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Protectionism vs Globalisation of USA

American President is showing his true colour while talking about outsourcing jobs to India and other developing countries. When the West wanted to dump their products due to excess installed capacities in industry, they thought of globalization. This was suiting to their requirements. When the USA was on the verge of economic collapse by wrong capitalist economic systems, they developed love for developing countries' population. They are now exposed when they say tax incentives for those industries that do outsource the developing countries. This is nothing but a last straw before their economy collapses in the coming years. This is nothing but pure and simple opportunism on their part. Why our industry captains shed tears on Obama's anti-outsourcing strategy? They should show their guts to abandon dependence on the USA's masters.

Economist-cum-prime minister of India has exposed his bias in favour of the West by accepting the failed economic model in our country during early 1990s. He is taking us on the path of total collapse and bankruptcy. It is pity to see him keeping mum when the meltdowns are clearly visible before total collapse. He has no personal mind while lecturing on economic problems.

He simply reads all the speeches written by his advisors on topics of economy or otherwise. None of our economic problem has solved by him so far to aam aadmi's satisfaction. How can we call him an efficient and matured economist?

His sole ambition in India is to achieve high GDP/growth rate and higher stock market speculative (rather gambling) index. This gets him a pat on his back from IMF and World bank. Who is benefited by this? As rightly said by our former minster for Panchayat development, this index is nothing but allowing the rich to get richer. Their population is not even a half percent of our total population of our country. PM needs to be given some lessons on Swadeshi economic thinking. He needs this very urgently and badly to save our country from economic anarchy.

– B. Manesh
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Quote-Unquote

We feel that even though the US is giving arms to Pakistan to fight terrorism, our practical experience is that it is being misused. They are diverting a portion against India.

AK Antony
Union Defence Minister

I want to hang my head in shame.

Arun Jaitley on CWG
Leader of the opposition, Rajya Sabha

Act in Parliament only way out for Ayodhya dispute.

Ashok Singhal
Leader, VHP

This is one of the best games villages that anyone has seen. All the facilities are top class and I am sure the athletes are going to love it.

Suresh Kalmadi
Organising Committee Chief

Cash Clout & Juggad

Common Wealth Games, now discredited as Shame Games, are finally on Track, or at least thus it seems. Imminent danger that cast its black shadow over the much hyped mega event, threatening its postponement and even cancellation is very clearly over. The games are being held as per schedule. Athletes, team officials, technical officials and media personnel from abroad have either already reached New Delhi or are on their way. All participating nations including countries like Australia who were very critical going to the extent of suggesting that game should not have gone to Delhi in first place, are now coming and competing. Delegates from Kenya, Nigeria, Scotland, Norfolk islands, England, Wales have arrived. Canada has not only sent strong delegations but has in fact expressed solidarity with India. Strong words of support saying 'Canada is not worried by international media reports on CWG, which are often exaggerated' come from Canadian sports Minister. The good news is that even the rain have finally decided to allow the show go on in a fair weather. Unusual rains that Delhi and North India experienced to that this year have stopped for now.

How did this desperate situation change of a hope & optimism? One thing is clear to all. it is not because of improvement in the state of affairs of Organising Committee (OC) that has salvaged the games. Management, Organizing Committee and other people in the government who were responsible for the conduct of the show have not contributed anything substantial to improve the situation. It is India's increasing influence and rising stature as a future power that has rescued what have become "Shame Game" for the country. People sarcastically but with elements of truth say it is cash, clout & Juggad that has ultimately played the most significant role in convincing Common Wealth nations that India will manage the event. Expectations, through no where near what they were a couple of years earlier, have certainly improved to some extent after hitting lowest ebb. There is a guarded optimism evident. Shall we therefore heave a sigh of relief?

Shall we say all is well that ends well? Nay it will be the biggest misfortune for the people of this country if they forget everything after the games are over. Let us remember these game, we were told, are going to add to the prestige of India. Besides helping create some world class infrastructure in at least the national capital, it was said that the message to the world community will be that India is capable of organizing mega events efficiently. But alas! What has happened is exactly the reverse of all that was promised. The message that went across is that India is inefficient, incompetent and unable to organise any world class event. Forces inimical to India and those who are jealous of our growing stature grabbed the opportunity to malign "Brand India". Voices were raised questioning the wisdom of allotting games to India. Images are being circulated across the globe showing how unlivable the conditions are there in the games village. Saddest part of the story is that all these images are real. There is a real mess all-around the venue. Not only has more than required money been spent rather washed down the drain nothing has been finalized as per schedule. At a time when OC members should have been welcoming delegates with garlands snakes are doing the job instead. Beds are being laid even when guests are standing in the room. Deadlines are not met new ones are set everyday. There is no dearth of material of any kind of any place. The only problem is that of management and Co-ordination. Scarce resources of a developing nation like India that inhibits 50% of words poor population, 77% of whose people are forced to live on an in come of Rs 20/- or less a day, health care and education system are in shameless situation, where millions are compelled to sleep hungry, were diverted to these games. The way corrupt, inefficient and incompetent people marred the event clearly makes it an unforgettable sin. Games will be over in next fortnight. Will the issue die along with the closing ceremony? Let us wait and watch.

Agony of the Third Most Powerful Nation

When the common man has been struggling for his existence; the farmers have been committing suicide, drowned under the debt burden; poverty stricken people in the country are being given guns in the name of naxalism; can there be any happiness or a feeling of pride?, asks **Dr. Ashwani Mahajan**.

An agency of the U.S, National Intelligence Council (NIC), released a study report, a few days back, which said that India has become world's third most powerful nation after U.S. and China. If we look at it in terms of blocks, India has become the world's fourth most powerful block after USA, China and the European Community. The agency also says that India's clout would grow even more by 2025. NIC says that currently 22 percent of the world power comes from the United States, China and the European Community each has 16 percent and India's share is 8 percent, while Japan, Russia and Brazil share 8 percent each.

Agency estimates that the scenario would change by 2025 and USA's share would be down to 18 per cent and that of European Community to 14 per cent. India and China will strengthen their respective positions. India's strength will be increased to 10 percent. While the ordering may remain the same but power balance would certainly change drastically.

As per the latest data provided by the World Bank, developed countries have been facing a worst ever set back in recent years and their incomes are going down by 2 percent per annum. India, China and other emerging economies have shown a consistently rising incomes by 7 to 9 percent per annum. Due to continued growth experience of the developing economies, international power equations have also changed. A backward nation twenty years back has registered an important position in the world. Strategic success in the building of Agni Missile, PSLV in the field of space technology, the growing medical tourism, software, telecommunications etc. speaks out the all round advances made by the country. India's growing clout in these areas is making even President of USA uncomfortable, who is exploring all options, to somehow curb India, ranging from putting sanctions on outsourcing and also the visa restrictions.

But this is only one side of the story. Nearly a month back the World Economic Forum released ranking of different countries based on Global Competitive Index for the year 2009-10. Based on that report, India is ranked 49 in the list of 133 nations. Though

Our sanitary system is very deplorable and is worse than even very backward sub- African countries.

India has improved its position slightly and a moved a rank up from 50th to 49th, we find a dismal picture for India on various fronts of competitiveness.

The third most powerful, but ranked 49th in competitiveness looks paradoxical. Solution to this paradox is provided by the report of WEF itself. Global Competitiveness Index comprises of 12 sub-indices. There are some basic indices- such as institutions, infrastructure, Education and Health. Some other complex, but the key indices are the technological readiness, business sophistication, innovation etc.

For India which still is in the initial stage of development, basic indicators assume more importance to the extent of 60 percent in determining competitiveness. But dismal performance on basic factors has deteriorated India's competitive position internationally. World Economic Forum reports that India is ranked 101st in terms of health in 133 countries. Our sanitary system is very deplorable and is worse than even very backward sub- African countries. Our rank was 96th in terms of education. Even in case of energy and transport infrastructure, our rank was 76th. We come at 54th position in terms of Institutions.

Had we not ranked 16th in the world in terms of soundness of our financial system and 25th in terms of soundness of our banking system, our ranking in terms of Global Competitive Index would have been even worst. In terms of the size of our market we are in fourth place. We ranked 83rd in terms of labor market and again 83rd in terms of technical preparedness. Our rank in higher education is still better (66th). But the report expresses concern over the fact that higher education is limited to only a few rich people.

In our country 2 out of 5 persons fail to fulfill their basic needs even today.

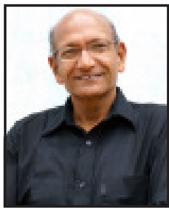
According to a study recently released in India, income tax assesses have been fast rising in urban India, so has been the situation with regard to wealth which has also been concentrating in Urban areas. Wealth is obviously getting concentrated in metro cities like Delhi, Mumbai, Chennai, Bangalore, Hyderabad etc. But big cities of even so called Bimaru states are also not behind in this trend. This implies benefits of growth are being cornered by few rich. Villages could not be included in the growth process. According to the Economic Survey 2009-10, contribution of agriculture sector was only 14.6 percent of GDP in 2009-10. This clearly implies non inclusive character of our growth, which though increases our GDP, but the fruits are cornered by urban rich. Farmers, workers and small scale entrepreneurs remain untouched to a great extent.

Because of this non-inclusive character of the growth, poor is unable to meet basic needs like education and health. Rich and upper middle class people enjoy all the facilities stemming from this lopsided development, as they only have the capacity to pay for the same. Though in terms of GDP on purchasing power parity basis, our country may be third most powerful country of the world, but the same is not getting translated into provision for basic necessities like education, health, drinking water supply, electricity and sanitation. Recent after the report of the Planning Commission's Expert Group headed by Prof. Tendulkar, the Government was forced to acknowledge that 41.8 percent population in country's rural areas and 25.7 percent in urban areas is living below poverty line. Which means that in our country 2 out of 5 persons fail to fulfill their basic needs even today.

On the one hand production of expensive cars, air conditioners and other luxuries is on rise, while poor man is confronted with ever rising prices of essential commodities due to ever declining per capita availability of food grains.

When the news was flashed that India has become the world's third most powerful country, there was hardly any happiness or feelings of pride on the faces of the people. When the common man has been struggling for his existence; the farmers have been committing suicide, drowned under the debt burden; poverty stricken people in the country are being given guns in the name of naxalism; can there be any happiness or a feeling of pride? Certainly not. ❑❑

Rupee can become the world currency



Shift from dollar to Euro or Yen is like falling from the frying pan into the fire because the European and Japanese economies suffer from similar problems. Our rupee is a better candidate than these to take on the role of the world currency, thinks **Dr Bharat Jhunjhunwala**

Many countries including Russia, Switzerland and Venezuela are withdrawing their foreign exchange reserves from the US dollar and investing in Japanese Yen or European Euro. Many countries want to exit from the US dollar. There is an eerie perception that the dollar may collapse any day and investors, private investors in particular, are withdrawing from the dollar before it collapses. The purchase of dollar is being made mostly by foreign governments like those of Japan, China and India. This purchase is motivated on the considerations of geopolitics since these governments do not want to find themselves on the wrong side of the world's only superpower. But to shift from dollar to Euro or Yen is like falling from the frying pan into the fire because the European and Japanese economies suffer from similar problems. Our rupee is a better candidate than these to take on the role of the world currency.

In an article titled "When Currency Empires Fall," Avinash Persuad of Agora Financial, Baltimore tells that the world reserve currency has changed many times: "International currencies in the past have included the Chinese liang and the Greek drachma coined in the fifth century B.C.; the silver punch-marked coins of fourth-century India; the Roman denari; the Byzantine solidus and Islamic dinar of the Middle Ages; the Venetian ducato of the Renaissance; the 17th-century Dutch guilder; and, of course, sterling — and now the dollar." A study of literature and the history of these currencies indicates that the world currency must have four qualities: (1) It should be freely convertible; (2) It should be backed by a large economy; (3) The economy should be growing and leading the world; and (4) It should display sound economic management. These qualities were present in the British sterling in the nineteenth and twentieth centuries. But it became weak in the twentieth century. The sterling remained fully convertible but the size of the British Empire shrank. England failed to make new technological innovations like those of the steam engine and canon it had made earlier. Britain ceased to lead the world economy. Its growth rate faltered. As a result countries pulled out of the sterling in the early part of the twentieth century. Britain made it compulsory for its colonies to hold their foreign exchange

The share of dollar in world's foreign exchange reserves is declining speedily.

in sterling in order to bolster the currency. But, of course, such measures failed to stem the decline. The US dollar then became the world currency.

