent.

Corn and soybean prices topped their previous record highs in the food price crisis of June 2008, and soybeans struck another new record yesterday in Chicago trade on worries the Brazil crop would also face poor weather conditions.

Red Cross cuts back in Pakistan

After suspending most of its major aid projects in Pakistan in May following the murder of a staffer, the International Committee of the Red Cross (ICRC) has now decided to cut back operations in view of the prevailing security situation.

In an announcement made simultaneously at its

Geneva headquarters and here, the ICRC said it had decided to terminate all activities in Balochistan; Khyber-Pukhtoonkhwa; the Federally Administered Tribal Areas; and Sindh. However, it will continue its physical rehabilitation services in Peshawar and Muzaffarabad in partnership with the Pakistan Red Crescent Society. The Muzaffarabad project — which ICRC runs in collaboration with the government of "Azad Jammu & Kashmir" — was the only programme that survived ICRC's earlier decision to suspend all activities in Pakistan.

Samsung didn't infringe Apple patent

Samsung did not infringe on a smartphone and tablet PC patent held by Apple, a Tokyo court ruled. A Tokyo court dismissed Apple Inc.'s claim that Samsung had infringed on its patent the latest ruling in the global legal battle over smartphones that pits the two technology titans against each other.

Samsung Electronics Co. welcomed the Tokyo District Court ruling that its technology to synchronise mobile players with computers did not infringe on Apple patents as confirming "our long-held position."

"We will continue to offer highly innovative products to consumers, and continue our contributions toward the mobile industry's development," the company said in a statement. In a session lasting a few minutes, Judge Tamotsu Shoji said he did not think Samsung products fell into the realm of Apple technology and dismissed the lawsuit, filed by Apple in August 2011.

Apple is embroiled in similar legal squabbles around the world over whether Samsung smartphones, which relies on Google Inc.'s Android technology, illegally used Apple designs, ideas or technology.

Chinese Defence Minister in Sri Lanka

Chinese Defence Minister Liang Guanglie arrived in Colombo on a five-day visit aimed at solidifying military ties that have grown increasingly close following the end of the war in Sri Lanka. General Liang's trip comes amid reports that China will pledge US\$ 100 million to help take forward Sri Lankan Army projects in the war-ravaged north and northeast.

During his five-day visit, General Liang and his 25-member delegation are scheduled to visit a number of military facilities in the north. He is expected to give a lecture at the Defence Services Command and Staff College at Sapugas-

kanda, as well as visit an Army Cantonment in Panagoda and the Defence Services College in Colombo, for which China has provided some financial assistance. He will also meet with President Mahinda Rajapaksa. On arrival at the Bandaranaike International Airport on Wednesday morning, General Liang was greeted by the Commander of the Sri Lankan Army, Lieutenant General Jagath Jayasuriya, Commander of the Navy Vice Admiral DWAS Dissanayake & Commander of the Air Force Air Marshal HD Abeywickrama, the Sri Lankan Ministry of Defence said in a statement. □

Nasheed ouster not a coup: probe panel

The former Maldivian President, Mohamed Nasheed, was not ousted in a coup, a commission of enquiry has concluded. The Commission of National Inquiry (CoNI) was set up by the Maldivian government to probe if the events of February 7 constituted a coup. On that day, President Mohamed Nasheed had stepped down and Vice-President Mohamed Waheed assumed office as per the Constitution.

The commission, in its report, concluded that "there was no illegal coercion or intimidation nor any coup d'état. The Commission has received no evidence supporting or to substantiate these allegations".

The commission, co-chaired by a Singapore judge and which included two international observers, said: "A coup d'état required a positive action against President Nasheed. Non-action and inaction cannot constitute a coup d'état. Moreover, the Constitution does not call for loyalty of anyone to the President. It calls for loyalty to the Constitution."

"As there was no illegally coerced resignation of the President on February 7, 2012, and as the subsequent transfer of power followed precisely the prescriptions of the Constitution, the Commission has no recommendation on these matters."

Pakistani Editor beaten up for watching TV

An editor of one of Pakistan's leading English dailies was beaten up by four men outside his home in the port city of Karachi for watching TV and listening to music. Though the incident occurred on August 27 and Zainul Abedin, op-ed editor of The News daily, reported the matter to police, no action

has been taken by authorities so far, journalists in Karachi said. The men who attacked the journalist are members of a proselytising group.

According to Abedin, four men kicked open the gate of his house in the in Gulshan-e-Iqbal area at 11 pm on August 27 and began to abuse him. When Abedin went to the gate to talk to the men, he was surrounded and grabbed. One of the men objected to Abedin watching TV and listening to qawwalis. The men beat Abedin and one of them punched him on the face and broke his glasses. As they kicked and slapped Abedin, the men warned they would not let him go unless he repented and said he would not watch TV or listen to music.