The condition of the US dollar is suspect presently. The share of dollar in world foreign exchange reserves is declining speedily. Surely, the dollar is fully convertible and the US remains the largest economy in the world but its growth rate is weakening. The share of the US in world income was about one-half at the end of the Second World War. It has now declined to about one-fourth. The US economy does not display sound economic management. Its trade and fiscal deficits are huge. It is spending huge amounts in wars in Vietnam, Afghanistan and Iraq much the way Britain indulged in militarism in the nineteenth and twentieth centuries. The US is borrowing money from the world through the sale of Treasury Bills and using that money to make wars or to increase consumption of its people instead of using it for investments. The US remains the technology leader but it has not made any decisive technological advance like the internet in the last decade. Rather, R&D activities are being shifted to India in a big way. The future developments of technologies may take place in India rather than the US. For these reasons the dollar is fast losing its status as the world currency which explains the anxiety of various countries to pull out of the dollar.

The strongest contender for the world currency after the decline of the dollar is the Euro. That currency is convertible and the combined income of the European Union is more than the United States. But the growth rate of the EU, like the US, is low. Europe has not contributed to the invention of new technologies in the last half-century. It also does not have a city like London or New York which can emerge as the global finance capital. The largeness of the European economy comes from merger of countries rather than from high rates of indigenous economic growth. To sell dollars and buy Euro is like withdrawing ones deposit from a drunkard millionaire and depositing it with a millionaire widow. Euro may provide safety but it lacs the strength to lead the world economy.

The second contender is the Chinese Yuan, also known as Renminbi. The growth rate of China is highest among the major countries of the world. The share of China in world income is fast increasing. The Chinese government is not indulging in wasteful expenditures on wars and instead investing in projects like the Tibetan Railway. But the Yuan is not fully convertible. The price of Yuan is determined less by the market and more by the perceptions of officials of Bank of China. China lacks a transparent financial infrastructure that may beget confidence of foreign governments. China is a state-run economy. The Chinese culture venerates the Emperor. This philosophy does not match with the requirements of the global investors today who want the market to determine the value of their holdings rather than some official sitting in the corridors of the Bank of China. China is also not the leader in technological developments nor is it a global financial center. The global investor is not likely to invest in Yuan for these reasons.

There is a good likelihood that India may emerge as the global economic epicenter and the rupee may become the world currency

The situation of the Indian rupee is better. It is moving fast towards full convertibility. India's share in world income is increasing fast though it is small presently. But this can change fast if the dollar declines vis-à-vis the rupee. India is increasingly becoming the global center for technology developments. India has a long tradition of market-oriented finance institutions. India is often described as a 'mercantile' civilization. Our traders have traveled to other lands for the last 5,000 years while China has mainly looked inward. Mumbai has the institutions to develop into a world finance center. There is a good likelihood that India may emerge as the global economic epicenter and the rupee may become the world currency in another ten to twenty years. We should aim at this instead of living under the awe of dollar supremacy. ❑❑

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Inflation & 'hoarding by the government'

If inflation globally is caused by speculator pull and media push, inflation in India is witness to a peculiar local phenomenon — administrative push and ministerial pull! Sadly, no economic textbook has a solution to this paradigm quips, **MR Venkatesh**

Economic textbooks tell us that inflation is a function of cost push and demand pull. The former implies a scenario wherein inflation is fuelled through increase in input costs, while the later is caused by mismatches in demand and supply. But all these have been dynamited by real life developments of the past couple of years.

Let me elaborate

Of late, there are a new class of global investors — investment by the financial sector in the commodities futures market. What is worrying analysts is the growing influence of these players, who tend to take positions that exert extraordinary pressure on prices. Moreover, their activities are obviously coordinated across currency, stock and commodity markets. Crucially, these players have a symbiotic relationship with sections of the media. In the process, the traditional economics seems to have been completely turned on its head.This issue is of particular importance for food commodities in a country like India. Nothing illustrates this paradigm better than a report by Johann Hari, How Goldman gambled on starvation, in The Independent, UK, on July 2, 2010 portions of which I am reproducing hereunder:

'You want to know how some of the richest people in the world — Goldman, Deutsche Bank, the traders at Merrill Lynch, and more — have caused the starvation of some of the poorest people in the world?'

'At the end of 2006, food prices across the world started to rise, suddenly and stratospherically. Within a year, the price of wheat had shot up by 80 per cent, maize by 90 per cent, rice by 320 per cent. In a global jolt of hunger, 200 million people — mostly children — couldn't afford to get food any more, and sank into malnutrition or starvation. There were riots in more than 30 countries, and at least one government was violently overthrown,' the article said.

'Then, in spring 2008, prices just as mysteriously fell back to their previous level. Jean Ziegler, the UN Special Rapporteur on the Right to Food, calls it 'a silent mass murder', entirely due to 'man-made actions'.'

Most of the explanations we

The world's wealthiest speculators set up a casino where the chips were the stomachs of hundreds of millions of innocent people.

were given at the time have turned out to be false. It didn't happen because supply fell: the International Grain Council says global production of wheat actually increased during that period, for example. It isn't because demand grew either. As Professor Jayati Ghosh of the Centre for Economic Studies in New Delhi has shown, demand actually fell by 3 per cent. Other factors – like the rise of biofuels, and the spike in the oil price – made a contribution, but they aren't enough on their own to explain such a violent shift.

For over a century, farmers in wealthy countries have been able to engage in a process where they protect themselves against risk . . . When this process was tightly regulated and only companies with a direct interest in the field could get involved, it worked.

Then, through the 1990s, Goldman Sachs and others lobbied hard and the regulations were abolished. Suddenly, these contracts were turned into 'derivatives' that could be bought and sold among traders who had nothing to do with agriculture. A market in 'food speculation' was born. Until deregulation, the price for food was set by the forces of supply and demand for food itself. (This was already deeply imperfect: it left a billion people hungry.)

But after deregulation, it was no longer just a market in food. It became, at the same time, a market in food contracts based on theoretical future crops — and the speculators drove the price through the roof. In 2006, financial speculators like Goldman pulled out of the collapsing United States real estate market. They reckoned food prices would stay steady or rise while the rest of the economy tanked, so they switched their funds there.

Suddenly, the world's frightened investors stampeded on to this ground. So, while the supply and demand of food stayed pretty much the same, the supply and demand for derivatives based on food massively rose – which meant the all-rolled-into-one price shot up, and the starvation began.

So it has come to this. The world's wealthiest speculators set up a casino where the chips were the stomachs of hundreds of millions of innocent people. They gambled on increasing starvation, and won. Thanks to the machinations of these financial speculators, grain prices – especially those of wheat – rose across continents. The then American President George W Bush blamed it on the increasing consumption by the Chinese and Indians.

The Indian response was even more bizarre – some of our experts actually floated the theory that south Indians were turning away from rice and were consuming more wheat, which was fuelling global wheat prices! Yet no one, definitely not a single trained economist from the establishment, blamed it on financial speculators and their impact on grain prices. Either they were in cahoots with these speculators or were inexcusably ignorant about the derivatives market.

The role of media as an independent commentator is increasingly becoming suspect.

Speculator push, media pull

What is adding fuel to the fire is the role played by the media in the entire affair. Increasingly, it is being seen that the dividing line between the media and financial players is getting blurred. The media seeks to be a player in the markets while simultaneously it is also a commentator on the markets. This makes it easy for anyone to make or mar the markets by manipulating market sentiment.

Naturally, with its power and reach, the media has enormous influence over the collective psyche of the people. This enormous influence ensures that the sentiment is always controlled – mostly favourably, but if need be negatively – by sections of the media.

With rumours of several media players having taken enormous positions in the stock, currency and commodity markets globally, the role of media as an independent commentator is increasingly becoming suspect.

Consequently, a 'report' published in some remote corner of the world on the El-Nino flows or its impact on the Indian monsoon pattern could well trigger a spurt in food grain prices (perhaps globally) merely on anticipation of a failure of the monsoon. This speculative report when repeated by vested interests in the media at prime time or on front pages of national dailies, instantly becomes an 'impending food disaster waiting to explode'.

Naturally, all this panic leads to hoarding by the 'common man'. People hoard in anticipation of shortages and not when there is an actual shortage. It is this hoarding by the common man which generates artificial demand at the aggregate level leading to increase in the prices of a commodity. Once the necessary threshold level of panic is created, the rest is easy. Rumours, black marketeers and hoarders at the retail level then take over and ensure a cataclysmic price rise.

In India, with underdeveloped spot markets and poor infrastructure, it is easy to create demand supply gaps easily through this process of triggering panic by using the media.

Financial investors and their partners in investment – the media – act in tandem to create this panic. After all, they have taken positions in the futures market quite early knowing pretty well that it is they who have the ability to hype the failure of monsoon, leverage it and profit from it.

Commenting on this issue of over-hyping the failure of the monsoon in 2009, the Economic Survey for 2009-10 was particularly critical of the government's failure in not being able to check the 'hype' over the failure of the Kharif crop. The survey further notes that this hype 'may have exacerbated inflationary expectations, encouraging hoarding and resulting in a higher inflation in food items'.

What is lost in this debate of the absurd is that the government allowed such speculation in the first place and then kept quiet when the players hyped up the future monsoon failure. But that is not all. Some analysts argue that whatever be the impact of such 'intervention' by speculators, the consequences would be purely temporary and prices would return to normal so as to reflect the fundamentals.

That is, provided the fundamentals themselves are not subject to such intervention. But the more important question is what if sections of the government are beneficiaries of all this in the first place?

The answer to this question is simply fascinating. The Economic Survey 2009-10 points to the fact that the buffer stock of rice and wheat maintained in January 2010 was 12 million tonnes higher than the buffer stock of January 2009. In short, in a 'drought year' the government actually procured 12 million tonnes (subsequently allowed to even rot) from the markets when conventional economics suggests otherwise.

Surely, this classical case of 'hoarding by the government' would point an accusatory finger at someone within its ranks.

If inflation globally is caused by speculator pull and media push, inflation in India is witness to a peculiar local phenomenon– administrative push and ministerial pull! Sadly, no economic textbook has a solution to this paradigm.❑❑

PS: The moral of this immoral story is that to tackle inflation the government needs to close down the commodity exchanges. But if it attempts to do it, the United Progressive Alliance government will collapse.

ISI chief lied to CIA, blamed only 'rogues' for Mumbai attacks

Less than a month after the Mumbai attacks, Pakistan's spy agency chief Lt Gen Ahmed Shuja Pasha had admitted to the Central Intelligence Agency (CIA) that the terror strikes had ISI links but claimed it was not an "authorised" operation and carried out by "rogue" elements, according to a new book.

However, CIA later received reliable intelligence that the ISI was directly involved in the training for Mumbai, says the book, Obama's War, written by American investigative journalist Bob Woodward.

According to the book, then President George W Bush during his meetings with top aides had said the terrorist attack on Mumbai was just like 9/11. "Bush called his national security team into the Oval Office as Mumbai sorted through blood and rubble. You guys get planning and do what you have to do to prevent a war between Pakistan and India, Bush told his aides. The last thing we need right now is a war between two nuclear-power states," the book says.

Woodward writes that an "upset Bush asked his aides about contingency plans for dealing with Pakistan", given his policy of "zero tolerance" for terrorists and their enablers.

Under this plan, the US would bomb or attack every known al-Qaeda compound or training camp in the US intelligence database. "Some locations might be outdated but there would be no concern for who might be living there now. The attribution plan called for a brutal punishing attack on at least 150 or more associated camps," Woodward says.

The author says the Mumbai terrorists spoke with handlers back in Pakistan with satellite phones that went through a VoIP phone service in New Jersey, making the calls difficult – if not impossible– to trace. ❑

Indian Farmer's Final Solution

"Andhra in reality was fast turning into a BIMARU state (an euphemism for backward states). Thousands of farmers were migrating every season looking for menial jobs in the urban centres", says **Dr. Devinder Sharma**

Andhra Pradesh chief minister Y.S.Rajasekhar Reddy is in a quandary. Ever since he took over as the chief minister more than a month, on May 14, more than 300 farmers have committed suicides. This was the official death toll in the suicides register till June 25. Unofficially, the death toll is estimated to be much higher.

The spurt in farmers suicides, which unfortunately has failed to move the state as well as the Congress-led Coalition at the Centre, is the outcome of the utter neglect and apathy of the erstwhile Chandrababu Naidu's government in Andhra, voted out after nine years in power. The situation in several other states, including the frontline agriculture states of Punjab and Haryana, and even in the left-ruled West Bengal and Kerala is no better. Thousands of farmers have ended their lives in the past few years. What has meanwhile baffled the new government is that the spate of suicides shows no signs of ending even after it announced a series of routine packages - free electricity and more credit - aimed at relieving farmer's misery.

The package also includes an ex-gratia payment of Rs 1 lakh each to the next of the kin of the deceased, and Rs 50,000 for a one-time settlement of the loans of indebted farmers. The erstwhile government too had started paying an ex-gratia grant of Rs 1 lakh to the affected families after suicides were initially reported in 1997-98. After giving the assistance to some 250 farmer families, the payments were stopped on the plea that such an ex-gratia would prompt more farmers to take their lives. The Congress, then in the opposition, had stepped in by collecting donations for providing assistance to the grieving families.

Although the newly-elected government of Andhra Pradesh (and followed closely by Tamilnadu) have moved in quickly by announcing free power to farmers, what is more depressing is that the governments are clueless of the reasons that forces farmers to commit suicides. Nor is there any effort from the so-called distinguished agricultural scientists, economists, and social scientists to come out with proposals to put an end to this shameful blot on the country's image. The reason is obvious. No one has the political courage to point a finger at the real villain -- industrial farming model that shifts the focus on cash crops

and thereby plays havoc with sustainable livelihoods.

Mr N Chandrababu Naidu in Andhra Pradesh was swept away by a tidal wave of the angry farmers. The small and marginal farmers, in tandem with the landless labourers, who constitute nearly 80 per cent of Andhra's 80 million people, gave their verdict: the industry-sponsored economic reforms are anti-poor. In Karnataka too, where the farmers suicide rate is equally high, the over-emphasis on technology had only alienated a large percentage of farming populations from economic growth and development. Both the States had relied heavily on the British consultancy firm, McKinsey India Ltd., to draw the blueprint for economic reforms. In adition, McKinsey's services are also being utilised by West Bengal for redesigning the economic model of growth.

Blindly aping the World Bank model of agriculture (as suggested by McKinsey India Ltd.), Karnataka and Andhra had pumped in huge finances to push in an industry-driven agriculture that has not only exacerbated the crisis leading to an environmental catastrophe but also destroyed millions of rural livelihoods. The biggest tragedy being that both the States had turned into a national capital of shame for farmers' distress, visible more through the increasing rate of suicides in the rural areas. Making available cheap credit to these marginal farming communities, as has been announced by the Finance Minister, will not be helpful. What these poor and marginalised need immediately is income support.

Farmers suicides had become so common that Mr Naidu had actually sent team of psychetrists to convince them against taking their own lives.

In reality, Andhra as well as Karnataka were only making it smoother for the industry to move into the rural areas. APs Vision 2020 document talked of reducing the number of farmers in the state to 40 per cent of the population, and did not have any significant programme to adequately rehabilite the remaining 30 per cent of the farming population. The objective was to promote the commercial interests of the agribusiness companies (read foreign financial institutes and international bankers) and the IT hardware units. All benefit would have accrued to these companies in the name of farmers. In fact, these two sectors, along with biotechnology, were being heavily subsidised in the name of efficiency and infrastructure whereas the poor farmers were being divested of the their only source of income - their meagre land holdings.

Andhra in reality was fast turning into a BIMARU state (an euphemism for backward states). Thousands of farmers were migrating every season looking for menial jobs in the urban centres. Mofussil newspapers in the heartland of the cyberstate - that's how Mr Naidu wanted the state to be called - were full of advertisements inviting people to mortgage their gold and silver belongings. Livestock deaths and the plight of dalits and other landless and marginalised no longer adorned the headlines. Farmers were asked not to produce more rice (the staple food) as the State had no place to stock it. Farmers suicides had become so common that Mr Naidu had actually sent team of psychetrists to convince them against taking their own lives.

Believe it or not, daily wage workers in AP can still be hired at a price that their counterparts in Bihar would scoff at. And yet, the ignorent media despised the maverick political leader Laloo Prashad Yadav for taking his state - Bihar - to economic backwardness whereas Mr Naidu was showered by all kinds of accolodes. Such was the extent and level of poverty that AP also topped the country in the percentage of women entering prostitution and trafficking. Mr Naidu on the other hand ignored the writing on the wall and went about holding web conferences

with his bureaucracy much to the chagrin of the national media, which painted him as the poster boy for economic reforms.

The Naidu model has failed. It also means failure of the McKinsey's model of economic development. To talk of 'Naidu Plus', as some economists have said, indicates the level of arrogance among a school of economic thought that refuses to see anything except the industry.

No wonder, newspapers have already quoted the secretary general of the Federation of Indian Chambers of Commerce and Industry (FICCI), Mr Amit Mitra as saying "economic initiatives in the IT and services sector should be extended to the rural areas and to such industries as food processing and rural industry". Unfortunately, the industry refuses to accept that it was because of its own over-indulgence that Mr Naidu paid a heavy price. In addition, the Confederation of Indian Industry (CII) and the newly emerging biotechnology industry, were the beneficiaries of the state's largesse in the name of improving agricultural productivity and enhancing rural incomes. The new government has focused on agriculture but refuses to look for the real causes behind farmers distress. All its efforts are directed towards convincing the markets that sensex will not be allowed to slip any further.

The tragedy is that while the farmers have delivered their verdict, the economists and policy makers are not willing to accept it. The nation is not only clueless but doesnot even want to know how to resurrect agriculture and farming. This is where the polit-ico-economy equations have gone wrong, this is where the Indian democracy has reached superficial heights. The CII and FICCI have already ensured that their breed of economic thinkers and supporters are in each political party. The tragedy therefore is that the policy directions between the ruling party and the opposition has blurred. Both follow the same economic prescriptions that have no connection with the ground realities. The Congress-led coalition too will easily fall into the trap of pushing for more economic reforms, and provide the same direction for the agriculture sector that Mr Naidu falsy banked upon.

The ground realities are far removed from the rhetoric and the statistics that have bred immunity against compassion. We are all part of a global food system, which perpetuates poverty and deprivation. The food industry makes tall claims of nutritious diet that it churs out, and millions are dying of obesity and related problems. We make tall claims of improved technology for agriculture by pushing stark realities of increasing indebtedness, growing poverty, resulting human suffering and hunger from the public glare. We are, therefore, in reality, the cause behind hunger and the resulting farmers suicides. Behaving like an Ostrich is surely not going to eclipse hunger and death from the politico-economic radar screens.

It requires policy makers, agricultural scientists, academicians and even the civil society groups to first accept the fundamental flaws that force farmers to the gallows. And then it needs determination - both political and scientific -- and there is no reason why farmers distress cannot be turned into a scourge of the past. Economic gimmicks like announcing free electricity and enhancing bank credit will otherwise continue to force farmers to take the fatal route by drinking pesticides.

Devinder Sharma is a New Delhi-based food and trade policy analyst. Among his recent works include the book In the Famine Trap. Responses can be emailed at: dsharma@ndf.vsnl.net.in

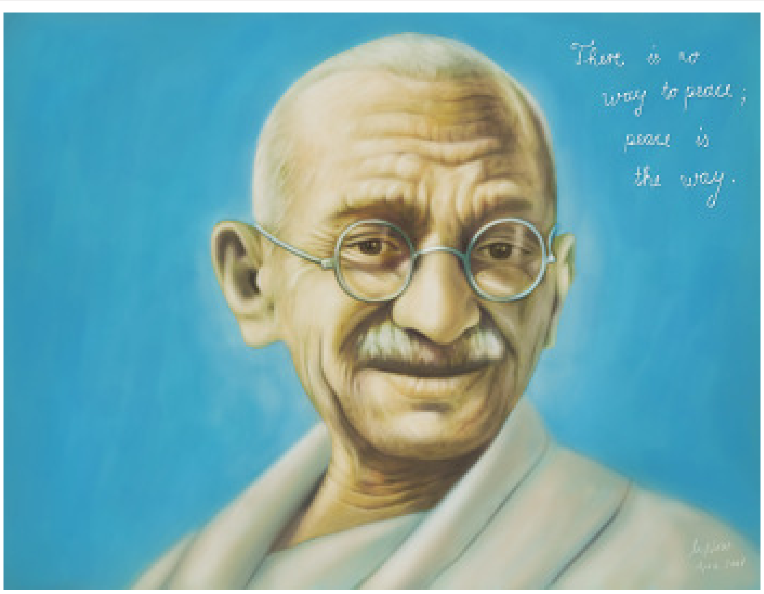
Unbelievably Strange, but Pertinently True

Facts pertaining to the father of the Nation, Mahathma Gandhi by **AB Sai Prasad**

Not every thing that can be counted counts and not every thing that counts can be counted

— **Albert Einstein**

We the people of India i.e. Bharat are suffering from the dreadful disease by name Alzheimer's disease as far as Mahatma Gandhi 'The Father of the Nation' is concerned. Soon after attaining independence, he suggested to the then leaders of the Congress Party to wind it up and start a new party with a new name. He had a kind of sixth sense cum premonition that leaders of coming generation will boldly claim that Congress Party and only Congress Party is responsible for our independence. Others however great or big may be, have not contributed any thing to our country's independence. Soon after our independence our first Prime Minister who is known for his idealism (Late John F Kennedy, the 35th elected President of America, had paid rich tribute to our Prime Minister in his acceptance speech after being sworn in.) did not pay any heed to Gandhiji's suggestion. Gandhiji's pet theme 'Small Scale Village Industries on Large Scale' was put on a back burner first and then was pushed to the oblivion. Smt. Indira Gandhi who is known for her bold decisions and who was described by Shri. Atal Bihari Vajpayee as the Durga, after establishing herself firmly as the Prime Minister decided to capsulize India's freedom struggle in a time capsule. Some important names, the opposition leaders said, were deliberately omitted. When there was much hue and cry in Lok Sabha the time capsule was unearthed. Though we have a Cabinet Minister for Panchayat Raj in our union cabinet, late Rajiv Gandhi who too had a dream like Martin Luther King (Jr), publicly acknowledged that out of one rupee that is allotted for the development of poor villagers not even ten paise is reaching them. His son Mr. Rahul Gandhi, who is being groomed as the future Prime Minister of India, too expressed similar sentiments recently. Smt. Sonia Gandhi the Chair person of UPA, according to the Chief Editor of 'Akashicc' -a bilingual fortnightly from Secunderbad' s Marredpally, once gave a traitor's certificate to Shri Atal Bihari Vajpayee 'who has spent his whole life in service of the people with dedication and commitment'.



Recently history lesson writers of ICSE, may be to mock at Gandhiji's advice to the Congress Party, have described the Martyrs of India's freedom struggle-Shaheed Bhagat Singh, Shaheed Raj Guru and Shaheed Batukeshar Dutt as, terrorists, in their sixth standard text book. Many have received this shocking SMS on their cell phones. These martyrs should thank their stars as the lesson writers have not prefixed the word terrorists with 'Hindu'.

Mahatma Gandhi out of reverence to the suppressed down trodden and neglected classes of our society, had coined a beautiful word 'the people of Hari the God'. He had even started a powerful magazine by that name to educate people in general and the suppressed classes in particular, to inculcate a sense of brotherhood and last but not least to prepare people for good governance after achieving independence. Our secular leaders felt that the word Hari speaks loudly about Hindu fundamentalism as the word is used for other religious followers also. The Standing Committee for Social Justice and Empowerment, in its report submitted to the Lok Sabha has suggested that the word coined by Mahatma Gandhi may be deleted from records. Stringent action may be taken on those State Governments and Union Territories who continue to use this word. (Vide Telugu daily 'Sakshi' August 20, 2010, Bangalore edition). All things being equal it may be implemented in word and spirit from the 141st Birth Anniversary of Mahatma Gandhi which falls on 2 October, 2010.

May be to prove the well worded quotation of Mr. Thomas -'There are only two ways of telling the complete truth, anonymously and posthumously' yester years dynamically bold weekly, which fearlessly used to call a spade a spade, the 'Blitz' in its special issue '1941-1981 Forty Fight Years' without mincing for words has brought certain things to lime light which may leave a bad taste in the mouth of our present Congress leaders. In a box matter - page no.29 - which the editor Shri R K Karanjia uses as filler gives some astonishing facts. As per UP's Correspondent (November 10, 1948) even ten months after Mahatma Gandhi's assassination, the then Congress Government of U P had released several thousand rupees to buy several hundred copies of a history book edited by no other than Nathuram Vinayak Godse. The book was on the approved list of the Education Department of UP. After this shocking exposition by the Blitz's UP Correspondent the book was deleted from the approved list and funds were stopped by the Education Department of UP.

One may hardly believe the News item published on the front page of Blitz, March 29, 1952. Again this has been given as box matter on page no.28. Even four years after Gandhiji's assassination the Congress government of Bihar, it seems had donated Rs. 2000 towards the publication of Swami Satyadev Babrajak's autobiography, 'Swatantrata Ki Khoj Mein'. There is nothing wrong in giving donation to a deserving book. But the Swamiji it appears had criticized our Prime Minister Shri Nehruji and justified the murder of Gandhiji by Nathuram Vinayak Godse. The Correspondent of Blitz states that the Swamiji was a great admirer of Adolf Hitler and profusely hated communism. This controversial autobiography was published in Congress Party ruled U P and was subsidized by Bihar Government ruled by the Congress Party. The shell shocking part of the aforesaid autobiography is, the BiharGovernment released funds for this bod: at the instance of the then President of India Dr. Rajendra Prasad. The box matter further says the story was later confirmed by our Prime Minister Shri Jawaharlal Nehru. The Special Issue of Blitz shares with readers a less known fact about Gandhiji's statue in the city of Karachi. The first ever life size bronze statue of

The first ever life size bronze statue of Mahatma Gandhi was erected in Karachi.