US suspends training of Afghan local police force

US forces in Afghanistan said they have suspended training new recruits to the Afghan Local Police (ALP) amid a spike in the number of insider attacks which are damaging trust between Afghans and their allies. The ALP is a militia, set up two years ago by US forces, in villages where the national police force – a separate body trained by Nato – is weak. The ALP has been beset by allegations of abuse and widespread corruption.

Rogue shootings have killed 45 Nato-led troops so far this year, 15 last month alone, despite the coalition taking steps to try prevent them, such as requiring foreign soldiers to carry loaded weapons at all times. In a statement, US forces said they will temporarily suspend training of about 1,000 new ALP recruits while they re-vet members currently belonging to the 16,000-strong force. □□

U.S. exports at risk as Russia enters WTO

U.S. agricultural, aircraft and other exports to Russia could suffer unless Congress passes legislation soon recognizing the former Cold War enemy is now a fellow member of the WTO, trade experts and business groups said. After 18 years of on-and-off negotiations, Moscow met the requirements set by the United States and other countries for joining the WTO and became its newest member.

The Peterson Institute for International Economics estimates that U.S. exports to Russia could double over the next five years to \$11 billion as a result of the tariff cuts and other reforms Moscow made to join the WTO. But in the short term, U.S. exports to Russia are at risk because Congress has not yet lifted a 1974 provision known as the Jackson-Vanik amendment that stands in the way of “permanent normal trade relations” (PNTR) with Moscow.

China escalates U.S. trade dispute

In a move that escalates a trade row with the United States, China said it would ask the World Trade Organization (WTO) to adjudicate a dispute over U.S. punitive import duties on 22 Chinese exports, including solar panels and steel products.

China first brought the complaint to the WTO in May by asking the United States for formal “consultations” to explain the duties, which Washington says are intended to offset illegal subsidies that gave Chinese goods an unfair price advantage. But China’s statement said two subsequent rounds of talks, on June 25 and July 18, had failed to resolve the dispute, which includes wind towers, as well as certain types of steel pipe, wire, cylinders and wheels, aluminum extrusions, wood flooring, magnesia bricks, thermal and coated paper and citric acid.

China decided to bring the latest WTO complaint, which it says affects exports worth \$7.3 billion, after winning a previous WTO dispute last year over U.S. duties on imports of Chinese steel pipes, off-road tires and woven sacks. The case is one of several currently “live” disputes between the United States and China at the WTO.

India approves sensitive list’s reduction

India has approved reduction in its sensitive list by 30 percent maintained under South Asia Free Trade Area (SAFTA) Agreement and allowed trade concessions on import of 264 items from Non-Least

Developed Countries (N-LDCs) including Pakistan and Sri Lanka. The approved reduction in India’s SAFTA sensitive list would bring down sensitive list items for Pakistan from 878 to 614 tariff lines.

As per SAFTA Ministerial Council, Pakistan has also agreed and announced reduction in its sensitive list by 20 percent or around 233 items and it is expected that in the Strategic Trade Policy Framework 2012-15 Pakistan might approve the reduction.

Items of Pakistan’s exportable interests have been included in it or not, it would be possible for the ministry to comment on it after examining the reduction approved in the sensitive list by India, the official added. Although trade balance is always in favour of India, however, significant increase in Pakistan and India bilateral trade still seems to be a dream as Pakistan’s business community is demanding level-playing field and removal of non-tariff barriers by India.

Pakistan’s exports to India during the first nine months July-March period of last fiscal year 2011-12 amounted to \$250.2 million and imports from India have been recorded at \$1.166 million and it is hoped that imports from India will end up at \$1.5 billion for the fiscal year. Pakistan is facing trade deficit in bilateral trade with India to the tune of \$916.3 million for the July-March period 2011-12.

WTO to consider India’s request

India considers that the US measures are inconsistent with the US obligations under several provisions of the Agreement on Subsidies and countervailing measures and the GATT 1994. At the request of India, the DSB (Dispute Settlement Body) at World Trade Organisation (WTO) established on Friday a panel to consider the United States imposition of countervailing measures on certain hot-rolled carbon steel flat products from India. At the meeting India acknowledged that every WTO member has a right to levy countervailing duties, but this right can be exercised only within the framework of the Agreement on Subsidies and Countervailing Measures and the GATT 1994.

The United States showed disappointment that India decided to request a panel on this matter and stated that the subsidies provided by India at both state and national level to its domestic steel industry “cause material injury to manufacturers attempting to compete with India’s steel industry”. Members reserving their third party rights were European Union, Saudi Arabia, Canada, China, Turkey and Australia. □□