Mahatma Gandhi was erected in Karachi. As per the box matter on page 28 of the special issue of the Blitz' 1941-1981 Forty Fight Years' Karachi City of Pakistan is the first City in the world to erect a life size statue of Mahatma Gandhi. Everybody will expect that it would have been unveiled by either President or the Prime Minister of India. It was unveiled by Dr. Sarvepally Radhakrishnan, then Vice Chancellor of Banaras Hindu University. It was commissioned by the Indian Merchants Association of Karachi. It was sculpted it seems in a Bombay (Mumbai) Studio. An imposing site opposite Karachi High Court was selected and the statue was placed there. The special issue says no one knows whether the statue is still there or not. Only Shri L.K. Advaniji may be knowing about the statue. If it is in some museum of Karachi it may be once again installed either in Karachi or some other city of Pakistan in a prominent place. October 2, 2010 may be ear marked for this purpose. This will be one of the possible confidence building measures that the neighbors can conveniently think of. When other methods of reaching an understanding have allegedly failed the Gandhigiri method adapted by Munnabhai of 'Lage Raho Munnabhai' fame may be tried.

Nothing takes the taste out of peanut butter quite like unrequited love

— Charlie Brown

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Needed a Ministry of Retail Trade for betterment of Indian Economy

The paan-chewing, dhoti-clad, English-ignorant retail trader should not be seen as an inefficient entrepreneur who needs to be bleached by globally-accepted detergents. What he needs is a level playing field, in the full sense of the term, with access to affordable credit and the abolition of inspector raj pleads **Dr. R. Vaidyanathan**

Trade, with a GDP share of 15.1%, only slightly less than manufacturing at 15.6%, is an important segment of the economy.

More than 125 lakh kirana stores provide a source of livelihood to 16 crore people. Retail trade has grown faster than the economy: it registered a compounded annual growth rate (CAGR) of 9.4% between 2004-05 and 2008-09 when the Indian economy grew at 8.66%.

The retail trade comprises all kinds of people and formats — from street vendors to departmental stores of various types, shapes and characteristics.

More than 80% of trade is accounted for by partnership and proprietorship forms – often called the unorganised sector. The kirana shop adjacent to my home opens at 7am and closes at 10pm every day, 365 days of the year. It is very efficient, and one can order through a mobile. The owner knows the tastes and price preferences of our family, but his business is classified as "unorganised" by our experts and national income data.

The footfall in his shop cannot be measured using western models (since there is no place for anybody to set foot inside his shop), and so he is derided and ignored. It is like clubbing housewives along with prostitutes in our census data to show them as unproductive citizens.

These are economic constructs imposed by the west on the rest and it is a form of terminological terrorism which is mouthed ad nauseam by our economists and policy planners without understanding the implications. The retail trade suffers from two major handicaps. One is the non-availability of credit at reasonable rates from institutions; the other is the bribe one has to pay to the

The retail trade suffers from two major handicaps. One is the non-availability of credit at reasonable rates from institutions; the other is the bribe one has to pay to the government babus to leave him in peace.

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Nagamma has been a flower vendor for more than 20 years in my suburb of Bangalore. When she needs a loan, she participates in chit funds. Sometimes, she has lost big as the chit funds were run by crooks.

As a finance professor, I thought I should do some good in the world of practical finance and advised her to open an account with a commercial bank for saving her hard earned money and perhaps get a loan later.

The branch manager — a pleasant lady — was also acquainted with the flower vendor for many years, but the core banking software solution used by the bank will not recognise the Nagammas as customers. The bank's "know your customer (KYC)" norms require proof of address, PAN cards, proof of date of birth — everything but her dog's surname. She has no chance of getting this kind of KYC done.

Large companies get loan rates below the prime lending rate, but my vegetable vendor gets it at 0.5% per day. They have to return 50 paise at the end of the day for every Rs100 borrowed in the morning. This will work out to be more than 180% per annum.

The sooner we have a ministry of retail trade to protect, preserve and enhance the capabilities of our kirana stores the better for the Indian economy, better it is.

My retail provision stores man gets his money in an interesting way. He gets Rs45,000 (for a loan amount of Rs50,000) upfront and pays Rs500 a day for 100 days to repay his full Rs50,000. It turns out to be more than 10% for three months. More than 70% of the working capital requirements of retail trade in 2009-2010 came from non-bank sources.

The other perennial problem faced by the "unorganised" retail trade is the "organised" dacoity by minions of the state. They need to bribe the cops, bribe the municipal authorities and other local goons. The cost can be as high as Rs20 on an income of Rs200 or so per day. That is 10% of gross income. The same is true of fruit seller, the fast-food idli joint or the beauty parlour.

Instead of looking at these two important constraints imposed on the fastest-growing and most productive and efficient retail trade, our planners want to open the field up for global sharks in the name of liberalisation. For anything and everything the policy-maker wants Indians to emulate the Japanese, the French, the Germans or the South Koreans.

All petroleum services and products, rice, tobacco, salt, alcoholic beverages and fresh food traded at public markets are excluded in Japan from any "distributional aspect" by foreign companies. The French simply restrict any development of hypermarkets to protect what they call "centres of French towns and villages and the livelihoods of small shopkeepers".

Germany has legislative constraints on outlets above 1,200 sq m. This is despite trade constituting a relatively small portion of their economy both in terms of employment and value addition compared to India.

The paan-chewing, dhoti-clad, English-ignorant retail trader should not be seen as an inefficient entrepreneur who needs to be bleached by globally-accepted detergents. What he needs is a level playing field, in the full sense of the term, with access to affordable credit and the abolition of inspector raj in the form of harassment by various arms of the government. We are still a savings-based, family-oriented economy.

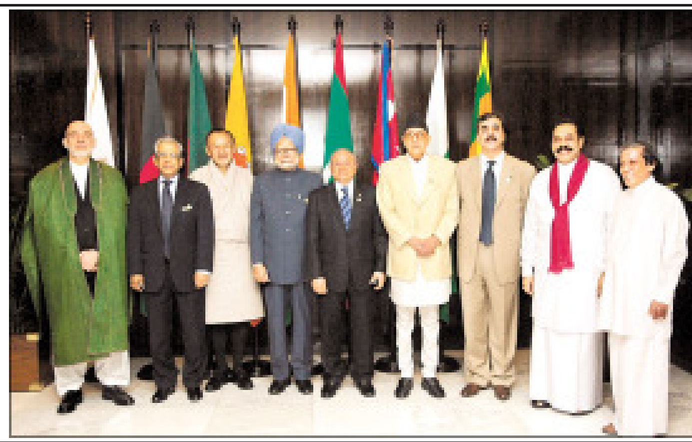
The sooner we have a ministry of retail trade to protect, preserve and enhance the capabilities of our kirana stores the better for the Indian economy. ❑❑

India's Trade Potential, Prospects and Role in Building a Free Trade Area within the SAARC Countries: A Decadal Analysis

Sathu Lingammurthy

On the threshold of its journey with (South Asian Free Trade Area) SAFTA, India realizes that trade liberalization has important and far-reaching implication in the SAARC region. With a combined population of more than1.5 billion, SAARC has the potential to be another significant trading bloc like ASEAN, EU and NAFTA. India, being the largest economy in SAARC, its role is widely regarded as crucial in determining the effectiveness of SAFTA and therefore, it will have to play a pro-active and leading role in drawing the future road map of SAFTA.

In this paper we have endeavored to study the growth rate of India's external trade with the SAARC countries and India's share of the external trade along with balance of trade with the SAARC countries for the last decade. This study enables us to gauge the importance of India as a major player in the South Asian Free Trade Area.



Background of SAARC, SAPTA and SAFTA

The **South Asian Association for Regional Cooperation** (**SAARC**) is an organization of South Asian nations, founded in 1985.It is devoted to economic, technological, social, and cultural development emphasizing collective self-reliance. The seven founder members are Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka. Afghanistan joined SAARC in 2007.

Besides the other objectives, SAARC tries to promote the welfare of the people of South Asia; to improve their quality of life and to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potential; to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields.

The Agreement on the South Asian Free Trade Area (SAFTA) is a step ahead of SAPTA in the progressive process of the formation of a free trade area in the region.

At the 12th SAARC summit at Islamabad, on 6 January 2004 an agreement on SAFTA was reached. It created a framework for the creation of a free trade area covering 1.4 billion people in India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan and the Maldives. The seven foreign ministers of the region signed a framework agreement on SAFTA with zero customs duty on the trade of practically all products in the region by end 2016. SAFTA came into being on 1 January 2006

Comparative analysis of the SAARC member countries vis-à-vis India

India with Billion plus population is almost not in comparison with the other SAARC Member countries. Indian population provides the largest potential market to the member countries of the free trade area. India with a large market base is having a GDP growth of 6% which apparently is lesser and comparable to some of the member countries but the growth rate of such a huge country has its own significance. Except for Srilanka, GDP per capita of India is also higher than most of the member countries. Both the agriculture and Manufacturing sectors are too large in India .The above comparison makes the position and role of India very vivid. India has to play a major role to make SAFTA a success.

India's trade with SAARC countries has been buoyant, although small in comparison with more developed countries. The share of the SAARC region in India's total trade has also grown steadily. Bangladesh and Sri Lanka have more than 1 percent share, Nepal a little over 0.5 percent, and the others less than or just about 0.1 percent. To some extent India's participation in regional and bilateral trading arrangements with Asian countries is reflected in the increasing share of these countries in India's trade.

The overall growth rate of India's total external trade has experienced many fluctuations within the twelve years, whereas, the growth rate of Imports and Exports have been increasing steadily. The growth rate of imports of India's external trade always higher than exports except 1999-00 to 2001-02 through this period the growth rate of total trade has experience a sharp dip i.e., (-51.22) percent, then during 2002-03 to 2006-07 the growth rate of imports increased to growth rate of exports then the growth rate of total trade has increased sharply to 91.24 percent.

The trade deficits of India vis-à-vis other countries of the world has been one of the most contentious issues in the world. However, India's exports and imports are highly diversified compared to SAARC countries.

Another important aspect of the sustained trade deficit is that most of India's major imports are in the semi-manufacture category. The deficit of the external trade increasing steadily till 2003-04, then it has sharply increased from Rs. (-125.73) lakhs to Rs. (-533.7) lakhs in terms of values during last half decade.

The share of India's External Trade with Afghanistan has been increasing gradually from 0.04 percent to 0.11 percent during the twelve years period i.e., 1996-97 to 2008-09. Within this period, in the last six years trade relations have grown optimistically, the share of exports from India to Afghanistan has increased 0.06 percent to 0.12 percent and imports have been constant at 0.3 percent share in 2001-02 to 2002-03. After this year, the share of exports of India has been increasing slightly from 0.12 percent to 0.22 percent.

India's External Trade with Bangladesh

Bangladesh has been separated from Pakistan in 1971. Immediately after independence, Bangladesh concluded a General Trade Agreement with India in March 1972. Among other things, this agreement provided for border trade between Bangladesh and neighboring Indian states of West Bengal, Assam, Meghalaya, Tripura, and Mizoram. However, Bangladesh has better economical relationship with India after joining SAARC in 1985.

The growth rate of India's exports to Bangladesh in 1997-98 was (-5.25) percent, in 2008-09 it is reduced to almost (-3.63) percent whereas, the growth rate of imports increased from 14.51 to 37.09 in the same period The share of total external trade with Bangladesh has been declining from 2003-04 to 2008-09 to be exact 1.28 percent to 0.57 percent. Until then the share of the total trade was 1.28 1996-97 to 1.08 in 2002-03.

Fabrics, engineering goods, chemicals and pharmaceuticals, transport equipment, cement, fruits and vegetables and coal are having major contribution of India's total exports and the main important commodities from Bangladesh to India is Raw jute, glycerin, leather, fabric yarn, Jamdani sarees, etc.

India's External Trade with Bhutan

Indo-Bhutanese relations have been established on the basis of mutual help and collaboration. The King of Bhutan Jigme Wangechuck said that there are no problem areas between the two countries and he added that decks have been cleared for further economic cooperation. India has provided a solid basis for a close and warm relationship marked by mutual understanding in the field of Science, Technology, Medicine and Telecommunication. The SAARC forum is institutional strategy for the consolidation and continuation of the friendship and co operations.

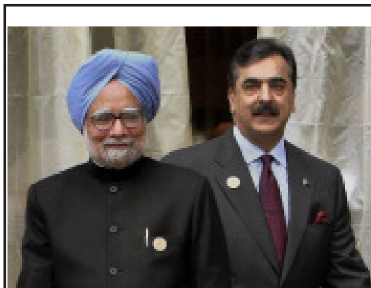
The growth rate of India's total trade with Bhutan has always been negative except for three annual years' i.e, 2000-01, 2003-04 and 2007-08. Machinery and In-

struments, Manufactures of Metals, Transport Equipments, Primary and Semi-finished Iron and Steel, Electronic Goods are the main commodities for the contribution of India's share of exports and the main import commodities are Primary Steel, Pig Iron based items, Inorganic Chemicals, Wood and Wood Products, on-ferrous metals, Man-made filament/spun yarn.

The total share of the India's External trade and imports with Bhutan has never crossed 0.10 percent in the entire period of the twelve years.

India's External Trade with Pakistan

Definitely Pakistan is rival country to India since its Independence. Even though India has been trying to keep very healthy economic relations with Pakistan through external trade, the main exporting commodities from India to Pakistan are Organic Chemicals, Cotton, plastics and articles thereof, rubber and articles of thereof, iron & steel, sugar and sugar confectionery, edible vegetables, mineral fuels etc. and the main importing commodities from Pakistan to India are Edible vegetables, cotton edible fruits & nuts, organic chemicals, sugar & sugar confectionery, copper and articles thereof, man-made staple fibers, lead and articles thereof, wool and woven fabrics etc.



The trade balance between India and Pakistan has surplus value except two individual annual years i.e., 1998-99 and 2000-01. Growth rate of India's total trade with Pakistan is buoyant. Total trade highest growth rate was 423.85 percent in 2000-01 where as exports have connection 112 percent growth rate. In the annum of 1998-99 the total growth rate of exports was (-16) percent whereas growth rate of imports was 446.15 percent leaded to (-224.26) percent of growth rate of total trade with Pakistan. The growth rate of exports and imports in 2008-09 is (-16.55) percent and 44 percent while the total trade growth rate is (-27.07) percent.

India's external trade share with Pakistan in 2008-09 year was 0.78 percent of exports, 0.12 percent of imports and the total trade share was 0.37 percent.

India's External Trade with Sri Lanka

Culturally and racially there are many similarities between India and Sri Lanka. India's objectives in Sri Lanka constitute the restoration of India-Sri Lanka relations to their traditional level of cordiality and to strive for the safety, security and democratic aspirations of the Tamils and Sri Lankans in that country.

The trade between India and Sri Lanka is very bright. The main export commodities from India to Sri Lanka are Petroleum products, transport equipment, cotton yarn, fabrics, made-up, sugar, machinery and instruments, paper/wood products. The important importing commodities are spices, non-ferrous metals and meal scrap.

The growth rate of total trade of India has been shown in graph-11. India has surplus growth rate with Sri Lanka in overall trade years of data shown except for three years i.e., 1998-99, 2001-02 and 2004-05 having negative growth rates.

The trade balance of India with Sri Lanka has been increasing without interruption from 154.27 lakhs in 1996-97 to 927.12 lakhs in 2008-09 in terms of value. The share of Sri Lanka in India's total trade steadily increased without failure till 2005-06 from the 0.72 percent in 1996-97 to 1.03 percent in 2005-06, and then it is slowly declining to 0.57 percent in 2008-09. The total share of imports has kept on increasing from 0.07 percent in 1997-98 to 0.39 percent in

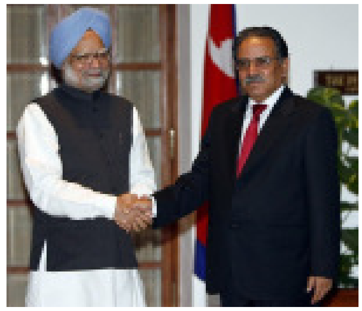
2005-06 then; the share of imports has been declining to 0.12 percent. The share of exports has never come down below 1 percent in period of twelve years, the peak share of exports is 2.07 percent in 2003-04 and the bottom is 1.3 percent in 2008-09.

India's External Trade with Maldives

India's relations with Maldives are excellent and time tested. India is giving assistance to Maldives for various programs and projects. Plastic and Linoleum products, drugs, pharmaceuticals and fine chemicals, Rice (other than Basmati), Machinery and Instruments, Paper/Wood products are the main commodities contributing for exports of India to Maldives. And the main importing commodities from Maldives to India are Metalifers Ores & Metal Scrap, Printed Books, newspapers, journals, Professional instruments except electronic, Machinery except electrical and electronic, Artificial resins, plastic materials, etc.

India's external trade with Maldives is very small comparing to other SAARC countries. Though, it is increased more than 16 times in twelve years period from 1996-97. The trade balance increased more than 15.5 times with Maldives.

India's External Trade with Nepal



Nepal, a land-locked country in the Himalayan region has been respected and helped by India. Both the countries have almost similar customs, rituals and religious practices. They also share common culture and hence they have a special relationship. Nepalese are free to carryout trade, own property; take up any private and Government jobs in India. Since 1985, India has greatly contributed for the comprehensive developmental work in Nepal.

Petroleum products, Transport Equipments, Drugs/Pharmaceuticals/fine chemicals, Glass/Glass wares, Ceramics/cement, Machinery and instruments, Primary and semi-finished iron and steel, etc. are the primary contributors of India's exports to Nepal. And Iron and Steel, Man-made filament/spun yarn, Essential oil and cosmetic preparation, Artificial resins, Plastic materials, Other textile yarn, fabrics, made-up artificial, Non-ferrous metals etc. are the primary contributors of India's imports from Nepal.

The highest growth rate of total trade was 430.59 percent in 2003-04, prior to this year it was (-149.20) percent. The growth rate of total trade has declined to 38.57 percent in 2008-09, whereas the growth rate of exports is 18 percent and the growth rate of import is negative which is almost (-11) percent.

During the period of 1998-99 to 2001-02 the trade balance of India with Nepal was negative. The trade balance has been sharply increasing from 2003-04 till 2008-09 around 490,010 lakhs, prior to this year it was 33,197 lakhs. The total trade of India with Nepal has been increased nearly 11.54 times from the beginning.

Conclusion and Suggestions

In order to make SAFTA a meaningful and a strong economic block, substantial progress towards its economic integration is very important. The SAARC countries are geographically placed as neighbors. They need to take advantage of their close proximity to increase their trade and investment flows. India, being the largest economy in SAARC, its role is widely regarded as crucial in determining the effectiveness of SAFTA. The following are the suggestions for India. (i) India should open up the market for the member nations of SAFTA following a norm of most favored nation status for all. (ii) Indian should facilitate intra-regional trade by purchasing inputs from other SAARC members. (iii) Indian should endeavor for promoting investments in other SAARC members especially the lesser developed countries. (iv) India should provide better infrastructure and support to the other members being a major player in SAFTA. ❑❑

Do not cultivate GM Crops in country of Origin

There is need of adequate test by third party on the Bt. Brinjal on human health as brinjal is regularly eaten as full or light cooked vegetable and even as medicine suggest **Dr. S.S. Tomar & Ranbir Singh**

The Genetic Engineering Approval Committee (GEAC) had recommended the environmental release of BT Brinjal in India based on recommendations of Review Committee on Genetic Manipulation (RCGM) and 2 expert committee constituted by the GEAC between 2006 and 2009. The Genetic Engineering is a techniques involving transfers of selected piece of Genetic material capable of performing new functions form one organism to another ie. Produced by combining of genetic material from more then our origin where DNA molecules that are extracted from different sources and chemically joined together. Thus Genetically Modified (GM) crops are produced.

A research project on "studies on Drying of Horticultural Produce (including BT Brinjal) in polyhouses" was under taken in Agricultural Engineering Division, Indian Agricultural Research Institute. Since BT Brinjal is not produced presently therefore crop husbandry part of the same was also considered for experimentation. And review updates were proposed. In present era every individual, institutions seems to take benefit by all means and not like to get involved in debate and dispute thus there is need of a free and fair review.

The BT Brinjal is created by inserting a gene cry 1- AC from the said bacterium Bacillus thuringensis (BT) into Brinjal to create into the plant the resistance against insects like fruit and shoot borer. Since this is first time when the process is adopted in vegetables therefore there is lot of debate to know the reality in its popularization in our country. Brinjal is said to have originated in India and is known to have cultivated for over 4000 years. It is 9% of total vegetable product in the country and may be directly eaten as Ayurvedic medicine and is of special value in treatment of diabetes and lever problems. It is classified as cross pollinated crop thus there is a fear that BT Brinjal may deteriorate the original varieties. In the Bt. Brinjal crop the shoot & fruit borer pets are killed.

To prevent the risks in the indiscriminate use of modern biotechnology the Ministry of Environment and Forest (MOEF) Govt. of India (GOI) notified the Rule 1986. In the public private parties mode under aegis of agriculture Biotechnology available with M/S Mahyco has been transferred (free of cost) to TNAU, Coimbatore University of Agricultural Science (UAS) Dharwad and Indian Institute of vegetable Research (IIVR) Varanasi in 2005. The effect of BT Brinjal is that it may cause damage to pests & humans. When fruit & shoot borer larva feed on BT Brinjal plants. They ingest the BT protein cry 1 AC, along with plant tissue. The gut of insect is alkaline with a PH>9.5, the protein is stabilized and activated by gut proteases crystallizing into fine needle-like shards that pierce the insect gut lining making holes into it. This leads to disruption of fruit and shoot borer larvae. The BT-Brinjal program in India started since 2000. In 2006 Supreme Court stopped on going field trials and lifted this ban in 2007. In 2009 GEAC approved the release of BT Brinjal but MOEF had decided national wide consultation in 2010.

The BT Brinjal is child from forceful marriage of poisonous microbe bacteria father and brin-

Control of seeds should be with government & not with any private party.

jal mother. Here a cluster of modified DNA is fired, penetrated using force, piercing through the cell wall into the target cell- thus not produced by nature. It produces pesticide proteins even inside our stomach.

The review study reveals that there in still a lot to be done to popularize the BT Brinjal such as -

- There is a still challenge of cross pollination of other Brinjal varieties.
- Direct eating of Brinjal either as medicine or as practice of few Indian farmer it may pierce the gut lining making holes in it. As BT Brinjal is made to produce the cry 1 AC in cell, the 'pesticides' actually moved from exterior to the interior of brinjal, and thus this cant not be removed by washing as in case of the usual pesticides already common.
- The review reveals that in case of BT Brinjal the studies on soil Micro flora were for a short period. The impact of the breakdown of protein on soil micro flora has not been conducted.
- This transgenic transfer on local and hybrid varieties had full possibility to destroy our brinjal diversity. As a general Rule GM crops must not be cultivated in centre of origin as it could lead to the loss of original varieties by transgenic cross pollination.
- Three years study is ideal with blood, feces and milk studied for toxicology. No Lab in India working on GMC testing is doing this.
- There is need of adequate test by third party on the BT Brinjal on human health as brinjal is regularly eaten as full or light cooked vegetable and some time directly consumed (raw) as medicine as well as the local practice. It also can not be used as medicine due to lack of varieties.
- Chronic toxicity studies in duding Carcinogenicity studies have not been conducted significantly.
- Our country presently lacks labeling and it will also not be affective if we have a labeling law in place as only a minuscule quantity is packed and sold. In rural area it is not practicable.
- Farmer in our country is small and marginal in majority, hence possibility of maintaining of isolation distances is nonexistent.
- Seed cost will increase and it will go in to hands of only limited company that will have monopoly and also indigenous seeds may vanish.
- Organic farming would be at risk as there will be no mechanism by which contamination by the transgenic could be stopped.
- There is need of seriously dealing with the issue of environment safety.
- There is possibility that the company may legally issue notice to the farmers for illegally using their seeds even for local seeds as these may be contaminated with BT due to cross pollination by wind/insects & other genetic path ways become GMO.

There is tendency and natural phenomenon that companies protect their own interest. But we must be free and fair for the benefit of human being.

Centre for social medicine and community health, School of Social Science, JNU New Delhi in collaboration with hazards center New Delhi colloquium revealed the need of transparency in regulatory process prior to grant of license to market BT Brinjal, food and environment safety, long term studies on allergicity and toxicity, contract of seed to transnational monopolies, retaining IPR with farmers and not to reduce flexibilities in Indian law, as per Cartagena protocol transgenic version should not be permitted as we are country of origin, impact of transgenic crops on traditional agricultural system and indigenous crops etc. the Committee consisting of VCs of two Agricultural Universities and Agricultural production commission revealed that safety issues are still under question.

Bt. Brinjal produces pesticide proteins even inside our stomach.

The Right to Information Act brought to light on comfortable facts about brinjal. The scientists of the centre for cellular and molester Biology Hyderabad states " biosafety can not be guaranteed in short span of time", the increased umber of GM Food and increasing health problems in the United States should be seen as a serious issue. The environmental group green peace Scientists have pronounced the data submitted are insufficient (Fresh geneticist Gilles – Sardis) looking the Bhopal Gas Tragedy which is cautionary there is need to be cautious. The BT Brinjal popularization requires the complete test of the effect of BT Brinjal on human health as per International standard. There is need of control of seeds; it should be with Indian govt. not with private party. Labeling is required for which some regulation is needed for implementation of the same. ❑❑

Chinese Military "BUILDUP" in Gilgit

There has been an alarming shift in the Chinese stance over J&K. From complete neutrality in the Kargil War of 1999, China now assertively claims J&K as disputed territory. That however does not prevent it from executing major infrastructure, energy and possibly military projects in POK, which is equally (if not more) a disputed territory, says **Maj. Gen. G.D. Bakshi SM, VSM**

Selig Harrison's report on the deployment of 7-11,000 Chinese troops in the Gilgit Region of POK has caused considerable concern in India. By way of denial the Pakistanis and Chinese have not refuted the presence of the troops but their purpose. The Pakistanis claimed they were there to assist in "Flood Control". Zhao Gang Cheng of the Shanghai based Institute of International Studies stated that the purpose was "for considerations of economy and energy and not to pose a threat to anyone".

The Gwadar- Karakoram triple rail, road and pipeline link is a key component of the Chinese "Malacca By-pass Strategy". It must be noted that 80 percent of China's energy imports are transported via the sea route through the critical choke point formed by the Malacca, Sunda and Lombok Straits near Malaysia and Indonesia. The Chinese are acutely conscious of the extreme vulnerability of this critical SLOC (Sea Line of Communications) to disruption by any hostile Navy in the event of a conflict. China's dependence on imported oil is now to the tune of 56%. By 2015 this will go up to two thirds of China's energy needs and by 2030 this would touch fourth fifths of China's needs. The Persian Gulf, Africa and North America meet the bulk of China's oil needs. Hence the Chinese paranoia about the extreme vulnerability of its energy imports as they are funneled through the critical choke points of Malacca. China has consciously been trying to reduce this major strategic vulnerability. To achieve a supply chain that is less vulnerable to disruption from outside factors, China has, over the past two decades, devised a strategy that seeks to re-route as much of its oil inflows via overland routes and pipelines. A key component of this Chinese Strategy hinges upon its investment in the Gwadar Port of Pakistan and the frenzied construction/upgradation of a triple tier rail and road highway along with an oil /gas pipeline which will carry Iranian gas to China's Western Provinces. Thus a bulk of the Persian Gulf oil could be diverted from the two week long voyage(16-25 days) via Malacca and would flow over land in just48hrs via this Gwadar-Karakoram highway in the event of a disruption of the Malacca Sea route. This will reduce a 16500km journey to just 2500 kms. Another component of this strategy is China's investment in the development of ports on the coast of Myanmar and dredging of the Irawady River to take 500 tons barges coupled with oil pipelines to reroute the energy traffic flows as and when needed. There are proposed oil pipelines along the Isthmus of Kraa and oil storage facilities being constructed in Malaysia, to cater for a closure of the Malacca Straits. This Chinese oil and gas artery via Pakistan and the Shia rebellious province of Gilgit in POK has now become a core Chinese interest and a vital strategic artery. That still confines it to a matter of economy and energy and does not make it a military threat. Unfortunately, the Chinese have an ingrained habit of defining core interests and vital communications arteries. Overtime they become prepared to launch "self defense counter attacks "to safeguard these arteries.

There has been an alarming shift in the Chinese stance over J&K. From complete neutrality in the Kargil War of 1999, China now assertively claims J&K as disputed territory. That however does not prevent it from executing major infrastructure, energy and possibly military projects in POK, which is equally (if not more) a disputed territory. However it does induce it to staple visas on the pass ports of Indian citizens from the state of J&K. It has now deliberately escalated the level of provocation by in effect denying a visa to Lt Gen Jaswal (Army Commander Northern Command) on the pretext that he commands troops in J&K. The same logic did not apply to the Eastern Army Commander who commands our forces in Arunachal Pradesh. This is not a minor shift of stance or nuance. Nor does it apply to visiting Generals of the Pakistan Army. It is a major and deliberate provocation and upping of the ante. China is now defining an ever increasing list of core areas/ red lines. Taiwan, Tibet and now South China Sea, East China Sea and Yellow Sea are all core interests where it will brook no interference. Do we have any core interests left any more? Should we not define our red lines in J&K now that both Pakistan and China appear to see our political will as crumbling?

The Chinese troops in Gilgit are reportedly involved in the upgradation of the existing Karakoram Highway to double lane status and the addition of a new railroad and oil/gas pipeline. The most baffling part is the construction of 22 tunnels to which even the Pakistani troops are not allowed. There is intense speculation on what these tunnels are meant for. One speculation is that these are designed to store the new Air-craft carrier killer Dong –Feng -21D Anti- ship missiles. These are road- mobile missiles(with a range of over 3000kms) which could move down the Karakoram highway to attack US or Indian Aircraft carriers in the Persian Gulf and thereby form a key component of the Chinese Anti-Acess Strategy. If that is so it would be a very strange way for Pakistan to repay its American patrons for their most generous aid. The positioning of Dong Feng Missiles will also have a significant impact on our naval operations in the Arabian Sea and the Persian Gulf. It could make our Aircraft Carrier Battle Groups and Principle Surface Combatants very vulnerable to these Anti-ship missiles.

Seen as part of a developing pattern, the Chinese moves have serious and long term implications which we can not afford to brush under the carpet. There is an urgent need to speed up our arms acquisition process. We can not postpone them to a distant date in 2025. Given the recent developments there could be sudden and non-linear changes on our periphery and we can ill afford to be caught flat footed a la 1962. The 2025 date line is based on the presumption that we must complete our economic reconstruction first and then build up our military muscle to take on all comers by 2025. Will our adversaries patiently wait and watch till then? This decade could be critical in terms of sudden and non-linear changes. It would be highly inadvisable to open gaping windows of vulnerability which invite attack. The reports of a sizeable Chinese military presence in Gilgit and its change in stance on the status of J&K are an ominous shift of pattern that is cause for serious disquiet. Though no panic reactions are called for, there is a need for reaching out diplomatically to other nations in Asia (eg. Japan, South Korea, Vietnam and other ASEAN countries) which are equally discomfited by the new Chinese assertiveness and aggression. Above all, there is a need to keep our powder dry and take suitable military precautions well in time. ❑❑

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The Taxless Economy – A New Paradigm

Those who go on adding tax burden are opposed by those who evade taxes. ***Elimination of taxes*** *is the solution in this strange situation, says* **CA D.G. Bokare**

The theme of this article looks like a **utopia**. It is for the first time that the utopia is described in policy as well as in theory. It can be called Schumpeterian vision – When all the countries are facing the problem of tax evasion and laundering of unaccounted money- there must be something seriously wrong with the taxation. Those who go on adding tax burden are opposed by those who evade taxes. **Elimination of taxes** is the solution in this strange situation. It can be accomplished with the help of our knowledge of economic theories so far discussed in the literature. The exercise is not based on any new concept. Any country can usefully undertake an exercise with the data of its economy. The developing countries are more suitable in this regard because its tax structure is not complicated compared with that of developed economies.

If we survey the present world economy, the underground economy is steadily overtaking official economy. There are no taxes in this underground economy. It is a complete paradigm of competitive market economy, with lowest overhead costs. It has the punitive justice for those who do not abide by the rules. The estimates of the underground economy compared with the official economy rage from twenty percent of the national income to about half of the same concept of national income. As per the recent press reports, the US based Global Financial Integrity has very recently released its estimates as regards black money transferred out of India alone amounts to about US $ 125 billion. However, no one knows the exact amounts parked outside the country in such manner. Global picture could be mind boggling even for many.

Let us not forget that the world is moving towards black money and tax evasion. All these people are enlightened citizens who teach lesson of law and order. Those who are custodians of law and order themselves are tax-evaders. They are not foolish people. They have been led to that path because of the uncontrolled greed for more taxes for the budget. It is fully known that most of the budget expenditures have been classified as unproductive.

The governments in all the countries know the movements of the underworld money.

The underground economy is itself a tectonic change emanating from the first principle of thermodynamics. Something was happening underneath without our knowledge and measurements. The displacements were slow. We were not aware of the changes in the structure of geology. All of a sudden a visible change has come to be noticed. Hence we have the Himalaya and the Arabic Sea. The energy was thus reorganized. Similar process has to be cognized in the economy. The people who belong to the upper strata of the civil society were concealing their economic transactions from the state for the fear of being taxed. The money thus was unaccounted for taxation. The money started moving inside and outside the country. We did not notice the change. Then the underground money attracted the attention of the government.

The taxations and the administrative measures were tightened. The higher degree of state measures to arrest the financial activities of the underground world, deeper went the people in their behaviour to avoid the machinery of taxation of the state. This went on without being noticed by the common people. The governments in all the countries know the movements of the underworld money. They felt confident to check this tendency by their own official measures. International meetings took place. All these efforts proved futile. The government desired to take people and their parliaments into confidence. The reports were prepared as regards the estimates of underground money. These reports when read by the people, they felt the shock like the tectonic change. The appearance of the underground money and their businesses all over the world shocked the people. The citizens who belong to the upper- classes and enjoy the privileges of the state were themselves, it was revealed, engaged in the underground world of economic transactions.

The emerging taxless state in underground world has been precursed due to excessive taxations all over the world. The people who are engaged in the underground economy belong to the elites in the civil society.

Economy should, therefore, be engineered with a view to move towards the state without taxes. It is a policy. Therefore, special efforts based on the studies and supported by economic theories and the experience should help the engineering. The people who have vested interest will resist. Therefore, the state should throw open the national debate on each step proposed in the policy. Either we have to live in the pains of higher taxes and all kinds of immoral practices to evade the taxes, or we have found the solution to steadily move towards taxless budgets. All the money that flows in the economy should be useful in the business enterprises and the individuals' transactions without any kind of hanging guilt of crime under the taxation laws or the black money should be allowed to circulate and promote the underground businesses and transactions. Such issues ought to be clearly presented in the national debate.

The poser in Indian economy should be stated. We all know the evasion of taxes and the size of underground economy. Are we going to deal with the phenomenon with more administration and more amendments to the laws? It is not the exercise to deal with the ordinary criminals for which the police administration was and is designed. They are small activities. The citizens with whom the government has to deal are in the government itself. Those who finance the democratically elected powers of the state are themselves the citizens who evade taxes and move themselves in the underground economy. Is it ever possible to win in this race? In this process of tax evasion and underground economic activities, we have demoralized our police forces and also the secretariat services. The professionals in the taxation and its jurisprudence are another group of people who belong to the high society.

The economic transactions in the underground economy are carried on without any kind of minimum wages. And yet the large number of people is employed in this economy. Whether we like it or not, the phenomenology of taxless economy has overtaken us. Wisdom is in cognizing the same. The emerging taxless state in underground world has been precursed due to excessive taxations all over the world. The people who are engaged in the underground economy belong to the elites in the civil society. Those who govern us in the state and in the domain of law and order themselves are the moving spirits in promoting the underground world. The choice before us is to emulate the same in the official economy, or face the growth of underground economy. Hence there is the need to study and reconstruct the economy moving towards the taxless economy.

The study of the government in relation to the budget will reveal the large army of employees who administer the taxes for the state. The taxless state will jettison this burden. Another army of employees is used to spend these amounts on programmes. If the state moves towards the taxless budget, the burden of the budget will move towards minimum weight of employees and also the minimum cost of infrastructural facilities for their office work. Further, the budget governed by the downward moving prices will need less amount in the successive years. A fully rationalized budget in the course of history can be envisioned. This synchronization of low cost budget with the competitive market economy will endear the citizens to follow the normal disciplines in the economy. Let us juxtapose the underground economy without taxes and highly taxed official economy. It is not a special weakness of some country. It is ubiquitous. The highly developed countries like the USA and the European countries, and also the underdeveloped countries, are witnessing the emergence of underground economies.

First Paradigm

Further, let us also know that in the history of economic literature, no scholar has ever thought of taxless state. The Taxless Economy is the first essay to explore making the normal economy tax-free. Its basic structure is presented here. There may be empty boxes. It is our exercise to fill in these empty boxes if the basic structure is reliable and valid. The taxless state is perhaps the first paradigm in the civilization of organized economic life.

It is necessary to turn away from the conventional wisdom. The intractable budgetary mechanism and elusive public finance practices have failed, if experience is any guide. There could be a path exactly opposite of what we have traveled so far in an economic civilization. This has been hinted by Lord Keynes in his last page of the famous book General Theory. Keynes himself has promoted budgets for unproductive expenditures. However, his contribution in the economic policy is the practice of deficit finance. We use the same technique. Its potential perhaps may help us to deal with the challenge of moving towards the taxless economy.

Keynes' tool of deficit finance is the key to the taxless economy. As we go ahead with caution, and experience, finally, the budget should be financed by deficit finance, using borrowings on public funds to the minimum. If the economy has reached the stage of supplies exceeding demand universally, and we are convinced that the quantity of money issued through deficit finance has no effect on prices, the budget can be financed exclusively on the deficit finance. This is ideal stage of taxless economy.

The economic history has never before seen such a situation. Hence the economists never thought of the solution. They thought that the administrative measures would be sufficient to countercheck the behaviour. We have witnessed a peculiar self-conceit. Those who teach us the values of nationalism, and urge upon us to be patriotic are themselves behaving in a manner that can be connoted as unpatriotic. Their money is deposited in foreign banks without any information to the nation to which they belong. Less said the better. This process steadily encroached on the state itself. Those who control the state are hand in gloves of the persons engaged in the underground economy. Cases are reported that the prime ministers of the countries have themselves behaved to accumulate money in the underground world. The elections are financed with the power of money, which is not accounted. The democratic state and its ministers and the presidents are the victims of the underground money. Perhaps they are partners in the money earned in the underground world.

The problem is to find the solution. If we need a solution we should be bold to explore the solution by moving towards less tax in the economy. If we believe that less tax would go to remove the uneasiness on the part of the enlightened citizens

The problem is to find the solution. If we need a solution we should be bold to explore the solution by moving towards less tax in the economy. If we believe that less tax would go to remove the uneasiness on the part of the enlightened citizens, it is then a tacit admission of the policy on the part of the state. Many measures in India have been declared to bring into account the money that has remained circulating outside the official economy. When the state has mastered courage to overcome their weakness in the policy of taxation, there is the need to probe deeper in the phenomenon. Hence, the study for the state without taxes. If some taxes can be reduced by changing the course of the policy, it is an invitation to the economists as trained in the theory to undertake a full scale investigation. Perhaps we may accomplish the state where in the course of policy measures there would be no need of taxes. Such total change has been witnessed in many aspects of economy both in theory and practice. The money based on metals had been totally changed. Money without any basis of metal, that is, paper money, has become universal change substantiated by the theories in monetary economics. It is a history of centuries and we have realized the wisdom of paper money, which was advised by Adam Smith.

The author of the Book has tried to present the analysis that can lead to find the solutions of the current immoral situation in the economies in the world. He has not used the technical jargons that are commonly used in the essays and books on economics. He has a feeling that the trained economists may not quickly appreciate the manner in which the essay for the taxless state has been presented. They have their own skills which help them to remain conservatives in the thought processes. One cannot help them. The politicians and the common people who see the scene in the immoral activities in the economy are better to be addressed from the standpoint of a radical change with a view to promote the state, which harmonizes relationships with all its citizens. Either the political system would be badly damaged by those who are in the seats of power, or they may turn away from the conventional wisdom. The political leaders did try to deal with the unaccounted money in the economy. Therefore, the potentiality of convincing the politicians to explore the measures for taxless economy is higher.

Prof. Paul Samuelson is a Noble Laureate in Economics. His book, Economics, is read all over the world. Below is the quotation from his book that will guide us to achieve **the taxless economy**.

"It is always necessary to idealize (emphasis original), to omit details, to set up simple hypothesis and patterns by which facts can be related, to set up right questions before going out to look at the world. Every theory, whether in physical or biological or social sciences distorts reality in that it oversimplifies. But if it is a good theory, what is omitted is overweighed by the beam of light and understanding thrown over diverse facts. The test of the theory's validity is its usefulness in illuminating observed reality. Its logical eloquence and fine-spun beauty are irrelevant."

This has inspired the author of the Book to study economic theory to explain the money flowing in the underground economy. The taxes have, we all believe, caused the growth of black money which moves in the underground economy.

Paradigm of Competitive Economy

The characteristic features of the competitive economy are fully known to the students of economics. The substance of the principle of competition has been clearly theorized by Prof. J. S. Bain. Restriction on entry comprehends all the situations of monopoly. It has been informed to us the following equipoises promote monopolistic features. Well-known economists like Lord Robbins, Prof. Hayek, and Prof. Samuelson have underlined them.

If the principle of competition governs economy, the prices of commodities move downward.

Joint stock companies, trade unions, patents, copyrights, brands, trade names etc. go to promote monopolistic powers and practices. The scholars may qualify this aspect of monopolistic powers and also satisfy themselves that finally they come under the single term of restrictions on entry spelled out by Prof. Bain.

If we envision competition in the market economy which is governed by the use of science and technology, the paradigm of prices moves towards abundance and, therefore, the downward movement of prices. This has been informed to us by Adam Smith followed by all the classical economists. Sismondi, Marx, Ricardo have also expressed this view in their times. Malthus specially differed from J. B. Say in this regard and emphasized that there would be abundance in the capitalist economy. The classical school of economics analysed the theory of competition and reached these conclusions. Hence an expression attributed to Carlyle that Economics is a dismal of science.

If the principle of competition governs economy, the prices of commodities move downward. This result is greatly relevant in the exploration of the potentials of the economy. Hence this brief outline.

[To be Conitnued .....]

Global Competitiveness Rankings

Switzerland tops the overall rankings in The Global Competitiveness Report 2010-2011, released by the World Economic Forum ahead of its Annual Meeting of the New Champions 2010 in Tianjin. The United States falls two places to fourth position, overtaken by Sweden (2nd) and Singapore (3rd), after already ceding the top place to Switzerland last year. In addition to the macroeconomic imbalances that have been building up over time, there has been a weakening of the United States' public and private institutions, as well as lingering concerns about the state of its financial markets. The Nordic countries continue to be well positioned in the ranking, with Sweden, Finland (7th) and Denmark (9th) among the top 10, and with Norway at 14th. Sweden overtakes the US and Singapore this year to be placed 2nd overall. The United Kingdom, after falling in the rankings over recent years, moves back up by one place to 12th position.

The People's Republic of China (27th) continues to lead the way among large developing economies, improving by two more places this year, and solidifying its place among the top 30. Among the three other BRIC economies, Brazil (58th), India (51st) and Russia (63rd) remain stable. Several Asian economies perform strongly, with Japan (6th) and Hong Kong SAR (11th) also in the top 20. In Latin America, Chile (30th) is the highest ranked country, followed by Panama (53rd) Costa Rica (56th) and Brazil.

Several countries from the Middle East and North Africa region occupy the upper half of the rankings, led by Qatar (17th), Saudi Arabia (21st), Israel (24th), United Arab Emirates (25th), Tunisia (32nd), Kuwait (35th) and Bahrain (37th), with most Gulf States continuing their upward trend of recent years. In sub-Saharan Africa, South Africa (54th) and Mauritius (55th) feature in the top half of the rankings, followed by second-tier best regional performers Namibia (74th), Botswana (76th) and Rwanda (80th). Read the highlights of the report.

"Policy-makers are struggling with ways of managing the present economic challenges while preparing their economies to perform well in a future economic landscape characterized by uncertainty and shifting balances," said Klaus Schwab, Founder and Executive Chairman of the World Economic Forum. "In such a global economic environment, it is more important than ever for countries to put into place the fundamentals underpinning economic growth and development."

Xavier Sala-i-Martin, Professor of Economics, Columbia University, USA, and co-author of the report, added: "Amid concerns about the outlook for the global economy, policy-makers must not lose sight of long-term competitiveness fundamentals amid short-term challenges. For economies to remain competitive, they must ensure that they have in place those factors driving the productivity enhancements on which their present and future prosperity is built. A competitiveness-supporting economic environment can help national economies to weather business cycle downturns and ensure that the mechanisms enabling solid economic performance going into the future are in place."

The Global Competitiveness

Report's competitiveness ranking is based on the Global Competitiveness Index (GCI), developed for the World Economic Forum by Sala-i-Martin and introduced in 2004. The GCI is based on 12 pillars of competitiveness, providing a comprehensive picture of the competitiveness landscape in countries around the world at all stages of development. The pillars are: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

The rankings are calculated from both publicly available data and the Executive Opinion Survey, comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the study. This year, over 13,500 business leaders were polled in 139 economies. The survey is designed to capture a broad range of factors affecting an economy's business climate. The report also includes comprehensive listings of the main strengths and weaknesses of countries, making it possible to identify key priorities for policy reform.

The report contains an extensive data section with a detailed profile for each of the 139 economies featured in the study, providing a comprehensive summary of the overall position in the rankings, as well as data tables with global rankings for over 110 indicators.

This year's report also features discussions on selected regions and topics. These include an analysis of the competitiveness of the European Union countries (guest-authored by European Commissioner Joachim Almunia); a review of Latin America's infrastructure challenges, with a special focus on Brazil; a timely discussion on the relationship between macroeconomic stability and longer-term competitiveness; and the results of the EU Joint Research Centre's analysis of the GCI, highlighting the statistical robustness and soundness of the index. ❑❑

NATIONAL

ADB lifts India's Growth Forecast to 8.5%

The Asian Development Bank (ADB) has raised its growth forecast for India's economy to 8.5% for the current financial year ending March, 2011 from 8.2% that it had projected in April this year. The bank's latest outlook report released on Tuesday, however, retains the economic growth for 2011- 12 at 8.7%.

The report states that Asia's two giants continue to perform strongly, lifting the growth of the entire region. ADB's forecast for China where double- digit growth in the first half of 2010 is expected to moderate somewhat in the second half, remains elevated at 9.6%. Another outlook report by Standard & Poor's (S&P) released on Tuesday also stated that India's economic growth has continued along its robust path so far in 2010 and is likely to lift further in 2011 provided risks around high inflation and the currently fragile global recovery can be managed.

"We expect India's economy to grow by 8.1% in 2010, based on a steep gain in industrial output, and resurgent private consumption, investment and exports. Were these scenarios to continue, growth would lift further to 8.3% in 2011," said D. K. Joshi, chief economist at Crisil Ltd, the Mumbai- based subsidiary of S& P. According to the ADB report, India's GDP growth is being supported by robust investment, increased capital inflows and stronger industrial output buoyed by rising consumer demand. But it also points out that "a persistently high inflation and a rising rupee could undermine strong growth in future". ADB has raised its forecast for annual average inflation in FY 2010 to 7.5%, up from five per cent in April, warning that high food prices remain a near- term concern. It also noted that the rupee's appreciation by more than 11 per cent in real terms between August, 2009 and August, 2010, poses an added challenge for policymakers.

The current account deficit forecast has been adjusted to 2.7% of gross domestic product (GDP) 2010- 11, from 1.5% previously estimated to reflect a sharp pick- up in trade flows with exports projected to grow by 18% and imports by around 20% during the year.

India Third Most Powerful Nation

India is listed as the third most powerful country in the world after the US and China and the fourth most powerful bloc after the US, China and the European Union in a new official US report.

The new global power line-up for 2010 also predicted that New Delhi's clout in the world will further rise by 2025, according to "Global Governance 2025" jointly issued by the National Intelligence Council (NIC) of the US and the European Union's Institute for Security Studies (EUISS).

Using the insights of a host of experts from Brazil, Russia, India and China, among others, and fictionalised scenarios, the report illustrates what could happen over the next 25 years in terms of global governance.

In 2010, the US tops the list of powerful countries/regions, accounting for nearly 22 percent of the global power.

The US is followed by China with European Union at 16 percent and India at eight percent. India is followed by Japan, Russia and Brazil with less than five percent each. According to this international futures model, by 2025 the power of the US, EU, Japan and Russia will decline while clout of China, India and Brazil will increase, even though there will be no change in this listing. By 2025, the US will still be the most powerful country of the world, but it will have a little over 18 percent of the global power.

The US will be closely followed by China with 16 percent, European Union with 14 percent and India with 10 per cent. "The growing number of issues on the international agenda, and their complexity, is outpacing the ability of international organisations and national governments to cope," the report warns.

This critical turning point includes issues of climate change, ethnic and regional conflicts, new technology, and the managing of natural resources.

The report also highlights the challenges proponents of effective global governance face. On one hand, rapid globalization, economic and otherwise, has led to an intertwining of domestic politics and international issues and fuelled the need for more cooperation and more effective leadership. But on the other hand, an increasingly multipolar world, often dominated by non-state actors, has put a snag in progress toward effectual global governance, it said.

India's rich club sees second fastest growth

Around 43,000 more resident Indians made it to the elite list of high net worth individuals (HNIs) in the country in 2009, their coffers swelled by a buoyant stock market and a robust economy, says the 2010 Asia-Pacific Wealth Report, compiled jointly by Capgemini and Merrill Lynch Global Wealth Management.

India now has around 1,27,000 HNIs whose cumulative wealth stands at $477 billion, according to the report, which defines a high net worth person as one who has "investible assets of $1 million or more, excluding primary residence, collectibles, consumables and consumer durables."

Hong Kong and India, which experienced the world's largest decline in HNI population and wealth in 2008, experienced the strongest resurgence in 2009. The population of affluent people grew by over 104% in Hong Kong and 51% in India, said the report.

"Going forward, China and India are likely to remain the fastest-growing HNI segments in the world, based on the positive outlook for the market and macro-economic drivers of wealth for those economies and the Asia-Pacific region as a whole," says the report.

According to Pradeep Dokania, chairman, Merrill Lynch Wealth Management, the economic resurgence in India has been boosted primarily by India's stock market, which more than doubled in 2009 after dropping 64.1% in 2008.

"We expect faster economic growth and improving business conditions to fuel expansion in the HNI segment. Business ownership and income account for 73% of all HNI wealth in Asia-Pacific," added Mr Dokania.

With regard to investments, Asia-Pacific HNIs remained primarily invested in home-region and domestic markets; they allocated 64% of net investments to home markets. HNIs from India allocated about 82% of their investments to local markets; rich investors from Japan maintained a fairly geographically-diversified portfolio.

Within asset classes, allocation to equities surged 27% in 2009 from 23% in 2008 due to strong equity market performance. Real estate allocation moved up to 26% in 2009, as real estate prices surged across major Asia-Pacific economies. Allocations to equities and fixed income are expected to increase to 31% and 25%, respectively, in 2011, the report added. India witnessed higher allocation to alternative investments compared to the Asia-Pacific average. Indian HNIs have begun to take exposure to structured products, venture capital and private equity funds lately, the report noted.

INTERNATIONAL

Another US recession likely

University professor Nouriel Roubini said there's a high probability of another recession in the US, with Japan's outlook anemic, underscoring risks to the global recovery.

China, the world's fastest-growing major economy, may face greater headwinds should there be weak growth in the US and Europe, Roubini said in Kuala Lumpur, where he was attending a conference. "Second-quarter GDP figures for the US are likely to be revised lower after June real-estate numbers," he added.

Austerity measures to cut debt in advanced nations are hurting consumer and business confidence and households in some of the largest economies are holding back spending. "Emerging economies may have to get used to relying on domestic demand in a period of subdued growth for developed countries," Roubini said. "We know the second half of the year is going to be worse than the first half of the year because of the tailwinds to growth from the fiscal stimulus turning into austerity," he said.

Most 2G licences given by Raja illegal, says CAG

Adding a new twist to the 2G spectrum scam, the Comptroller and Auditor General (CAG) has in its latest communication told the Department of Telecom (DoT) that a vast majority of the 126 licences controversially issued by the government in 2008 were illegal. According to reports, CAG wrote to DoT in the second week of September that more than 75 licences issued in the 2G spectrum allocations have violated several of the guidelines for granting Unified Access Services Licence in a Service Area. These guidelines were issued on December 14, 2005 by DoT.

The CAG's communication to DoT says these licences were awarded to companies that did not meet several of the basic criteria laid down under the licence conditions. The finding comes over and above CAG's draft report that has indicted Raja for personally approving many of the important decisions that finally resulted in nine companies — five of them with no experience in the telecom sector — pocketing precious spectrum at throwaway prices.

CAG has listed a host of violations of DoT guidelines by the five new entrants and their several newly-floated companies. Among those indicted by CAG in its latest communication are Unitech, Loop, Swan, Datacom and Allianz Infra. Through various companies floated by them, together they hold over 75 of the total 126 licences given by the government without an auction. Some estimates have calculated the loss to the exchequer because of this sale in the region of Rs 60,000 crore.

CAG has also found some cases of forgery. In many of the licences, the Memorandum of Association of the applicant companies did not specify that they were being set up for telecom business, many of them were for construction business. So to overcome the need to have new MoAs approved by the registrar of corporate affairs, some of them put up unsigned MoAs in their applications. Many companies did not have adequate paid-up capital, and in some cases, they had violated cross-holding rules in telecom sector.

Blow to Obama: Amendments on H1B & L1 visas, anti-outsourcing bill blocked

Two amendments moved by a US Senator on restricted hiring of foreign workers and another aimed at preventing fraud and abuse of H-1B and L1 visa could not pass the Senate floor as it was was blocked by the Democratic Party.

The two amendments moved along with the Creating American Jobs and End Offshoring Act, was blocked by the Democratic Party, Senator Chuck Grassley, its author said yesterday.

Incidentally, Senate Republicans successfully blocked the passage of an anti-outsourcing bill that denied tax breaks to US companies which move jobs overseas, dealing a blow for President Barack Obama.

Republicans in a 53-45 vote blocked the bill which fell six votes short for passage. At least 60 votes were needed to clear the Republican procedural hurdle to the Democrat Bill which failed a key test.

The bill envisaged a ban on government contractors from using American taxpayers' money to move jobs offshore. As part of efforts to boost employment in the US, Obama is vigorously pushing to end the tax break for companies who ship jobs overseas saying it should go to firms who create jobs in America.

India, which already holds at least 50 per cent of the global outsourcing market, has become the world's back office as Western firms set up call centres, number-crunching and software development outlets to cut costs. Indian IT honchos have maintained that the bill won't make much of an impact on India. However, they warned that US companies operating in other countries may be beaten by the same stick.

"Despite the number of Americans without a job, companies are still allowed to import thousands of foreign workers with little or no strings attached. My amendments would make it possible for qualified Americans to fill the vacant positions first," Grassley said. His first amendment would have prevented any company engaged in a mass lay-off of American workers from importing cheaper labour from abroad through temporary guest worker programs.

The second would have taken aim at fraud and abuse of the H-1B and L Visa programs, while making sure Americans have the first chance at high-skilled jobs in the United States.

Both amendments were being blocked by the Democratic Senate Majority Leader, the Senator said in a statement.

The 'H-1B and L-1 Visa Reform Act of 2009' would improve two key visa programs by rooting out abuse while making sure Americans have the first chance of obtaining high-skilled jobs in this country, Grassley said in the Senate floor.

"Many Americans are unemployed, yet we still allow companies to import thousands of foreign workers. These businesses should be asked to look first at Americans to fill vacancies, and they should be held accountable for displacing Americans to hire cheap foreign labour," he said.

"These two amendments go directly to the concerns about job creation and prevention of off-shoring of US jobs. Both amendments are bipartisan. Yet, if cloture is invoked, these amendments would fall on the Senate cutting room floor," he added.

Gold prices set to reach new heights on weak dollar outlook

Uncertainty over the global economic outlook and expectations for a weaker US dollar should see gold prices reach eye-watering heights in the coming year, topping record highs set earlier on Tuesday. Delegates at the London Bullion Market Association's annual conference raised their already bullish forecast for the gold price in a poll conducted at the end of the gathering in Berlin, with expectations for the price to hit $1,450 an ounce by next September.

The precious metal hit a record $1,308.20 earlier in the day. Looking at gold's main traditional drivers, 64 percent of delegates who voted in the snap poll said they expected the US dollar to be weaker by the time of the next LBMA conference in Montreal, while 63 percent saw US inflation rising in the same period.

"The degree of uncertainty that is out there at the moment is one of the reasons gold has come up," said John Reade, precious metals strategist at Paulson & Co, in a presentation to delegates at the close of the conference. "The key thing, as far as I see it in the gold market, is gold is a store of value.

It is not just something that goes up, it is something that holds onto its value when everything else goes down," he said. Investor demand for gold as an alternative to currencies, stocks and bonds, where volatility has increased dramatically since the unfolding of the credit crisis three years ago, has been a driving force in gold's rise to record highs.

Institutional investors such as pension funds are increasingly looking at gold because of its appeal as a store of value and hedge against potential inflation, delegates said. Shayne McGuire, director of global research and gold fund manager of the $92.3 billion Teacher Retirement System of Texas, said pension funds should lift their exposure to gold, regardless of the outlook for prices.

Golden Future: Doubts over the likely path of economic growth in the United States, the impact of the European sovereign debt crisis, and China's influence on supply and demand, make mining companies confident in gold's ability to continue to gain in price. Barrick Gold sees the price "easily" rising above $1,500 an ounce, while AngloGold Ashanti said its decision to unwind its hedgebook — previously one of the industry's largest — was a reflection of its confidence in the outlook for the bullion market.

Meanwhile, Rand Refinery, the world's largest gold refiner, believes the economic backdrop is cloudy enough to spur investor appetite for bullion, even though demand for products such as coins and bars is more unpredictable now. One of the legacies of the financial crisis has been tighter regulation and a desire among governments for greater transparency across markets.

The LBMA, an association that represents the London gold and silver market, is set to distribute data from its market-making members to create a forward curve for gold and plans to do the same for silver in 2011. LCH.Clearnet, a clearer, together with the London Metal Exchange, will introduce clearing for over-the-counter gold clearing from November this year.

Meanwhile the LBMA says its top priority will be development and maintenance of its Good Delivery List of refiners whose gold and silver meets certain standards of purity. "More than ever, there are challenges ahead, especially in terms of regulation," LBMA chairman Kevin Crisp said on Monday. "As an industry, we certainly need to pick our battles, and we need to ensure we have the resources, both financial and human, to confront and overcome these challenges," he added. Silver prices were also expected to rise, according to the LBMA's poll of delegates, who forecast it would reach $24.00 an ounce by September next year.

Prices reached a 30-year high at $21.66 on Tuesday. Platinum was forecast to rise by more than $200 to $1,857 an ounce, while palladium was forecast to reach $702 an ounce, its strongest since early 2001, from around $555 currently.

No stop to rise of Asian millionaires: Merrill Lynch Report

The ranks of Asia-Pacific millionaires are likely to continue growing faster than those from developed countries as regional economies led by China and India power ahead, a report said.

The study on high-net-worth individuals (HNWIs) — defined as anyone with investable assets of at least one million US dollars — was issued by Merrill Lynch Global Wealth Management and consultancy firm Capgemini.

"Moving forward, China and India will lead the way in the region with economic expansion and HNWI growth likely to keep outpacing more developed economies," the Asia-Pacific Wealth Report said.

It cited figures first released in a global study in June that showed the region's millionaires numbered three million in 2009, up 25.8 per cent from the previous year and surpassing that of Europe for the first time. Also last year, Asia-Pacific millionaires' collective wealth totalled nearly 10 trillion US dollars, which was worth more than the combined riches of their European counterparts for the first time, it said.

"The region holds much promise and is a strategic focus for every wealth management firm with global aspirations," said Wilson So, regional wealth management head at Merrill Lynch.

Australia, China and Japan accounted for 76.1 per cent of the region's millionaires and 70 per cent of its wealth last year, the report said.

The number of millionaires in Hong Kong rose 104.4 per cent in 2009 year on year, the fastest growth in the world. Their combined wealth also soared 108.9 per cent, the biggest jump globally, the report said.

"Wealth accumulation in Hong Kong resumed last year, as its economy and assets benefited from rising investments from China," So said.

In India, the millionaire population and collective wealth rose 51 per cent and 54 per cent, respectively, in 2009, the report said.

Japan was the single largest HNWI market in the Asia-Pacific last year, accounting for 54.6 per cent of the millionaire population and 40.3 per cent of the wealth, but the growth was slower compared to other Asian markets.

China remained the second-largest HNWI base in the region, and fourth-largest in the world, with 477,000 millionaires.

"The Asia-Pacific proved to be the most resilient region in the economic crisis," said Bertrand Lavayssière, managing director for global financial services at Capgemini.

"The region's aggregate growth is likely to outpace the world economy in 2010 and 2011, as domestic demand and intra-regional trade help to offset any ongoing weakness in exports to advanced economies."

WTO

Soft yuan: US moves WTO against China

The Obama administration is signalling it plans to take a tougher stance with China on trade issues, including demanding that Beijing move more quickly to reform its currency system. As part of that new approach, the administration filed two new trade cases against China before the World Trade Organization and treasury secretary Timothy Geithner said China must move faster to allow its currency to rise in value against the dollar.

In testimony prepared for two congressional hearings on Thursday, Geithner criticized a variety of Chinese economic policies from Beijing's currency system to what he said was rampant piracy of US products and the erection of numerous barriers that prevent US companies from operating in China. "We are very concerned about the negative impact of these policies on our economic interests," Geithner said in testimony prepared for hearings of the Senate Banking Committee and the House Ways and Means Committee. His comments come at a time of growing US unhappiness with Chinese economic practices, which critics contend have led to huge US trade deficits with China and the loss of millions of American manufacturing jobs over the past decade.

Lawmakers in both the Senate and House, responding to voters unhappy with painfully high unemployment in US following a deep recession, are pushing legislation that would expand the government's power to impose trade sanctions on China. Geithner, while not endorsing the new legislation, said that the administration was committed to "using all tools available to ensure that American firms and workers can trade and compete fairly with China".

China rejects US criticism and warns against continued pressure

China on Thursday rejected US treasury secretary Timothy Geithner's criticism of its currency controls and warned that continued pressure might worsen the situation.

"The appreciation of the yaun can't solve the trade deficit," said Foreign Ministry spokeswoman Jiang Yu. "Pressure cannot solve the issue. Rather, it may lead to the contrary." China promised more exchange rate flexibility in June but the yuan has risen by only about 1% against the dollar since then. The yuan was allowed this week to rise to its highest level against the dollar since June in government-controlled trading in an apparent effort to defuse the dispute.

Asked whether the rise was coincidence, Jiang referred questions to the Chinese central bank.

China slaps up to 105% tariffs on US poultry

China continued to display a more assertive economic policy as it imposed steep tariffs on poultry imports from US. China's commerce ministry said that it would impose import tariffs on American poultry of up to 105.4%. ❑❑